MEMORANDUM FOR PRESIDENT, NAVAL POSTGRADUATE SCHOOL

SUBJECT: Request for Waiver from the 51-Percent Rule and FY19 Indirect Rate

Reference: (a) NPS memo 3050/Ser 00/358 dated 24 May 2018
(b) Department of the Navy Financial Management Policy Manual (FMPM) Paragraph 02406

By reference (a), you requested a waiver to the 51 percent rule, required by reference (b), in order to expand research efforts by leveraging the talent of post-doctoral graduates who are available by contract through the National Research Council. Your request for a waiver is approved. Management of this categorical waiver requires strong internal controls to ensure its proper application.

By separate conversation and email, you requested that I review the current model for determining indirect rates for reimbursable efforts, and approve the expansion of the Naval Postgraduate School’s indirect rates to cover total costs, rather than labor and travel only. I have reviewed the current Fiscal Year 2019 rate model and agree the rate should apply to total costs. I note that an option in your model is to include an additional three percent rate for funds associated with the authority available to Defense Laboratories in section 2363 of title 10, United States Code. My staff continues to research the applicability of this authority. Further guidance regarding this option will be forwarded separately.

This waiver and expansion approval will be effective for three years from the date of this document.

My point of contact for this matter is Ms. Barbara Carns, who can be reached at (703) 695-2669 or barbara.carns@navy.mil.

Thomas W. Harker
Post-Doc 51% Waiver

Internal Controls

1. Proposal Process:

Research and Sponsored Programs Office (RSPO)/Work Acceptance Process Committee (WAP-C)
   a. RSPO Proposal Review: Is the proposal packet complete and accurate?
      i. Analyze budget: Does the proposal include post-doctoral researcher costs?
      ii. Prepare WAP-C briefing: Highlight the inclusion of post-doctoral research costs in the project as applicable.
   b. WAP-C Proposal Review:
      i. Does the work meet the NPS requirements for acceptance?
      ii. Is adequate FTE available to perform the work?
      iii. Are any other reviews required?
   c. RSPO submits approved packet to sponsor.
   d. RSPO Funding Review: Does funding document amount match requested budget?
   e. RSPO reviews all documentation and request an account be established.

2. When/If proposal is funded, Funds Acceptance Process:

NPS Comptroller, Funds Receipt Division
   a. Do we have and agreement between NPS and Sponsor?
   b. Is the funding document accurate?
   c. Does the funding document match the proposal budget page?
   d. Is all funding information entered into STARS, SLDCADA, FASTDATA, DTS, etc?
   e. Has Comptroller signed acceptance to release funds to Principal Investigator (PI)?
Indirect/Overhead Recovery and Distribution

Internal Controls

1. Indirect/Overhead Recovery
   a. Funds Receipt reviews the funding document, budget page, and account set up information to verify all is correct per the RSPO Budget Page. Complete?
   b. Run the Indirect Cost Recovery (ICD) Report. Compare and review current ICD report actual and encumbered Indirect totals to previous period ICD report Indirect totals. Do they match?
   c. Download previously updated indirect data from STARS QMF to MS Access and compare with ICD spreadsheet. Is there a delta?
   d. Run STARS QMF and upload to MS Access and compare with most up-to-date ICD spreadsheet. Is there a delta?
   e. Run STARS QMF and upload to MS Access and compare with most current ICD spreadsheet. Is there a delta?

2. Indirect/Overhead Distribution
   a. Use Excel to filter and compare actual authorizations in KFS with previously credited/debited expenditures in STARS/FL. Are they in balance?
   b. Transfer balances to the respective Admin accounts, crediting Admin accounts and debiting the collector account. Transfers complete?
   c. Re-run and export STARS/FL ad hoc report to detect entry errors. Are entries correct (zero balance)?