



Policy Title: Indirect Cost Recoveries

Policy Type: Administrative

Policy Number: 41-18 (2014)

Approved: 12/16/2021

Responsible Office: Controller/Financial Services

Responsible Executive: Vice President Finance and Administration

Applies to: All University Grants, Contracts and other sponsored programs

POLICY STATEMENT

This policy sets forth University policy and procedures for processing indirect cost recoveries.

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DEFINITIONS

Cognizant Agency: Federal agency responsible for reviewing, negotiating, and approving a specific institution's indirect cost rate proposal.

Indirect Cost: those expenditures incurred for a joint purpose that benefits more than one cost objective or activity for the University.

Indirect Cost Recoveries: funds received for indirect costs that are reimbursed or recovered from grants, contracts and other sponsored programs.

CONTACT(S)

Office of the Controller/Financial Services officially interprets this policy. The Vice President for Finance and Administration is responsible for obtaining approval for any revisions as required by BOV Policy #1 Creating and Maintaining Policies <https://www.nsu.edu/policy/bov-01.aspx> through the appropriate governance structures. Questions regarding this policy should be directed to Office of the Controller/Financial Services.

STAKEHOLDER(S)

All University organizations, faculty, and staff.

INDIRECT COST RECOVERY POLICY CONTENTS

The University seeks to recover all indirect cost funds allowed. Indirect cost is calculated monthly for all those grants, contracts and other sponsored programs which allow such costs.

An indirect cost proposal is prepared by the Controller's office in accordance with federal requirements and submitted to the appropriate cognizant federal agency within 90 days prior to the established rate expiration date. The Controller's office will collaborate with the Office of Sponsored Programs to review the proposal prior to submission to the cognizant agency. The indirect cost rate is predetermined through negotiation with the cognizant agency. The established rate is to be incorporated into proposals submitted unless prohibited by the sponsor.

Waiver: The requirement to apply a negotiated indirect cost rate to a specific grant or contract may be waived or the rate limited by the President or his designee if the sponsored program is judged to be of exceptional academic or other merit. Or, the inclusion of indirect cost recoveries would result in the potential grantee's proposal not being cost competitive. All exemption or rate reduction should be reviewed and approved semi-annually by the President or his designee.

Appropriation: Seventy percent of indirect cost recoveries shall be retained by the University as an appropriation of funds by the General Assembly for the conduct and enhancement of research and research-related requirements. This portion of the indirect cost recoveries shall be recorded in **fund/fund detail 03030, Program 110004**.

Thirty percent shall be transferred to the education and general revenues of the institution. This portion of the indirect cost recoveries shall be recorded in **fund/fund detail 03000, Program 100000**. The University may retain 100 percent of the indirect cost recoveries related to research grants and contract levels in excess of levels authorized in Part 1 of the *Appropriation Act*.

This portion of the indirect cost recoveries shall be recorded in **fund/fund detail 03160, Program 110004**.

Any indirect cost recoveries associated with Stimulus (ARRA) must be recorded in the applicable ARRA funds to maintain the transparency of the data.

Statewide indirect cost – Cost allocation plan is prepared by the Department of Accounts (DOA) and referred to as the *Statewide Indirect Cost Allocation Plan*, (SICAP) that documents, identifies,

accumulates, and allocates allowable costs of services provided by central service agencies to benefiting agencies and institutions. Statewide Indirect Cost are provided to agencies by DOA. All **statewide** indirect cost recoveries must be recorded into the Higher Education Operating Fund using revenue source code 4009071 *for Non-Stimulus (ARRA)* or 4009076 *for Stimulus (ARRA)*.

EDUCATION AND COMPLIANCE

The Office of the Controller shall make available to all affected parties the training on the requirement of this policy. To ensure conformity of the requirement of this policy, the Office of the Vice President of Finance will monitor for compliance with this policy annually.

PUBLICATION

This policy will be widely published and distributed to the University community. To ensure timely publication and distribution thereof, the Responsible Office will make every effort to:

- Communicate the policy in writing, electronic or otherwise, to the University community within 14 days of approval;
- Submit the policy for inclusion in the Online Policy Library within 14 days of approval;
- Post the policy on the appropriate SharePoint Site and/or Website; and
- Educate and train all stakeholders and appropriate audiences on the policy's content as necessary. Failure to meet publication requirements does not invalidate this policy.

REVIEW SCHEDULE

- Next Scheduled Review: 12/16/2024
- Approval by President: 08/26/2014
- Revision History: 05/01/1991; 01/23/2014, 8/26/2014; 08/29/2016; 03/15/2018; 12/16/2021
- Supersedes: Finance& Business Policy #28

RELATED DOCUMENTS

Office of Management & Budget (OMB) Uniform Guidance OMB Uniform Guidance: Title 2, Subtitle A, Chapter II Part 200, Subsection 200.43
<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/xml/CFR-2014-title2-vol1-subtitleA-chapII.xml>

CAPP Manual 20705-Indirect Cost Recovery:
https://www.doa.virginia.gov/reference/CAPP/CAPP_Topics_Cardinal/20705.pdf

FORMS

There are no forms associated with this policy and procedures.