

Topic: <b>Sponsored Awards Admin</b>	Department: <b>Grants</b>	Policy No: <b>5.120.01</b>	Effective Date: <b>12/26/14</b>	Page No: <b>1 of 2</b>
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**Purpose:** Federal regulations require the inclusion of an approved indirect overhead cost rate for application to federal grant proposals. Boyce Thompson Institute for Plant Research (BTI) Facilities and Administrative Costs (IDC) rate is prepared in accordance with OMB Circular A-122, A-110 (prior to 12/26/14), and 2 C.F.R. 200 Uniform Administrative Requirements for Federal Awards (effective 12/26/14), as well as terms of the individual contract or grant. For purposes of the approved IDC rate, BTI prepares a single rate for application to all appropriate BTI sponsored awards.

**Policy:**

1. It is the policy of BTI to allocate IDC to all BTI sponsored awards in a manner that is in compliance with 2 C.F.R. 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
2. BTI's IDC are those costs that have been incurred for common or joint purpose and cannot be readily identified with a particular final cost objective.
  - In accordance with 2 C.F.R. 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, BTI excludes any costs determined to be unallowable for recovery on federal grants and contracts (See 6.10.01, Accounting for Unallowable Costs Policy).
  - BTI's IDC pool includes the following components: administration expenses, net expenses of the research support service departments and depreciation on capital equipment purchased with Institute funds.
  - BTI's IDC cost pool used in the calculation of the indirect cost rate does not include any lobbying costs that are unallowable under applicable cost principles.
3. BTI's IDC shall be distributed to applicable sponsored awards and other benefitting activities within each major function on the basis of modified total direct cost.
  - The modified total direct cost basis consists of all salaries and wages, fringe benefits, materials and supplies, services, and travel.
  - The total direct expenses are those costs that could be identified specifically with a particular award, project or service.
  - BTI excludes from the modified total direct cost basis equipment, capital expenditures (buildings, alterations and renovations, rental costs), participant support costs, and pass-through entity subawards.
4. The IDC rate is developed on a consolidated basis, combining the indirect and direct expenses of all of BTI's organizations, resulting in a single indirect rate.
5. It is the policy of BTI that:
  - Costs that have been identified as IDC for purposes of the IDC rate have not been invoiced as direct program costs.

## ***POLICY***

### **Determination of Indirect Cost Rate**

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- Similar types of costs have been accorded consistent accounting treatment.
  - BTI calculates its IDC rate annually, on a fixed rate with carry-forward basis.
  - Rate calculations are documented in the Indirect Cost Rate Calculation Report, which is certified and presented to the cognizant agency along with a proposal for the establishment of the IDC rate for the upcoming year.
  - Calculation of the actual IDC rate for the past year is based on and directly reconciled with the audited financial statements.
6. BTI's IDC rate is applied to total program direct costs for purposes of IDC allocation (see 6.30.02, Recovery of Indirect Costs Policy).
  7. The Vice President of Finance and Operations must provide signed certification of the following in conjunction with the submission of any Federal IDC proposal:
    - The Vice President of Finance and Operations has reviewed the IDC proposal (documentation prepared to substantiate its request for the establishment of an IDC rate) to be submitted to the cognizant federal agency responsible for reviewing, negotiating, and approving IDC proposals.
    - All costs included in the proposal [identify date] to establish billing or final IDC rate for [identify period covered by rate] are allowable in accordance with the requirements of the federal awards to which they apply and with the cost principles applicable to those awards.
    - The IDC rate proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings.
    - All costs included in the proposal are properly allocable to federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements.