

**POLICY NO: 21-05**

**TITLE OF POLICY: Indirect Cost Policy**

**1.0 PURPOSE**

The Boston VA Research Institute, Inc. (BVARI) Indirect Cost Policy defines the applicability of indirect costs (i.e., Facilities and Administrative or overhead costs) on externally-funded sponsored proposals and awards administered at BVARI.

**2.0 SCOPE**

This policy applies to all sponsored proposals and awards administered at BVARI and must be understood by Principal Investigators and administrators involved in budget development and award management.

**3.0 POLICY**

The following indirect cost rate must be applied to all sponsored proposals and awards prior to proposal submission and award acceptance:

<b>Sponsor Type</b>	<b>Project Type</b>	<b>Indirect Cost (IDC) Rate at Proposal Submission</b>	<b>Indirect Cost (IDC) Rate During Award</b>	<b>Basis for which IDC is applied</b>
Federal, Non-CRADA <sup>1</sup>	Research or Education	Current federally-negotiated rate	Current federally-negotiated rate at the time of expenditure	Modified Total Direct Costs
CRADA	Research or Education	35%	35%	Total Direct Costs
Non-Profit	Research or Education	Current federally-negotiated rate	Current federally-negotiated rate at the time of expenditure <sup>2</sup>	Total Direct Costs
Donations	Research	Current federally-negotiated rate	Current federally-negotiated rate at the time of receipt	Donated dollar amount
Donations	Education	15%	15%	Awarded amount

<sup>1</sup> CRADA: Cooperative Research and Development Agreement

<sup>2</sup> For non-profit sponsors, during the award period of performance, the negotiated indirect cost rate at the time of expenditures are applied to the award unless the sponsored award requires a fixed rate (i.e., fixed at the federally-negotiated indirect cost rate upon award acceptance).

An indirect cost waiver may be considered when a sponsor imposes a mandatory indirect cost rate below the federally-negotiated rate under the following circumstances:

- (1) BVARI Board-approved Early Stage Investigator
- (2) Approved residual account to fund indirect cost difference

Principal Investigators are responsible for obtaining an **Indirect Cost Waiver Request** in advance of all proposal submissions and award acceptance.

#### 4.0 DEFINITIONS

**Indirect Costs:** Also known as Facilities and Administration (F&A) Costs or overhead. Costs that are "incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity." Examples include operation and maintenance expenses and costs incurred for sponsored projects administration.

**Modified Total Direct Cost Rate Base:** Includes all salaries and wages, fringe benefits, materials and supplies, services, travel, subawards, and study site payments up to the first \$25,000 of each subaward and study site payment, regardless of the period covered by the subaward or study site payment. MTDC does not include equipment, capital expenditures, charges for patient care, rental costs, the portion of each subaward and study site payment in excess of \$25,000, participant support costs or Intergovernmental Personnel Agreement (IPA) costs.

**Total Direct Cost Rate Base:** The sum of all charges that are clearly associated with a sponsored project.

#### 5.0 RESPONSIBLE PARTIES

*5.1 Principal Investigators:* Ensure the consistent application of indirect costs on all sponsored proposals and awards. Determine whether an exception to the policy can be considered and, if so, complete and obtain approvals on **Indirect Cost Waiver Request** prior to proposal submission and award acceptance.

*5.2 BVARI Board of Directors:* The BVARI Board of Directors is responsible for the overall policy and approval of Early Stage Investigators.

*5.3 BVARI CEO:* The BVARI CEO is responsible for developing and administering a business process that provides optimal internal controls for BVARI.

*5.4 BVARI Sponsored Programs Administration (SPA):* BVARI SPA is responsible for ensuring all sponsored proposal budgets and award setup complies with the policy; obtains a completed **Indirect Cost Waiver Request** when a sponsor imposes a mandatory indirect cost rate below the federally-negotiated rate and an exception is approved.

*5.5 BVARI Finance:* BVARI Finance is responsible for application of the approved indirect cost rate for each sponsored award.

