15.1 Indirect Cost Recovery (including carryforward rules and procedures)

Policy Statement
It is the policy of the University to provide for the full recovery of facilities and administrative costs in all proposals submitted to prospective sponsors. In order to comply with Board of Regents accounting requirements, indirect cost recovery funds must be budgeted and expended in a unique operation within the existing university account structure.

Reason for policy
This policy provides guidance for the establishment of budgets for indirect cost accounts.

Procedures
In order to satisfy accounting requirements developed by the Board of Regents in response to Senate Bill 73, indirect cost recovery funds must be budgeted and expended in a unique operation within the existing UGA account structure. Operation “A” has been established for indirect cost recovery accounts, with operation “B” for cost-sharing accounts.

1. Allocation of indirect cost recovery to originating units – Resident Instruction.
Each unit receiving an allocation for indirect cost return (IDC) will be required to establish operation “A” and/or “B” account numbers for their respective unit. When completing the Request for Account Addition/Change form, the following special instructions apply to IDC accounts:

1. Line 6 Funding Source -- Enter “Indirect Cost Recovery”.
2. Line 10b Description and Purpose -- Enter “Allocation of indirect cost recovery to originating unit”.

When preparing the budget amendment to budget indirect cost recovery allocations, offset the allocation of overhead return to account 1026AR65000071000. This account should appear in the budget amendment section of the form and will not have a current budget amount. Operation “A” and “B” accounts may not be offset by general contingency account numbers. Units will have the option to carry-forward up to 5% of their IDC allocation by submitting a written plan to their respective dean or vice president for approval. If a unit wishes to carry-forward funds in an amount that exceeds 5% of their allocation, the unit must submit its plan, along with the appropriate justification to their respective dean or vice president. These requests will also be reviewed by the Provost and Vice President for Finance & Administration for their approval.

2. Commitments from the Office of the Vice President for Research funded from indirect cost recovery.
OVPR will work with units to transfer indirect cost recovery funds committed by OVPR to an appropriate account. OVPR will submit the budget amendment for the original allocation and will budget the entire allocation in object 71000. The unit receiving the funds should re-budget to the correct objects of expenditure (including personal services). Subsequent personnel reports and budget amendments should not flow through OVPR. The unit receiving the funds will be responsible for all aspects of account management, including status statements for each account, as well as any deficit that may be present at year-end. Any unexpended balance at year-end will revert to OVPR for re-
allocation in the subsequent fiscal year. Cost Sharing accounts funded from indirect cost recovery funds should be set up in the same department as the sponsored account with operation “B”.

Forms/Instructions
There are no forms associated with this policy.

Additional contacts
Policy Contact: University Budget Office
Phone Number: 706-542-2802
Email: budgets@uga.edu

Policy definitions
**Indirect costs:** Indirect costs, or facilities and administrative costs are institutional costs which are not readily identifiable with a particular project or activity but which are necessary to the general operation of the institution and to the conduct of each of the activities performed. Facilities and administrative cost rates are determined in accordance with cost principles promulgated by the federal government.

Responsibilities
Responsible University Senior Administrator: Vice President for Finance & Administration
Responsible University Administrator: Senior Associate Vice President for Finance & Administration
Policy Owner: Budget Division
Policy Contact: University Budget Office
Phone Number: 706-542-2802
Email: budgets@uga.edu

Record Retention
Description: This series includes: operating budget expense by categories and functions report; estimated gifts, grants, contracts and clearing account summary report; student fee income and application of funds report; statewide public service source and application of funds; other reports specified by the Chancellor's Office; and institutional budget preparation instructions.
Retention: Annual operating budget: PERMANENT; All other records: 7 years.

Policy Appendices
There are no appendices associated with this policy.

FAQs
There are no FAQs associated with this policy.

Related information
There is no related information for Indirect Cost Recovery.

Policy Dates
Effective Date:
Date Last Updated: 06/08/2016
Date of Last Review:

Date of Approval:

Previous Version of Policy: