



### 11.2.5.3 Indirect Cost Recovery

#### Policy Statement

Pursuant to the policies of the University System of Georgia, The University of Georgia shall prepare an operating budget for educational and general activities and an operating budget for auxiliary enterprises for the institution for each fiscal year within the limit of funds allocated plus estimated internal income of the institution.

#### Reason for policy

The University of Georgia budget is designed as a comprehensive fiscal plan for implementing its mission as a land-grant and sea-grant University with statewide commitments and responsibilities, as the State's oldest, most comprehensive, and most diversified institution of higher education. Our motto, "to teach, to serve, and to inquire into the nature of things," reflects the University's integral and unique role in the conservation and enhancement of the state's and Nation's intellectual, cultural, and environmental heritage. The implied values of the budget as a comprehensive fiscal plan for the institution include accountability, efficiency and efficacy.

#### Procedures

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. The University ensures 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.

In Fall of each year, University Accounting provides the University Budget Office and recipient departments data reflecting the amount of Indirect Cost Recovery to be given back to departments. Recipient departments must process a budget amendment to request these funds, and funds requested may include carry forward indirect cost recovery from previous years.

The distribution of indirect cost recovery funds is made from account and object 1026AR650000 – 71000. Since a departments cannot use their contingency accounts on "A" operation funds, the University Budget Office must provide the above referenced account and object code to the recipient department so that they place this offsetting account on their budget amendment.

Once the carry forward amount has been placed in account and object 1000AN364000 – 49910, the University Budget Office prepares a budget amendment to place these funds in account and object 1026AR650000 – 71000. Carry forward consists of:

- I. Tuition & Fees in 1000GN364000 – 49910 and 1011GH145032 – 71000
- II. Student Technology Fees in 1000TN520000 – 49910 and 1044TT520000 – 84000
- III. Indirect Cost 1000AN364000 – 49910 and 1026AR650000 – 71000

#### Forms/Instructions

If a department wants to request to carry forward funds for indirect cost recovery, the Indirect Cost Carry Forward form must be completed.

<http://www.busfin.uga.edu/forms/icr.pdf>

#### Additional contacts

Policy Contact: University Budget Office

Phone Number: 706-542-2802

Email: [budgets@uga.edu](mailto:budgets@uga.edu)

#### Policy definitions

There are no definitions associated with this policy.

#### Responsibilities

**Responsible University Senior Administrator:** Vice President for Finance & Administration

**Responsible University Administrator:** Associate Vice President for Finance Division

**Policy Owner:** Budget Division

**Policy Contact:** University Budget Office

**Phone Number:** 706-542-2802

**Email:** [budgets@uga.edu](mailto: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

See the University System of Georgia Board of Regents Business Procedures Manual for Original Budget:

[http://www.usg.edu/business\\_procedures\\_manual/section8/manual/8.5\\_original\\_budget](http://www.usg.edu/business_procedures_manual/section8/manual/8.5_original_budget)

See the University System of Georgia Board of Regents Policy Manual for additional details about operating budget policies and budget amendment policies:

#### BOR Policy Manual

See the University System of Georgia Board of Regents Business Procedures Manual for additional details about operating budget processes and budget amendment processes:

[http://www.usg.edu/business\\_procedures\\_manual/](http://www.usg.edu/business_procedures_manual/)

See the University System of Georgia Board of Regents Records Management and Archives for additional details about records retention:

[http://www.usg.edu/records\\_management/](http://www.usg.edu/records_management/)

#### Policy Dates

Effective Date:

Date Last Updated: 04/17/2017

Date of Last Review:

Date of Approval:

Previous Version of Policy: