



---

# PROCEDURAL STATEMENT

**Procedural Statement Title:** IDC on the Transfer of Existing Subawards

**Functional Area:** Research Administration

---

<b>Related Policy:</b>	<b>Indirect Cost Recovery Policy</b>
<b>Effective Date:</b>	March 9, 2017
<b>Approved by:</b>	Denitta Ward, AVC for Research & Director, Office of Contracts and Grants
<b>Responsible Office:</b>	Office of Contracts and Grants

---

## I. PROCEDURAL STATEMENT

This document is intended to provide guidance on the charging of indirect costs when an existing outgoing subaward is changed during the life of a project.

## II. DEFINITIONS

**Subaward:** A subaward is defined in the U. S. Office of Management and Budget's Uniform Guidance, 2 CFR 200.92 as:

*An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by a pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.*

Per 2 CFR 200.68 up to the first \$25,000 of a subaward is subject to IDC regardless of the period of performance of the subaward.

**Indirect Costs (IDC):** 2 CFR 200.56 Indirect (facilities & administrative (F&A)) costs: *Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.*

**Modified Total Direct Costs (MTDC):** 2 CFR 200.68 Modified Total Direct Cost (MTDC). *MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.*

**Total Direct Costs (TDC):** *F&A classification in which all cost categories are charged F&A expense, including tuition remission, fixed assets, student aid, and all subcontract fees.*

### III. PROCEDURES

#### A. Federal Awards

Section 2 CFR 200.68 of the Uniform Guidance determines that the first \$25,000 of a subaward is subject to IDC under MTDC rate type. When an existing subaward moves to a new institution, or when additional funding is issued to a subaward as a result of a supplemental proposal funding additional scope of work, a new subaward is issued by CU Boulder to the recipient. Because these are considered new subawards full IDC is charged on each subaward up to the first \$25,000. (Note: if the IDC rate on CU's budget is based on Total Direct Costs (TDC) IDC will be charged on the full amount of the sub; the \$25,000 ceiling does not apply).

#### B. Non-Federal Awards

Section 2 CFR 200.403(c) of the Uniform Guidance requires that we apply our policies and procedures uniformly to both federally-financed and other activities of the university. Therefore, CU Boulder's Cost Principles Policy and related guidelines, including this procedural statement, are also applicable to non-Federal awards.

#### C. Procedures

Full IDC will be charged on the first \$25,000 of all new subawards that are issued to an institution when subawards are modified in the following cases:

- To continue the work of a subrecipient PI who has transferred to a new institution; or
- To replace an existing subrecipient with another; or
- To issue additional funding to a subrecipient when a supplemental proposal results in an expanded scope of work for the subrecipient.

#### D. Frequently Asked Questions

**Question:** Under what circumstances would an existing subaward be closed and a new sub be issued to a new institution?

**Answer:** Some examples of when a subaward might change mid-project: if the subrecipient PI transfers to a new institution and will continue the work at the new institution, or the inability of an existing subrecipient to complete the scope of work.

**Question:** What is a supplemental proposal?

**Answer:** Request to the sponsor for additional funds for an ongoing project during the previously approved performance period. Supplemental proposals may result from increased costs, modifications in design, or a desire to add closely related components to the ongoing project.

**Question:** We already charged IDC on the sub to University A. Why does it need to be charged again on the sub to University B?

**Answer:** This is a new subaward, even though it may be continuing the work started at University A. A new agreement must be written, negotiated and signed, new documentation collected. It requires the same amount of administrative resources as the initial sub to University A. IDC must be charged in order to recover these costs. It is important to understand that subawards are issued to the institution, not to the PI.

**Question:** Our CO-PI moves to new institution. If we want to issue a subaward to the CO-PI's new institution do we need to charge IDC on the sub award?

**Answer:** If the CO-PI is going to stay on the project and has a portion of the statement of work that he or she is responsible for then it would require permission from the sponsor to add a subaward. Once approval is given, a new subaward would be issued to the CO-PI's new institution. We would charge IDC as this is a new sub.