



PROCEDURAL STATEMENT

Procedural Statement Title: Application of Indirect Costs on Sponsored Projects

Functional Area: Research Administration

Related Policy: CRS 24-113-104; CU-Boulder Indirect Cost Rate Agreement; Indirect Cost Recovery Policy Statement

Effective Date: August 15, 2018

Approved by: Terri Fiez

Responsible Offices: Research and Innovation Office; Office of Contracts and Grants

I. BACKGROUND

This Procedural Statement outlines procedures for the correct application of CU Boulder's [Indirect Cost Recovery Policy](#), including procedures for requesting a waiver of some or all indirect costs.

II. PROCEDURES

A. CU Boulder Procedures

This section identifies how CU Boulder addresses the application of indirect cost rates in different circumstances.

General Procedures

As a general rule, CU Boulder will apply its full indirect cost rate to all externally funded projects, whether it is the primary applicant/recipient or a subrecipient whereby funds are coming to CU Boulder from another entity or institution. Principal Investigators (PIs) and their project teams are not authorized to negotiate indirect cost rates with sponsors. Any such negotiations, discussions, or prior understandings between an investigator and a sponsor shall not be binding on CU Boulder.

Fixed Rates for the Life of the Sponsored Agreement

The terms of Section C.7.a. of Appendix III to Part 200 of 2 CFR 200 require that CU Boulder shall use the same negotiated rate in effect at the time of the initial award throughout the life of the award for all federal awards. To maintain consistency, CU Boulder applies this to all awards, including non-federal awards.

Location of Work: Determining Whether to Apply the Off-Campus Rate

The on-campus indirect cost rate will be applied to sponsored projects unless it can be established that a majority of the project will be conducted in an off-campus location. Proper determination of the campus location of a sponsored project is required to ensure that CU-Boulder is neither over- nor under-charging a sponsor for project costs. It is the responsibility of the cognizant OCG Proposal Analyst, working together with the Principal Investigator and the project team, to determine which rate is most appropriate for a given project.

An off-campus activity is defined, in the CU-Boulder indirect cost rate agreement with the Department of Health and Human Services, as an activity which because of the location where the work is performed, does not incur physical plant operations and maintenance costs. This means that the research or other funded activity must take place, either completely or substantially, in the field or in facilities that are not owned by CU-Boulder and, if rented or leased by CU-Boulder or one of its entities, those rental or lease costs are charged directly to the project and do not form a part of CU-Boulder's indirect cost pool.

For a determination that the research or other funded activity is taking place substantially in a location which does not incur physical plant operations and maintenance costs, at least one of the following criteria must be met:

- The funded activity is taking place in an off-campus location (as defined above) for an aggregate period of at least 30 calendar days per year (or for the entire period of performance, if the award is for a period of less than 30 days) or
- Less than 50% of the costs subject to indirect costs, as determined in the proposal guidelines or the award terms and conditions, are incurred on campus

Less Than Full Recovery of Indirect Costs

CU Boulder, with concurrence of the department, unit, college, school, institute or center, may consider accepting an indirect cost rate less than CU Boulder's current IDC rate.

Procedure for Requesting Less than Full Recovery of Indirect Costs

Requests for waivers or reductions of CU Boulder's federally negotiated rates must be submitted by the Principal Investigator to the cognizant OCG Proposal Analyst, using only the approved format and including sufficient justification that the requested waiver or reduction is in the best interests of CU Boulder. Waiver or reduction requests will be granted on a case-by-case basis; no blanket waivers will be approved. Only the Vice Chancellor for Research (or his/her designee) is authorized to reduce or waive recovery of indirect costs on projects.

Procedure for Awards Received, Without a Corresponding Proposal, with Less than Full Recovery of Indirect Costs

If an investigator submits a proposal directly to a sponsor without involving or notifying OCG, and OCG subsequently receives an award for that proposal that includes an amount for indirect costs that is less than the full amount that would apply under CU Boulder's federally negotiated indirect cost rate agreement, CU Boulder reserves the right either to decline the award, or to attempt to negotiate an award agreement with the sponsor that includes full recovery of indirect costs, even if this means that the amount of funding available for direct costs on the project is less than the amount originally proposed.

Related Procedural Statements, Forms, Policies, and Tools

- 1.) Indirect Cost Recovery Policy Statement
- 2.) Indirect Cost Recovery Agreements on Subawards
- 3.) Requesting Indirect Cost (F&A) Reductions and Waivers
- 4.) Remote Employment on Sponsored Projects approval form
- 5.) Indirect Cost Addendum

B. Frequently Asked Questions

Question: If a sponsor does not allow recovery of indirect costs, do I still have to submit the proposal through OCG?

Answer: Yes. Whether or not a sponsor funds indirect costs is not relevant. OCG is the authorizing official entity, delegated by the Regents, to submit all proposals for external funding for sponsored projects on behalf of CU Boulder, regardless of whether or not the sponsor allows recovery of indirect costs.

Question: If a sponsor has a policy that limits the amount of indirect costs that can be charged to the project (or does not allow indirect costs at all), do I still have to complete a waiver request?

Answer: If the sponsor's policy is both stated in writing and consistently applied to all similar projects, and the sponsor is not a for-profit entity you do not have to complete a waiver request. Your department chair or unit director will need to complete an *Indirect Cost Addendum*, agreeing to accept the reduced amount of indirect costs (your OCG Proposal Analyst can help with the form). The PI must provide to the Proposal Analyst a copy of either the proposal guidelines, the call for proposals, the sponsor's general grant terms and conditions, or language from its public website demonstrating that the sponsor either limits the amount of indirect costs or does not allow them at all. Verbal communications or emails from non-executive program staff do not constitute sufficient evidence of sponsor policy.