



Hektoen Institute of Medicine

Federal Indirect Cost Rate Policy

Date Approved: 5/15/2007

I. Purpose.

The purpose of this policy is to identify the cost associated with providing the Federal government with the cost schedules necessary to obtain an Indirect Cost Rate.

II. Definitions.

Indirect F&A Costs: Indirect F&A costs are those costs incurred for a common or joint objective and therefore cannot readily be identified with one particular sponsored project, but provide an overall benefit to more than one sponsored project.

- “Facilities” means the depreciation and use allowances on buildings, interest on debt associated with certain buildings, equipment and capital improvements, and operation and maintenance expenses.
- “Administration” means the general administration and general expenses, such as accounting, personnel, library expenses and any other types of expenditures not specifically under one of the subcategories of Facilities.

Unallowable Costs: A cost that cannot be charged to a sponsored project as a direct cost and cannot be included as a cost to be recovered through the indirect F&A rate.

III. Indirect Facilities & Administration Costs.

The following are generally treated as indirect F&A costs and not directly charged to a sponsored project.

- **Accounting/Audit Costs:** Typically an indirect F&A cost, unless audit’s scope is limited to a specific NIH grant-supported project or program.
- **Administrative/Managerial/Clerical Salaries/Wages/Benefits:** Includes staff, such as secretaries, accountants, directors, and administrators.
- **Alterations and Renovations:** Typically an indirect F&A cost; only appropriate as a direct cost when required to perform the sponsored project and authorized by the sponsoring agency.
- **Computer Services or Use Fees:** Routine, standard computer services and networking costs are normally indirect F&A costs. Specialized computer search or database services may be appropriate as a direct cost, if the service is directly related to the project's needs and the charges are based on established rates.
- **Construction Costs/Architectural Fees:** Typically an indirect F&A cost, but may be appropriate as a direct cost only when specifically authorized by the sponsoring agency.

- **Facilities Management:** Building maintenance such as janitorial services, repairs, painting, and utility charges.
- **General Purpose Equipment:** Computers, fax machines, typewriters, office furniture, file cabinets, etc.
- **Interest:** Interest on debt associated with certain buildings, equipment and capital improvements.
- **Legal Costs:** Legal costs associated with Hektoen's operation are allowable as indirect F&A costs. Legal costs associated with defense and prosecution of criminal or civil proceedings, appeals or patent infringement, however, are not allowable.
- **Library Costs/Collections/Acquisitions:** General library support may be included as an indirect F&A cost. Allowable as a direct cost only when specifically required for the conduct of the project, identifiable as an integral part of the grant-supported activity, and authorized by the funding agency.
- **Membership Dues:** For organizational membership in business, professional, or technical organizations or societies.
- **Office Supplies:** Paper, pencils, pens, binders, folders and similar supplies.
- **Postage:** Postage/FedEx/courier, etc., including all costs incurred for correspondence, reports, manuscripts.
- **Telephone:** Includes equipment use charges or purchases, local and long distance telephone service charges, fax lines, fax machines and pagers or cellular telephone purchases, fees or services.

IV. Indirect Cost Rate Procedure

1. Gather the administrative costs for Hektoen Institute and the Cook County's research related support and facilities costs associated with Hektoen grants.
2. Submit the schedules to:

Division of Cost Allocation
 US Department of Health and Human Services
 Room 732
 1301 Young Street
 Dallas, Texas 75202
 Attn- Mr. Williams

VII. Questions.

Questions regarding this policy should be directed to dennis.ronowski@hektoen.org

References: OMB Circular A-122