

Comprehensive Cancer Center University of Puerto Rico Indirect Cost Recovery and Distribution Policy

A. PURPOSE

The Comprehensive Cancer Center University of Puerto Rico (CCCUPR) recovers costs incurred for common functions or objectives associated with externally funded activities by charging an indirect cost rate on each grant or contract submitted through the Institution. The Indirect Cost Recovery and Distribution Policy and related procedures are intended to distribute indirect costs generated from externally sponsored grants, contracts, and cooperative agreements. This policy is established in accordance with the federal government's Office of Management and Budget (OMB) Uniform Guidance.

B. LEGAL BASIS

The CCCUPR Enabling Act, Act No. 230 of August 26, 2004, as amended, establishes the CCCUPR as the government entity principally responsible for the implementation of public policy regarding the prevention, orientation, research and provision of clinical services and treatment related to cancer. Pursuant to these objectives, Act 230-2004 authorizes the CCCUPR to develop and foster a research agenda focused on cancer and to establish its own administrative structure with its own operational regulations towards this end. Act 230-2004, Art. 5(b), (c), and (j). To that effect, the CCCUPR General Regulations authorize the Executive Director to adopt all policies, procedures, and regulations necessary to achieve the objectives of Act 230-2004, except the General, Human Resources, and Bid and Purchase Regulations, which shall be approved by the CCCUPR Board of Directors. General Regulations, Art. III, Sec. 3.

C. SCOPE

Indirect costs are charged to all externally sponsored projects, unless specifically prohibited by the funding agency. Per regulations in the Uniform Guidance, Indirect Costs will be recovered at the approved rate by the Cognizant Agency, except when the funding guidelines indicate otherwise. In exceptional cases, federally sponsored projects that require waivers or changes to the established Indirect Cost Rate must be approved by both the Executive and Deputy Directors of the CCCUPR.

D. APPLICABILITY

This policy applies to all sponsored projects administered by the CCCUPR, regardless of sponsor, sponsor type and indirect cost rate charged to sponsor.

E. DEFINITIONS

Credit Distribution: Allocation of an individual's relative contributions towards project objectives outlined in the proposal, expressed in percentage; allows the CCCUPR to recognize and record such contributions, and appropriately distribute recovered indirect costs to the Research Initiatives Accounts.

Direct Costs: Direct costs are costs that can be identified specifically with federal and nonfederal activities and therefore are charged to that activity. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose and further distribution is not required. The CCCUPR treats all costs as direct costs except general administration and general expenses.

Own Income Account: This fund accounts for all CCCUPR's activities, except for those activities related to the sponsored projects.

Indirect Cost: The costs of administrative and support functions of the CCCUPR. Costs incurred for common or joint objectives that cannot be readily assigned to a particular sponsored project or any other institutional activity. These include only general administration and general expenses as stated in the Indirect Cost Rate Proposal to the Department of Health and Human Services (DHHS). Additionally, represent overhead expenses incurred during the implementation of externally funded projects.

Indirect Cost Rate: The total indirect costs attributable to research are compared to the total direct costs of research to derive the percentage of indirect to direct. This percentage, the indirect cost rate, is then applied to the direct costs of research and is the means by which the CCCUPR is reimbursed for indirect costs associated with direct cost expenditures. The application of the indirect cost rate allows the CCCUPR to recover some of the costs of doing research that are not readily identified with a particular project or activity but are necessary for the general operation of the organization and support its research mission.

Indirect Cost Rate Agreement: It is the CCCUPR's negotiated agreement with the cognizant agency. For the CCCUPR case the Department of Health and Human Services (DHHS), is the cognizant agency. The agreement is used to determine the Indirect Distribution Base that the CCCUPR will utilize for a pre-determined period

Indirect Distribution Base: A defined group of direct cost expenditures to which the indirect rate is applied to determine the total indirect costs of a sponsored project. The two most commonly used distribution bases are Modified Total Direct Costs (MTDC) or Salary and Wages (S&W) however, some non-federal sponsors may have developed other distribution bases such as Total Direct Costs (TDC).

Key Personnel: The Principal Investigator (PI), Project Director (PD) and other individuals who design, conduct, and report research, or who contribute to the scientific development or execution of a project in a substantial, measurable way, regardless of compensation. i.e., their absence from the project would be expected to impact the approved scope of the project.

MTDC: all direct expenditure categories excluding the following: equipment, tuition remission, rental costs, scholarships and fellowships, patient care expenses, and subcontract costs over \$25,000.

S&W: the direct salary and wage expenditures of the sponsored research agreement. The CCCUPR's federally negotiated agreement utilizes this as the distribution base to calculate indirect costs.

Principal Investigator (PI): A CCCUPR appointed faculty or staff member who bears responsibility for the intellectual leadership of a project. The PI accepts overall responsibility for directing the research, financial oversight, and compliance with relevant CCCUPR policies and sponsor terms and conditions.

Research Initiative Accounts (RIA): An account created for CCCUPR appointed faculty and staff that serve as key personnel in a sponsored project and receive a credit distribution for their contribution to the project.

Sponsored Project: Any externally funded research, training, evaluative testing, or public service activity directed by CCCUPR faculty or staff as part of their institutional work that requires the CCCUPR to perform a specified program or deliver a specified product, regardless of the type of funding or funding mechanism.

F. RESPONSIBILITIES

Principal Investigator(s) (PI): will determine and certify the credit distribution percentage when the sponsored project has more than one Principal investigator or Key Personnel.

Office of Sponsored Programs: will collect and keep record of the Credit Distribution Percentage Form. Upon receipt of the award, the Sponsored Programs Accountant will certify the dollar amount of indirect costs awarded to the Project and forward the distribution forms to the Finance Department for Research Incentives Accounts to be created and/or credited when payments are received. The Office of Sponsored Programs will keep track of the accounts and available funding.

Finance Department: will create a budget account that receive credit distribution from recovered indirect costs funds.

G. POLICY:

Indirect cost recovered from externally funded activities will be distributed as follows:

Fund Item	Distribution (%)
Own Income Account	60
Research and Education Fund	20
Research Initiative Account (RIA)	20

H. PROCEDURES:

1. Distribution of Funds

The funds will be distributed as indicated above. At the end of each fiscal year an analysis will be done to determine the amount of remaining indirect costs to be distributed according to the following accounts created by the Finance Department:

- a. **Own Income Account:** Funds allocated to the Own Income Account will help defray overhead expenses included in the Administrative Costs Pool of the Indirect Cost Proposal to DHHS. The distribution of funds recovered through indirect costs to the CCCUPR 's divisions, departments and offices is determined in the Cost Allocation Plan of the institution.
- b. **Research and Education Fund:** The Research and Education Support Division will utilize the funds recovered through indirect costs for training, professional development activities, professional travel, research support and education project development, equipment and supplies, books and journals and any other allowable cost necessary to advance the objectives of the Research and Education Support Division. Food, beverage, and gift cards purchases are not allowable.
- c. **Research Initiative Accounts (RIA):** RIA accounts will hold funds for CCCUPR appointed faculty PI/ PD or key personnel participating in a sponsored research, to pay for expenses related to research support and professional development activities, such as: cost of publishing, books and journals; professional travel; research supplies and equipment; research project development expenses (i.e. pilot projects, consultant fees and grant writing), and post-doctoral researchers and student assistants expenses (i.e. stipends, salaries, professional development or travel). Food, beverage, and gift cards purchases are not allowable. Supplemental compensation is not allowable. See Guidelines for Allowable Expenses on Research Initiative Accounts (RIAs)

Note that these percentages will be applied to a prorated value of the indirect dollars recovered for the fiscal year. All distributions of indirect cost revenue remain the property of CCCUPR and are to be managed by the staff associated to the CCCUPR to facilitate additional research opportunities in cancer fields. The Office of Sponsored Programs and the Finance Department will issue a brief annual update on how the funds were spent.

2. Research Initiative Accounts (RIAs) Management


- a. RIAs are created by the Finance Department for each PI or key personnel participating in a sponsored program. Only one research initiative account will be established per PI; therefore, initiative funds derived from several grants could be co-mingled into that one account for the PI. Accounts will be credited according to the recovered amount.
- b. Accounts will be credited when Indirect Costs are recovered by the UPR- CCC, Accounts cannot receive or use funds based on estimated or future indirect costs recovery.
- c. RIAs funds will be available and expire as long as the account is utilized during the fiscal

year.

- d. RIAs funds can only cover research related or professional development expenses.
 - e. The Director of the Division of Research and Education Support will approve the use of funds once the Finance Department designated accounting official certifies the availability of funds.
 - The Office of Sponsored Programs will monitor and track the use of funds in each RIA account.
 - f. Personnel with RIAs must initiate and track expenses and balances of the accounts.
 - g. RIA are institutional funds. As such, their use is subject to established institutional policies and requires appropriate approval(s) according to existing institutional policies.
 - h. RIAs funds remain in the individual's RIA if the faculty or staff has an appointment with the CCCUPR.
3. PIs that retire or leave the CCCUPR:

If the PI plans to continue to perform research/projects as an emeritus faculty member, the account remains open and available for use. If not, the account will be closed and the remaining funds in the account will be transferred to the Research and Education Fund.

This policy is recommended by the Division of Research and Education Support on:

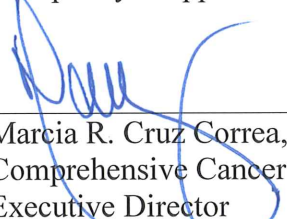


Elba V. Caraballo Rivera PhD, MS
Division of Research & Education Support
Director

05/19/2022

Date

This policy is approved by the Institution's Executive Director on:



Marcia R. Cruz Correa, MD PhD
Comprehensive Cancer Center
Executive Director

05/20/2022

Date

**DIVISION OF RESEARCH AN EDUCATION SUPPORT OFFICE OF SPONSORED PROGRAMS
GUIDELINES FOR ALLOWABLE EXPENSES ON RESEARCH INITIATIVE ACCOUNTS (RIA)**

These guidelines are established in accordance with the federal government's Office of Management and Budget (OMB) Uniform Guidance. In addition, to ensure that Research Initiative Accounts (RIAs) are expended accordingly, the UPR - CCC has developed the following examples of allowable expenditures that may be paid from RIAs.

- To support research administrative functions.
- To support stipends/salaries of undergraduate, graduate, and postdoctoral fellows for research assignments.
- To improve the research computing infrastructure (e.g., computer hardware, software, etc.).
- To pay for office supplies and such peripherals as telephones, copying, and publications in support of research.
- To contribute, fully or partially, to start-up commitments for recruited faculty involved in research.
- To purchase new research equipment or provide maintenance of existing research equipment in individual laboratories and/or cores.
- To renovate and construct research facilities.
- To provide "seed funding" for new and innovative research projects, especially to promote interdisciplinary research.
- To support clerical staff assignments dedicated to research.
- To pay for dues and memberships in organizations that provide a benefit their individual research effort.
- To pay for subscriptions to research related publications (period for each subscription should be not more than one year).

The following are examples of expenditures that should not be paid from Research Initiatives.

- To pay Extra or Supplemental Compensation to faculty and/or staff.
- To pay for any expense that cannot be documented as researchrelated.
- To pay for food, beverages, or gift card purchases.

Questions regarding whether a particular expenditure can be paid from a Research Incentive Account should be directed to the Office of Sponsored Programs