



Business Process –Non-Federal IDC Budget Tool, Recovery of In-Lieu

Purpose: A business process for the recovery of line items budgeted directly on projects for costs in lieu of overhead is necessary in order to ensure a consistent practice that allows for the appropriate recovery of overhead for the School.

Principle: In accordance with the [Statement of Harvard University Principles for the Application of Indirect Costs to Non-Federal Sponsored Awards](#), the School is committed to the recovery of facilities and administrative costs incurred to support the performance of non-federal sponsored activities. The sponsor’s maximum published indirect cost rate must be applied and to the extent that the sponsor’s IDC rate is less than the federal rate, costs normally funded as indirect costs (space, IT, administrative salaries), should be included as direct costs whenever possible.

Considerations:

- 1) **Exclusions:** This process does not apply to fellowships. Administrative salaries should be recovered by the department but will not be recovered centrally by the School.
- 2) **Threshold:** Only proposals requesting >\$250,000 total costs for the project are required to complete the full tool. For proposals below this threshold, only a 1 pager is required to be completed but there should be a particular focus on building administrative salaries into the budget in order to recover some administrative costs.
- 3) **Timing:** In lieu of overhead line items for IT and space will be recovered quarterly (Q1-Oct. 15th, Q2-Jan. 15th, Q3-April 15th, Q4-July 15th).

Standards of Service: The IDC budget tool must be used for all non-federally sponsored proposals (excluding fellowships) that are >\$250,000 total costs for the project. Please note that the 10 day proposal submission deadline policy also applies to the tool.

Process Steps for Recovery of In-Lieu of line items

Step	Role	Task/Activity
1	Dept.	<p>> \$250,000 total costs: Uses IDC budget tool and budgets line items in lieu of overhead including administrative salaries, office space and lab space. Note that the IT charge per person is calculated automatically on the “Supplies & Other Expenses” tab.</p> <p>≤\$250,000 total costs: Fills out one page form which is then sent to the SRA for review and then inclusion in database. The School still encourages costs-in-lieu of overhead to be built-in whenever possible. See table below for recommendations on how to calculate these costs more quickly. Now skip to step 6.</p>
2	Dept.	Completes grant review tab in tool and forwards to ADF for review and sign off.
3	ADF	Reviews and presses “Send workbook for review”. <i>Note: if IDC rate is less than 35%, e-mail goes to Francesca Dominici, Michael Kan, department chair, department administrator, ADF, SRA and Frank Urso. If equal to or greater than 35%, goes to SRA and Frank Urso.</i>
4	SRA	Once received from ADF, reviews tool to ensure completeness and finalizes grant review tab. Presses “Send Workbook for Addition to Database”.
5	AD, Research Ops	Receives automatic e-mail to update database. Saves tool in shared folder, extracts data and uploads to database on a weekly basis.
6	Dept.	When action memo is received indicating that a non-federal project has been awarded, enters budget into Wasabi including costs in lieu of object codes (8402 and 8404). Completes Job Data Change in Wasabi to charge any administrative salaries



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		budgeted in lieu to non-federal award.
7	AD, Research Ops	Runs query on object codes 8402 & 8404 and includes information in Post Award Workbook. Confirms quarterly journals with departments and then sends email to OFS Budget Office with a list of journals required to recover costs budgeted directly in lieu of overhead.
8	OFS – Budget Office	Completes appropriate journal for space and IT recovery.

For projects < \$250,000 total costs, here are recommendations on what should be budgeted directly:

Item	Recommendation
Administrative Salaries	Departments should prioritize the inclusion of effort for a grant manager and then other related staff who will support the project, such as Accounts Payable support, when appropriate.
Office Space (8402)	Budget \$65 X approximate square feet of office X % of effort on project (annually) Justification: Office space is charged annually for each person budgeted on the project based on their percentage effort on the project and their office size. The rate charged per square foot is \$65 which is the average cost for office space in 2013.
Lab Space (wet & dry) (8402)	Budget \$125 (for wet labs) or \$65 (for dry labs) X approximate square feet of lab X % of expected usage for project (annually) Justification: Lab space is charged annually based on the size of the lab and the expected percentage of usage for the project. The rate is \$65 per square foot for a dry lab and \$125 for a wet lab which represents the average cost of lab space in 2013.
Information Technology (8404)	Budget \$900 annually per FTE with a 3% escalation in out years. Justification: The T. H. Chan School Information Technology Department provides server support, desktop software, networking and helpdesk support for all researchers and staff. The cost is based on an annual FTE rate of \$900/year in 2013.