


**FINANCIAL MEMORANDUM**

Memorandum No.  <p align="center"><b>157</b></p>	<p align="center"><b>ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI</b></p> <p align="center"><b>SUBJECT: POLICIES AND PROCEDURES FOR CHARGING INDIRECT COSTS TO SPONSORED PROJECTS RECEIVED FROM EXTRAMURAL SPONSORS, GIFTS, DONATIONS, AND OTHER RECEIPTS</b></p>	Page  <p align="center"><b>1 of 4</b></p>
Approved by:    S. HARVEY		Date Issued/Amended 10/5/93, 10/1/99, 10/13/11, 12/5/11, 5/11/12, 06/30/14, 11/13/15, 01/13/17, 01/15/18
		Replaces 1/13/17

The purpose of this financial memorandum is to set forth the Icahn School of Medicine at Mount Sinai's (ISMMS) policies and procedures for charging indirect costs (also called Facilities and Administrative costs) to sponsored projects received from extramural funding entities, gifts, donations, and others. A separate policy, 157-A, describes the administrative charges for endowment funds.

**Indirect Cost Rates**

A summary of indirect cost rates for various funding entities, the basis for applying the rate, and the disposition of any unexpended indirect cost balance is provided below.

Type of Funding	Indirect Cost Rate <sup>(1)</sup>	Applicable Basis			Disposition of Unexpended Indirect Cost Balance	
		Modified Total Direct Costs	Total Direct Costs	As Funds are Received	Returned to Sponsor	Retained by ISMMS
Federal - Research	Federally Negotiated Rate – 69.5%	X			X	
Off-Campus Federal - Research	Federally Negotiated Off-Campus Rate – 26%	X			X	
Federal- Other Sponsored Programs	Federally Negotiated Rate – 34%	X			X	
Federal – Instruction/Training	Federally Negotiated Rate – 41%	X			X	
NIH Fellowships, Training and Career Awards	8%	X			X	
Non-Federal Fellowships and Training Programs	8% Minimum		X		X	
Non-Federal, Non Industry	25% or as set by Funding Entity Written Guidance		X		X	

Type of Funding	Indirect Cost Rate <sup>(1)</sup>	Applicable Basis			Disposition of Unexpended Indirect Cost Balance	
		Modified Total Direct Costs	Total Direct Costs	As Funds are Received	Returned to Sponsor	Retained by ISMMS
Other Research - Industry	Federally Negotiated Rate – 69.5%	X				X
Clinical Trials, Related Clinical Studies and Services Ancillary to Clinical Trials – Industry	35%		X			X
Gifts and Donations	25%			X		X
Other Receipts	25%			X		X
Service Agreements	35%		X	X		X

Prior approval of the Medical School Chief Financial Officer is required before a sponsored agreement with an indirect cost rate lower than the rates above can be accepted by ISMMS.

### **Application of Indirect Cost Rates**

For Grants, Contracts and Clinical Trials indirect costs are charged monthly based on direct costs, as the award is spent. For gifts, donations and other receipts indirect costs are charged as the funds supporting the project are received.

**1. Specific Budget for Indirect Costs (Federal and Non-Federal Sponsored Projects)**

When the indirect costs are specifically budgeted in the award agreement, (e.g. research awards from either NIH or American Heart Association), indirect costs are charged to the sponsored project each month as the direct cost funds are spent.

2. **Indirect Costs Included in Contract Amount (Industry Sponsors)**

When the award is for a fixed amount or based on a fixed rate for each patient, (e.g., clinical trial) indirect costs are charged as the expenses are incurred at the appropriate rate. Regardless of the disposition of unexpended contract balances, ISMMS retains the indirect costs charged on all direct expenses for all commercial, pharmaceutical and private industry sponsors. Additionally, indirect costs will be charged on any remaining unexpended balance that the sponsor confirms can be retained by the institution before the net unexpended balance is transferred to the department's unrestricted account.

3. **Indirect Costs for Gifts, Donations, and Other Receipts**

An administrative charge is applied to all gifts, donations, and other receipts as the monies are received. Regardless of the disposition of unexpended funds, the ISMMS retains all administrative charges. A separate policy, 157-A, describes the administrative charges for endowment funds.

4. **Charges not Subject to Indirect Costs for Grants & Contracts**

The rate and application of indirect cost charges on direct cost categories vary depending on the sponsoring agency, specifically, all federal awards and research awards from industry with full indirect costs rate are not subject to indirect cost charges on the following direct cost categories "a" through "g" (Modified Total Direct Cost). In most instances of non-federal support, the following categories will be included in the indirect cost rate calculation, unless specifically disallowed by the sponsor.

a.	Capital Equipment	Equipment that has a unit cost of \$1,500 or more and a useful life of at least one year will not be subject to indirect cost charges unless indirect cost on capital equipment items are allowed by the agency or donor.
b.	Capital Renovation / Construction	Renovation or construction of \$1,000 or more will not be subject to indirect cost charges unless indirect costs on capital renovation/construction are allowed by the agency or donor. This includes naming a physical facility that has already been constructed.
c.	Student Tuition	
d.	Subaward Costs	Subaward costs exceeding \$25,000 per subawardee entity.

e.	Patient Care Costs	Hospitalization and other fees associated with patient care whether the services are obtained from owned, related or third party hospital or other medical facility.
f.	Rental/Maintenance of Off-Site Activities	Indirect costs for off-campus activities will be included in the computation of the off-campus indirect cost rate.
g.	Genomic Arrays	Supply cost exceeding \$75,000 per year.

In all cases of pharmaceutical, industry and other commercial support for clinical trials, the indirect cost rate will be applied to all direct cost categories, Total Direct Costs. (In this instance, all direct costs will be included in the base for computing the indirect cost rate.)

**Note:**

- I. Indirect cost will be adjusted accordingly when direct costs are re-budgeted between budget categories.
- II. ISMMS does not allow indirect costs to be charged on awards or subcontractors issued to other institutions that are supported with ISMMS funds.

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