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| | | Category: SYSTEM-WIDE POLICY | |
| Subject: FINANCE ADMINISTRATIVE OPERATIONS | | Page 1 of 3 | Policy #: 1.40 |
| Title: USE OF COSTS RECOVERED FROM SPONSORED PROGRAMS | | Approval Date: December 23, 2015 | Posting Date: December 23, 2015 |

PURPOSE

This Policy on Use of Costs Recovered from Sponsored Programs is established in order to ensure that the fullest possible reimbursement of costs recovered from extramural funding sources ("Sponsors") is achieved and to provide for the use of such funds to support research and educational programs in the best interests of the Cook County Health and Hospitals System ("CCHHS"). To the extent that costs recovered from Sponsored Programs are directly attributable to expenses incurred by CCHHS in support of a Sponsored Program, such costs recovered are the property of Cook County and may only be expended in compliance with this Policy.

This Policy is designed to:

1. Benefit CCHHS as a whole and enhance excellence of the institutions comprising CCHHS by providing the strongest possible environment for research;
2. Facilitate disciplinary and interdisciplinary research;
3. Minimize the administrative burden on Principle Investigators, department chairpersons and directors to comply with this Policy; and
4. Promote recovery of indirect costs ("IDCs") to the greatest extent possible within the limits set forth by the Sponsor.

AFFECTED AREAS

This Policy applies to all CCHHS employees, staff, personnel, students, residents, volunteers and contractors.

DEFINITIONS

For purposes of this Policy, the following terms shall have the following meanings:

1. **"Costs Recovered"** shall include Direct Costs Recovered and Indirect Costs Recovered.
2. **"Direct Costs Recovered"** are costs recovered for specified expenses for supplies, services, equipment or services for the Sponsored Program.
3. **"Indirect Costs Recovered"** include those IDC funds remaining after payment of grant administration costs to the Fiduciary Agent.

POLICY AND PROCEDURE

1. Budgeting of IDC Rates When Making Grant Applications

Sponsored Program applications submitted on behalf of CCHHS will use the full IDC rate (also referred to as the "Facilities and Administrative," or "F&A Rate") that CCHHS has established with the applicable Sponsor. This rate will differ depending on whether the Sponsor is a federal agency, an industry Sponsor, or a non-profit/foundation.

- 1.1. **Federal Sponsors.** For CCHHS purposes, federal IDC rates are established by the United States Department of Health and Human Services ("DHHS") and are negotiated every two to five years. The procedures for the periodic renewal of an institutional IDC rate is explained in the CCHHS policy document "Cost Allocation and Allowability." Principal Investigators shall consult the CCHHS Finance Department to ascertain the current federal IDC rate to be used in applications for federal grants.
- 1.2. **Industry Sponsors.** Industry Sponsors include commercial, pharmaceutical and private industry sponsors. When the award is for a fixed amount or based on a fixed rate for each patient, (e.g., clinical drug study) the IDCs rate charged to the grant award that is to be applied to the fixed amounts received under the grant will be negotiated by CCHHS with the Sponsor. Regardless of the disposition of unexpended balances of the fixed amounts payable under the grant, CCHHS retains the indirect costs charged on all fixed amounts received.

- 1.3. **Non-profit/Foundation Sponsors.** Many non-federal sponsors, such as foundations, limit the IDC amount that they will pay. In these cases, CCHHS shall apply for the maximum amount allowed by the Sponsor, if the Sponsor's rates are published, or shall negotiate directly with a Sponsor to come to a mutually agreeable rate.
- 1.4. If a CCHHS grant application does not use the established IDC rate available from the Sponsor, then the Principal Investigator shall explain to the CCHHS Chief Financial Officer, or his/her designee, the basis for seeking to waive the established IDC rate.

2. Allowable Use of Costs Recovered

- 2.1. Costs Recovered may be permissibly used in accordance with the terms of the Sponsored Program, OMB Circular A-110 and as described in this Policy.
- 2.2. Costs Recovered not used for the purchase of supplies, services, equipment or services as specified in the Sponsored Program, shall only be used as permitted by this Policy. Use of such Costs Recovered must also be reasonable and in keeping with OMB Circular A-21.
- 2.3. The following is a list of allowable uses of Costs Recovered:
 - 2.3.1. For Protected Time coverage pursuant to the Protected Time Policy and in compliance with regulations, policies or procedures of the Sponsor.
 - 2.3.2. Purchase of equipment, books, software, or hardware that enhances the Principle Investigator's ability to perform research, or allows for more efficient performance of clinical and grant-related duties provided however that any such items are compatible with CCHHS inventories and shall be the property of CCHHS and, tagged, marked or licensed as such. *Note: CCHHS Chief Information Officer or his/her designee must approve software or hardware prior to procurement.*
 - 2.3.3. Reimbursement for continuing medical education ("CME") expenses of personnel named on the research team including tuition or registration and travel, including per diem, for the person attending the CME.
 - 2.3.4. Reimbursement of travel to conferences or meetings for the Principle Investigator or departmental research personnel only, that will increase the Principle Investigator or research personnel's ability to perform grant-related duties or pursue further funding.
 - 2.3.5. Continued funding for departmental personnel who support research. Expenditures for mission-based departmental research costs not supported by current funding, such as:
 - A. Expenditures to generate data and analysis that enhance new funding or for Sponsored Programs;
 - B. Unanticipated cost overruns on Sponsored Program accounts;
 - C. Costs directly related to the Sponsored Programs, such as costs incurred by advisory councils or committees, but which are not included in the Sponsored Program budget;
 - D. Matching funds required for Sponsored Programs;
 - E. Costs incurred with recruitment of personnel who support research, except those as noted in Section 4 below.

3. Non-permissible Use of Costs Recovered

Costs recovered shall not be used for the following:

- 3.1. Expenses for persons unrelated to the Sponsored Program or CCHHS.
- 3.2. Expenses for personal use.
- 3.3. Alcoholic beverages.
- 3.4. Gifts, lobbying or contributions of any kind.
- 3.5. Entertainment.
- 3.6. Additional Principal Investigator compensation.

3.7. Any other use prohibited by federal, state or local laws and rules.

4. **Requests for Use of Costs Recovered**

4.1. Requests for the use of Costs Recovered pursuant to Section 2.2 and 2.3 above shall be submitted by the Principal Investigator to his/her department chair for review and approval, then to the CCHHS Assistant Grant Management Director for review and approval and then to the CCHHS Executive Medical Director for his/her review and approval prior to incurring any expense.

4.2. If the Principal Investigator is the department chair, the request for use of Costs Recovered pursuant to Section 2.2 and 2.3 above shall be submitted to the CCHHS Assistant Grant Management Director for review and approval and then to the CCHHS Executive Medical Director for his/her review and approval prior to incurring any expense.

5. **Disposition of Costs Recovered Balances**

In the event the Principal Investigator leaves CCHHS, any unexpended Cost Recovered balances from Sponsored Programs for which the individual was the Principal Investigator shall only be expended upon the request of the former Principal Investigator's department chair as approved by the CCHHS Executive Medical Director.

POLICY UPDATE SCHEDULE

At least every three (3) years, or more often as appropriate.

POLICY LEAD

Ekerete Akpan
Chief Financial Officer

REVIEWERS

Office of General Counsel

APPROVAL PARTY

John Jay Shannon, MD
CCHHS, Chief Executive Officer
Electronically Approved: December 23, 2015

POLICY HISTORY

None