UNIVERSITY OF ALASKA
UNIFORM GUIDANCE WORKING GROUP

Section Number & Name: Appendix III – C1. Indirect (F&A) Cost Pools
A21 Reference: G1

BACKGROUND INFORMATION:

A. Does the revised guidance contain new language? ☐ Y ☒ N

Specifically describe the new language and how it differs: see attached
Old language is updated to make more universal for all entities

B. Is the new guidance more or less restrictive than university processes? ☐ More ☐ Less

Specifically describe how it is more or less restrictive: Neither more nor less

C. Cite any relevant system-wide policies/regulations/procedures:
F&A Proposal
DS-2 Item 3.3.0 Indirect Cost Pools & Allocation Bases
Accounting and Administrative Manual D-02 F&A Recovery

D. Cite any MAU-level relevant processes or manuals:

E. Is there an impact to electronic systems (Banner HR/Finance, Web Timesheets, Effort Reporting, etc.)? ☒ Y ☐ N

List specific system(s) impacted and method of impact:
CRIS

ACTION PLAN: Is specific action needed? ☒ Y – see below ☐ N – no action needed

Recommended Action(s):

1. Update DS-2 Item 3.3.0 to remove ARSC

UA Responsible area requiring documentation of compliance: Tanya Hollis, Christi Eickholt – Cost Analysis

1. Indirect (F&A) Cost Pools

a. (1) Subject to subsection b, the separate categories of indirect (F&A) costs allocated to each major function of the institution as prescribed in paragraph B of this paragraph C.1 Identification and assignment of indirect (F&A) costs, must be aggregated and treated as a common pool for that function. The amount in each pool must be divided by the distribution base described in subsection 2 to arrive at a single indirect (F&A) cost rate for each function.

(2) The rate for each function is used to distribute indirect (F&A) costs to individual Federal awards of that function. Since a common pool is established for each major function of the institution, a separate indirect (F&A) cost rate would be established for each of the major functions described in Section A.1 under which Federal awards are carried out.

(3) Each institution's indirect (F&A) cost rate process must be appropriately designed to ensure that Federal sponsors do not in any way subsidize the indirect (F&A) costs of other sponsors, specifically activities sponsored by industry and foreign governments. Accordingly, each allocation method used to identify and allocate the indirect (F&A) cost pools, as described in Sections A.2, Criteria for distribution, and B.2 through B.9, must contain the full amount of the institution's modified total costs or other appropriate units of measurement used to make the computations. In addition, the final rate distribution base (as defined in subsection 2) for each major function (organized research, instruction, etc., as described in Section A.1, Major functions of an institution) must contain all the programs or activities which utilize the indirect (F&A) costs allocated to that major function. At the time an indirect (F&A) cost proposal is submitted to a cognizant agency for indirect costs, each institution must describe the process it uses to ensure that Federal funds are not used to subsidize industry and foreign government funded programs.

b. In some instances a single rate basis for use across the board on all work within a major function at an institution may not be appropriate. A single rate for research, for example, might not take into account those different environmental factors and other conditions which may affect substantially the indirect (F&A) costs applicable to a particular segment of research at the institution. A particular segment of research may be that performed under a single sponsored agreement or it may consist of research under a group of Federal awards performed in a common environment. The environmental factors are not limited to the physical location of the work. Other important factors are the level of the administrative support required, the nature of the facilities or other resources employed, the scientific disciplines or technical skills involved, the organizational arrangements used, or any combination thereof. If a particular segment of a sponsored agreement is performed within an environment which appears to generate a significantly different level of indirect (F&A) costs, provisions should be made for a separate indirect (F&A) cost pool applicable to such work. The separate indirect (F&A) cost pool should be developed during the regular course of the rate determination process and the separate indirect (F&A) cost rate resulting therefrom should be utilized; provided it is determined that (1) such indirect (F&A) cost rate differs

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significantly from that which would have been obtained under subsection a, and (2) the volume of work to which such rate would apply is material in relation to other Federal awards at the institution.

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