

# Pine Technical College

## Policy and Procedure

**Policy Number:** 411 **Date:** 8/12/02 **Revision Date:**  
**Division/Department:** Fiscal Affairs **Author:** Robert Musgrove  
**Subject:** Indirect Costs for Grants and Contracts

### **Authorities:**

### **Purpose:**

Grants and contracts obtained and operated by Pine Technical College cause additional burdens on a number of administrative and support functions. Added payroll, accounting requirements and other support operations for these projects should be covered by the allocation of indirect or administrative costs from the grant or contract to the College's Administrative Services Division and other appropriate operations. It is also sound accounting practice to allocate funds properly to functions which expend time and effort in project support. It is the purpose of this policy to establish procedures for allocating indirect or administrative funds from grants, contracts and other special cost centers to the offices which are required to expend time and effort supporting those functions.

### **Policy:**

1. PTC will not accept grants or contracts which do not allow for the expenditure of grant or contract funds for indirect or administrative support, except with express written consent of the President.
2. Where allowable under grant regulations, PTC will seek a minimum of a 10% allowance for indirect/administrative costs. This allowance or percentage should be used for indirect costs incurred by cost centers other than those involved in direct project administration. These cost centers incurring indirect costs include especially those in Administrative Services, management and Physical Plant operations. However, by special written arrangement with Administrative Services and campus management, some funds from grant indirect/administrative allowances may be used for direct project management costs.
3. When establishing a budget for a new grant or contract cost center, the cost center manager will confer with the Dean of Administrative Services or designee about the methodology for budgeting and transferring indirect funds out of the project cost center and to Administrative Services or other cost centers.
4. The cost center or project manager will insure, with assistance from the College accounting office, that the budgeted indirect funds are transferred to the appropriate cost center(s) prior to the close-out of the grant or contract.

5. This policy will apply to

a. All grants and contracts which involve external funds coming in from outside the MnSCU appropriation.

b. Grants awarded by MnSCU which result in the system office increasing the college's general appropriation for a special project.

**Procedure:**

See policy above.

**Responsibilities:**

1. Grant and project directors are responsible for insuring that their grant adequately covers the indirect costs incurred by the College

2. Grant and project directors are responsible for insuring, with assistance from the Business Office, that indirect funds are properly transferred to the appropriate cost center.

3. Administrative Services is responsible for training or informing grant and contract managers on the budgeting and transfer of indirect costs.

**Dissemination:**

Regular dissemination.

**Reviewed by Leadership Team:** 8/12/02

**Reviewed by Faculty Senate:** N/A

**Reviewed/Approved by Leadership Team:** 09/09/02

**Approved:** \_\_\_\_\_ **Date:** 09/09/02