

## Administrative Accounts for Indirect Costs

I. PURPOSE: To define the creation of and requirements for use of administrative accounts to support indirect costs of sponsored research.

II. POLICY: It is the policy of PAVIR to provide adequate administrative support, e.g., human resources, administrative, financial and technical (IT equipment, consultation and software) support, to investigators to ensure their ability to conduct sponsored research activities in a manner that assures compliance with regulatory requirements. Accordingly, for awards made with the full federally negotiated rate an administrative account will be established for each investigator's use.

III. PROCEDURES: Within 15 days of the end of the first calendar quarter of a qualified award, an administrative account will be established to provide **6%** of direct cost expenditures, excluding equipment purchases and subcontract costs (Modified Total Direct Costs – MTDC), for the support of facility and administrative expenses. The account numbers for these accounts will consist of the PI's three letter code followed by "0000ADM". These accounts will be funded on a quarterly basis, after the fact, to reflect 6% of the actual MTDC expenditures of the previous quarter. One such account will be established for each investigator.

These accounts are created to support indirect costs incurred in the administration of sponsored awards. Appropriate costs include the following:

1. Office managers or other administrative support personnel involved in managing or administering sponsored awards to include activities such as maintaining timekeeping records, budget and account management, acquisition of supplies, coordination of personnel matters;
2. For large laboratories: Lab managers or dishwashers, when the allocation for such personnel becomes unreasonable to allocate to specific projects. If a laboratory is large enough to request coverage of such salary expense using ADM funds, the covered staff must be FULLY covered through unrestricted funds. It is not possible to only partially charge such personnel to ADM funds, and partially as a direct expense to project funds.
3. Purchase of office supplies, small office equipment, postage, computers, software and other items used for proposal preparation, record keeping, training, etc.;
4. Small equipment or supplies of a very general nature which cannot be attributed to any specific project or which are used to comply with safety regulations or to organize or maintain the lab such as gloves, storage bins, cleaning supplies and non-consumable containers;
5. Travel not directly related to a specific project, e.g., to scientific meetings;
6. Books and subscriptions for general, i.e., not project specific, knowledge;
7. Pilot studies (a separate account tied to a project approved by the VA Research & Development Committee will be set up for these). Note that the funds retain their original expiration date; setting up a pilot study does not prolong the use of the funds.

Funds from these accounts **cannot** be used to purchase capital **equipment** (durable, non-expendable assets with acquisition costs, including taxes, shipping and installation, of \$5,000 or more and a useful life of more than a year.)

The funds must be expended by August 31<sup>st</sup> of the fiscal year of receipt in the separate administrative account. Carry over beyond that time must be well justified and approved in advance by the Chief Executive Officer.

If the administrative account is in deficit at the end of the award, expenses must be transferred to an unrestricted or other appropriate account to eliminate the deficit.

If the Principal Investigator departs from VAPAHCS the administrative account will be closed and any balance will revert to PAVIR Administration. The only exception is when the award remains at PAVIR with sponsor approval under another investigator.