

# Shoreland, Inc.

## Indirect-Cost Policy For Contracting Organizations

### Overview

Indirect costs are overhead expenses incurred by the contracting organization as a result of the project but that are not easily identified with the specific project. Generally, indirect costs are defined as administrative or other expenses that are not directly allocable to a particular activity or project; rather they are related to overall general operations and are shared among projects and/or functions. Examples include executive oversight, accounting, legal expenses, utilities, technology support, and facility maintenance.

Specifically allocable costs of a contracting organization's project should be justified in the contract as direct costs, including those for dedicated ongoing project management, facilities, and support.

### Allowed Indirect Cost Rate

To the extent that indirect costs are applicable to contracted activities, Shoreland allows a calculation not to exceed 15% of the direct cost total. Where indirect costs are less than 15% of the direct cost total, indirect costs should be calculated at the actual rate for contract purposes.

### Definitions

#### *Direct Costs*

- Salaries and fringe benefits of employees directly attributable to execution of the contracted project
  - Includes project management
  - Includes administrative support solely dedicated to the project
- Travel for employees directly attributable to execution of the contracted project
- Consultants whose work is directly attributable to the execution of the contracted project
- Supplies directly attributable to the execution of the contracted project
- Equipment acquired for and directly attributable to the execution of the contracted project
- Facilities newly acquired and specifically used for the execution of the contracted project
- Utilities for facilities acquired for and directly attributable to the execution of the contracted project
- Information technology acquired for and directly attributable to the execution of the contracted project
- Internal legal and or accounting staff and/or external legal counsel or accountants directly attributable to the execution of the contracted project

#### *Indirect Costs*

- Facilities not acquired specifically and exclusively for the execution of the contracted project
- Utilities for facilities not acquired for and not directly attributable to the execution of the contracted project
- Information technology equipment and support not directly attributable to the execution of the contracted project
- General administrative support not directly attributable to the execution of the contracted project – examples are as follows:
  - Executive administrators
  - General ledger accounting

- General financial management
- Internal audit function
- IT support personnel
- Scientific support functions
- Environmental health and safety personnel
- Human resources
- Library and information support
- Shared procurement resources
- General logistics support
- Materiel management
- Executive management (CEO, COO, etc.)
- Other shared resources not directly attributable to the execution of the contracted project
- Institutional legal support
- Research management costs
- Depreciation on equipment
- Insurance not directly attributable to the execution of the contracted project