



UNIVERSITY OF CALIFORNIA MERCED
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UCM DA 187

FEBRUARY 24, 2020

VICE CHANCELLOR RESEARCH AND ECONOMIC DEVELOPMENT

RE: Delegation of Authority – Approval of Exceptions to Approved Indirect Cost Rates

An indirect cost exception is the official authorization to accept indirect cost recovery other than what would be recovered under the appropriate federally-negotiated rate agreement or UC Rate for a given award. Section 100.4 of the Standing Orders of the Regents provides authority to the President to negotiate and approve indirect cost rates to be applied to contracts and grants in accordance with 2 CFR 200, including the authority to approve requests for applying an indirect cost rate other than the federally negotiated rate. The President further delegated the authority to the Executive Vice President and Chief Financial Officer (CFO) through Presidential Delegation of Authority (DA) 2592 dated June 19, 2015. On March 10, 2016, the CFO re-delegated limited authority to campus Chancellors to approve exceptions in accordance with existing policy, practice, and UCOP guidance.

Effective immediately, as Chancellor and pursuant to the authority delegated to me through the March 10, 2016 letter from the CFO (referenced DA 2592), UC policy and guidelines, I delegate the following to you:

- Authority to approve the application of an indirect cost rate other than the “approved indirect cost rate” in the submission and acceptance of extramural contracts and grants with the following requirements and restrictions:
 - No exceptions may be provided for California State or Federal submissions; these exceptions continue to be reviewed by UCOP.
 - UC system-wide policies, procedures and guidelines must be used to design and implement operational procedures and appropriate controls that assure indirect cost exceptions are carried out properly.

- **Campus written process attached to this delegation** must be kept current, accurate and complete to ensure compliance with policies, procedures, guidelines, separation of duties in submission and approvals, and appropriate coordination and approvals from UCOP when appropriate.
- Campus process should highlight situations where sponsor policy dictates indirect cost rates. Campus sponsored programs office may process these types of exceptions without special approvals.
- This authority **may not be re-delegated** by you.
- Source of authority: **Re-delegation letter from Executive Vice President and CFO dated March 10, 2016.**
- **This is a new delegation.**

Sincerely,

Nathan Brostrom
Interim Chancellor

cc: Chief Campus Counsel, Elisabeth Gunther
Deputy Campus Ethics and Compliance Officer, Sheryl Ireland