

SOM Indirect Cost Return Methodology

SOM Indirect Cost Return Methodology - example

Step 1: Retrieve total SOM sponsored project indirect expenses for a given year from G/L

SOM total indirects \$ 100,000,000

Step 2: Retrieve total indirects returned to SOM - from budget office and G/L

**Indirects returned to
the SOM \$ 10,000,000**

Step 3: Retrieve departments' indirects for the fiscal year from the G/L
Determine departments' percentage of total generated in SOM

Department	Indirect expenses	
	Indirect Generated	% of Total SOM Indirect
Dept A	\$ 28,000,000	28.0%
Dept B	\$ 40,000,000	40.0%
Dept C	\$ 24,000,000	24.0%
Dept D	\$ 8,000,000	8.0%
	\$ 100,000,000	100%

Step 4: Calculate departments' share of ICR returned, based on share of total indirect generated

* ICR returned based on indirects: departments' % of total times indirect allocation.

*E.g. Dept. D: 8% * \$10,000,000*

Department	Share of allocation
	ICR returned based on indirects generated
Dept A	\$ 2,800,000
Dept B	\$ 4,000,000
Dept C	\$ 2,400,000
Dept D	\$ 800,000
Total	\$ 10,000,000