
2138 DIRECT COST EXPENDITURES FOR NON-FEDERAL ORGANIZATIONS

Effective: November 2003
Last Revised: December 2014
Last Reviewed: April 2016
Resp. Office: Res. Services
Approval: Research Services

PURPOSE:

To establish guidelines for the charging and approval of expenditures on awards from non-federal sponsors which do not reimburse the University at the approved Facility and Administrative cost rate.

DEFINITION:

The cost of a sponsored project is comprised of both direct costs incident to its performance plus a portion of the Facility and Administrative (F&A) costs of the University. Direct costs are those costs that can be specifically identified with a particular sponsored project, an instructional activity, or any other institutional activity relatively easily and with a high degree of accuracy. Typical costs charged directly to a sponsored project include but are not limited to: the compensation of employees working on the project; employee benefits; the cost of supplies and equipment used solely in the performance of the project; travel; sub-awards costs; service center charges; human subject fees and long distance telephone costs.

POLICY:

1. In order for the university to recover costs that are typically included in our Facility and Administrative rate from sponsors that do not reimburse the university at the full approved rate, schools and centers are encouraged to include the costs identified below in proposals to these sponsors for grant and contract awards. The items of cost that may be requested for reimbursement are:
 - Administrative and Clerical Salaries
 - Telephone line charges
 - Ethernet Connections
 - Spouse and Dependent Tuition benefits
 - Space costs
 - Office Supplies
 - Protocol Design Fees for Clinical Trials requested by sponsor
 - Pharmacy Fees for Clinical Trials
 - IRB and IACUC review fees
 - Environmental Health and Radiation Safety fees for waste disposal and radiation safety tests

Sponsor approval must be granted in the terms and conditions of the award prior to charging these costs to any project.

2. As with federally sponsored projects, the principal investigator is responsible for the management and administration of his/her award within the constraints imposed by the sponsor and in accordance with University policy. The principal investigator must authorize all expenditures of project funds.
3. Documentation of the appropriateness of these expenses in relation to the project must be maintained by the department. Appropriateness of the cost must also be considered prior to processing the expenditure. The factors for assessing appropriateness are allowability, allocability, and reasonableness as explained below:
 - Allowability. The expense must be permitted by the sponsor and in accordance with University policy.
 - Allocability. The cost can easily be identified with the project and assigned to the project in accordance with benefits received.
 - Reasonableness. The cost must be necessary for the performance of the award and reflect the action that a prudent person would have taken.
4. Sponsor limitations on specific items of direct cost expenditures are included in, or referred to, the Account Information Sheet (AIS) or the Notice of Award.
5. Certain costs may not be charged to sponsored projects either as direct costs or as part of the F&A rate. See Policy No. 2111 for a description of unallowable costs.

ROLES AND RESPONSIBILITIES:

PRINCIPAL INVESTIGATOR

- Authorizes and approves the budget and all expenditures
- Identifies the expenditures needed to conduct the project as proposed and awarded
- Ensures requests and approvals have been submitted and obtained to/from sponsoring agency
- Maintains source documentation for all costs associated with these types of costs

BUSINESS ADMINISTRATOR

- Assists PI with the request and approval process in order to allow appropriate costs to be charged
- Ensures documentation is maintained on file for all costs
- Provides documentation to ORS as requested

OFFICE OF RESEARCH SERVICES

- Provides guidance to departmental BA and PI for compliance issues
- Reviews sponsored project funds for compliance with terms of award
- Ensure that expenditures have been charged according to the approved budget
- Communicates with Business Administrator regarding any close-out or reporting issues
- Prepares final financial reporting as required

The source of this document is Research Services.