Guidelines for Federal Sponsored Expenditures

Effective March 1, 2013
Revised April 14, 2015

The content of this document was created by Harvard University (http://osp.fad.harvard.edu/content/posting-transactions-to-sponsored-accounts) and modified for the University of Nevada, Reno.
# Table of Contents

Introduction.................................................................................................................................... 3  
Federal Cost Principles.................................................................................................................. 3  
Treatment of Specific Types of Costs............................................................................................ 4  
A. Administrative and Clerical Salaries ....................................................................................... 5  
B. Books, Journals and Subscriptions.......................................................................................... 5  
C. Computers and Data Storage Devices ..................................................................................... 6  
D. Conference Fees........................................................................................................................ 7  
E. Equipment.................................................................................................................................. 7  
F. Local Meals............................................................................................................................... 8  
G. Local Parking............................................................................................................................ 9  
H. Photocopying........................................................................................................................... 10  
I. Postage and Shipping.................................................................................................................. 10  
J. Office Supplies ......................................................................................................................... 11  
Special Considerations for Federal Training Grants.................................................................... 12  
Appendices................................................................................................................................... 14
**Introduction**

The University of Nevada, Reno (UNR or University) must comply with the federal regulations and guidelines restricting the use of federal money. This document clarifies the federal constraints and University policies for costs that may be confusing and/or controversial.

These guidelines are for University researchers and administrators who charge items directly to federal sponsored projects. Unfortunately, there is no single federal document summarizing all the rules, regulations, policies and guidelines for charging items to federal awards. In addition to the guidance offered here, the appendices contain links to resources that further clarify government and University expenditure policies and links to in-person and online learning opportunities.

**Federal Cost Principles**

As governed by the Office of Management and Budget (OMB) Rule, 2 CFR Chapter I, Chapter II, Part 200, et al., Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule (Uniform Guidance), federal sponsored funds may be used to pay, as either "direct " or "indirect" (Facilities and Administrative or F&A) costs, for certain items associated with sponsored projects. Various types of "allowable" and "unallowable" expenditures for federal reimbursement are defined in the General Provisions for Selected Items of Costs, § 200.420-§200.475 of the Uniform Guidance. "Allowable" expenditures are reimbursable by the federal sponsor.

Whether an item is allowable as a direct cost or an indirect cost is always clearly specified in the General Provisions for Selected Items of Cost. **Indirect costs** are incurred for a common or joint objective and, therefore, cannot be identified readily and specifically with a particular sponsored project, e.g., secretarial support. **Direct costs** are associated unambiguously with one or more projects, e.g., lab supplies. To qualify as a direct charge (one that can be posted directly to a sponsored account or accounts), a cost must pass the following tests:

A. **Reasonable** – Per §200.404 of the Uniform Guidance, “a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” The cost must be necessary to the University’s operations and/or the sponsored project’s performance, the purchase must be in compliance with established University policies, and the purchaser must be acting with due prudence in carrying out their responsibilities to the University.

B. **Allocable** – Per §200.405 of the Uniform Guidance, “a cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits
received.” A cost is allocable to a sponsored account if it is incurred solely in order to advance the work on the project.

C. Adherence to Applicable Regulations and Policies – A cost must adhere to federal and sponsor regulations and to institutional policies and procedures.

D. Consistent Treatment of Costs – A cost is treated consistently regardless of the source of funds; the University must be consistent in assigning costs to cost objectives. Salary, operating and tuition costs are examples of cost objectives.

**Treatment of Specific Types of Costs**

**Direct Costs: (specifically identified with a sponsored research project with a high degree of accuracy)**

Direct costs may include the following:

- Compensation of employees for their effort on the project
- Materials consumed or expended in the performance of the work, e.g., lab supplies
- Equipment
- Consulting costs

**Indirect Costs: (incurred for a common or joint purpose that cannot be readily and specifically identified with a particular sponsored project or activity)**

Indirect costs may include the following:

- Custodial costs for building maintenance
- Utilities
- Department administration
- Department computers
- Sponsored projects administration

Whether a cost is allowable as a direct or indirect cost is often questioned. The following sections provide brief explanations and examples of exceptional circumstances that might allow an item to be charged as a direct cost to a project or projects.

Note that in most circumstances below, there is an associated burden of documentation or justification placed upon the principal investigator (PI).

- If the cost is anticipated, include it in the budget and budget justification at the proposal stage.
A. Administrative and Clerical Salaries

Why are administrative and clerical salaries normally treated as *indirect costs*?

To comply with the Uniform Guidance, administrative and clerical salaries must normally be treated as indirect costs. However, the Uniform Guidance does provide for criteria that, when met, can justify the direct charging of administrative and clerical salaries to a project. The special criteria and the procedures surrounding them are documented in the University Office of Sponsored Projects (OSP) policy, “Guidelines for Charging Administrative and Clerical Costs to Federally Sponsored Projects.”

B. Books, Journals and Subscriptions

Why are books, journals and subscriptions normally treated as *indirect costs*?

A vast number of books, journals, manuscripts, government documents, maps, microforms, music scores, sound recordings, visual materials and dissertations are available in the University libraries. The libraries serve as an invaluable resource for the University research enterprise. A portion of the cost incurred for the operation of the libraries (e.g., the cost of library materials and staff) is included in the F&A rate charged to sponsored awards. Because library costs are included in the F&A rate, they cannot normally be charged as direct costs.

Examples of books, journals or subscriptions that are considered indirect costs:

- General or reference texts
- Books, manuals or reprints that assist the PI in keeping current with their field of research

When may books, journals and subscriptions be charged as *direct costs*?

If the book, journal or subscription is not available in the library and can be associated with the sponsored project with a high degree of accuracy, it may be charged as a direct cost.

If the book, journal or subscription is available in the library but is needed so often that a library copy is not sufficient, it may be charged to the project if it can be associated with the sponsored project with a high degree of accuracy.

In both of these instances, the proposal’s budget justification should document and explain why the book, journal or subscription is required for the project. The documentation should address the following questions:

- Is the subject matter of the book, journal or subscription related directly to the project?
• Is the book, journal or subscription associated with a specific research technique that will introduce efficiencies to the research and/or improve the quality of the results?
• Can the book be associated with the sponsored project with a high degree of accuracy?

C. Computers and Data Storage Devices

Why are computers and/or data storage devices normally treated as indirect costs?

Technology has changed rapidly over the past few decades. Desktops, laptops and data storage devices perform a wide range of functions, e.g., computation, data storage, correspondence, communication, entertainment, etc. The regular use of computers and data storage devices in daily business operations makes it difficult and impractical to isolate specific scientific functions and their related costs with a high degree of accuracy.

Desktops, laptops and data storage devices below the capitalization threshold ($5,000) are generally considered to support a variety of activities and cannot be linked to one specific project. Therefore, computers are typically treated as indirect costs.

Examples of computers that should be considered indirect costs:

• Computers that are assigned routinely to students, staff or faculty members.
• Computers located in any generally accessible area in a lab or office space.

When may computers or data-storage devices be charged as direct costs?

As stated in the Uniform Guidance, §200.453(c), a computer or data storage device may be charged as a direct cost if the purchase will be “essential and allocable, but not solely dedicated, to” a specific sponsored research project and will not be used as general-purpose equipment.

Examples of computers that can be charged as direct costs:

• A computer that is physically attached to another piece of scientific equipment and/or is required for collection and analysis of information/data.
• A laptop that is essential and allocable to recording data in field research.
• A computer that is essential, allocable and used primarily on a designated sponsored project.

If you plan to charge computers or software to a sponsored project as a direct cost:

• Conform to restrictions and approval requirements outlined in the terms and conditions of the award.
• Provide a written budget justification to explain how the computer is essential and allocable to its specific purpose related to the scientific scope of the work.
• The computer must be purchased early in the project and not in the last six months of the project.

D. Conference Fees

Why are conference fees normally treated as indirect costs?

Conference fees are treated as indirect expenses when the employee attends the conference to gain a general understanding of the topics presented rather than to receive or present specific information related to an award. Conference fees that are not specifically related to an award should be charged to a faculty discretionary or departmental account.

When may conference fees be charges as a direct cost?

A conference fee may be charged as a direct expense in the following situations:

• The scientist is presenting results of the research obtained during the course of his or her work on the project.
• The scientist can confirm that the purpose of the conference is closely related to that of the award being charged.
• An aim of the award is for the PI to host a conference to disseminate information from the sponsored project.

If you plan to charge conference fees to a sponsored project as a direct cost:

• If the expense is anticipated, include it in the budget at the proposal stage.
• Provide a written budget justification to explain the conference fees and outline the specific purpose related to the scientific scope of the work. The PI is responsible for maintaining this documentation for six years after the end date of the project.

E. Equipment

Why is general-purpose equipment treated as an indirect cost?

Acquisition costs and other capital expenditures for general-purpose equipment are generally treated as indirect costs because general-purpose equipment cannot be easily linked to a particular cost objective.

Examples of equipment considered as indirect costs:

• General office equipment and furnishings
• Modular offices
• Telephone networks
• Information technology equipment and services
• Reproduction and printing equipment
• Motor vehicles
• Air conditioning equipment

**When may equipment be charged as a direct cost?**

Special-purpose equipment necessary for the performance of the research that can be identified specifically with a sponsored project may be charged as a direct cost.

**Examples of special purpose equipment that may be charged as a direct expense:**

• Microscopes
• X-ray machines
• Surgical instruments
• Spectrometers
• High-end server/data storage devices for a particular project

**If you plan to charge specialized equipment as a direct cost:**

• If the expense is anticipated, include it in the budget and budget justification at the proposal stage.
• Define how the specialized equipment is to be used and why it is essential to the success of the sponsored project.
• Limit the purchase to equipment with capabilities that meet the needs of the project (i.e., avoid purchasing high-end equipment that exceeds your needs).
• Conform to all specific restrictions and approval requirements outlined in the terms and conditions of the award.
• The equipment must be purchased early in the award and not in the last six months of the project.

**F. Local Meals**

**Why are local meals and meals without associated travel normally treated as indirect costs?**

Without associated travel, meals would normally be an individual's personal responsibility.

Please refer to the University of Nevada, Reno Travel Policy for more information. Domestic and foreign travel charged to a sponsored project should follow the guidelines set forth in the University of Nevada, Reno Travel Policy unless the funding agency imposes greater restrictions.
When may local meals and meals without associated travel be treated as direct costs?

Local business meals may be directly charged to an award if they are linked to a formal meeting or conference at which technical information directly related to the award is being shared or disseminated (see Uniform Guidance § 200.430 (h) (1) (i) Compensation—personal services).

Please refer to the award's terms and conditions for any specific treatment of costs.

Examples of food charges that may be allowed as a direct cost:

- Lunch and refreshments are provided for a periodic all-day meeting of collaborators on a program project where technical information closely related to that project is being shared. There is a formal agenda and documented attendee list. Meeting participants are from different locations.
- A researcher is being recruited to fill an open position on a research grant and travels to the University of Nevada, Reno. The researcher's meal may be charged to the grant since he/she is on travel status.
- The PI is responsible for maintaining documentation for six years after the end date of the project.

If you plan to charge a meal to a sponsored project as a direct cost:

- Follow the University Administrative Manual, Section 1,067: Host Expenses.
- Document the purpose of the meeting and why food is necessary. Retain a copy of the formal agenda and a formal list of external and internal attendees.
- If you know that the meeting will be scheduled in advance, include the expense in the proposal budget with a justification.

G. Local Parking

When can local parking be treated as a direct cost?

Parking can be charged as a direct cost if the local travel benefits the project directly, and there is a clear and reasonable business case.

Examples of parking charges that can be charged as a direct cost:

- A PI drives within the local environs to meet with collaborators regarding a specific project.
- Subjects in a research study are reimbursed for parking expenses incurred when they visit the federally funded study site.
If you plan to charge parking as a *direct cost*:

- Document the way in which the parking clearly benefits the project. The PI is responsible for maintaining this documentation for six years after the end date of the project.
- If the expense is anticipated, include it in your budget at the proposal stage.

H. Photocopying

**Why is photocopying normally treated as an indirect expense?**

Photocopying is normally treated as an indirect expense because of the difficulty in associating the material copied with an individual sponsored project. A portion of the cost incurred for general administrative support is included in the F&A rate that is charged to sponsored awards. Because photocopying is included in the F&A rate, it cannot usually be charged as a direct cost.

Note that even when the cost to reprint or copy an article on a particular research technique will provide substantial help in furthering the experiments on a specific grant, it will be difficult to justify a copy charge on a grant unless the unlike purpose and circumstance criteria are met.

**When may photocopying be charged as a direct expense?**

If the photocopying cost is extraordinary, due to the nature of the project, and can be associated with the sponsored project with a high degree of accuracy, it may be charged as a direct expense. The method of allocation of copy costs to the project should be fully documented and accompanied by supporting records of copier usage. The PI is responsible for maintaining this documentation for six years after the end date of the project.

**Examples of photocopying that can be allowed as a direct expense:**

- Copies and other printing costs for a mail survey

I. Postage and Shipping

**Why are postage and shipping costs normally charged as indirect costs?**

Items such as office supplies, postage, local telephone costs and memberships are usually treated as indirect costs. Postage and shipping costs are *normally* included in the overhead calculation because the costs cannot be charged to a specific award with a high degree of accuracy.
Examples of shipping and postage considered as indirect costs:

- Mailing a proposal to a sponsor.
- Any postage or shipping needed to support routine administrative activities.
- Shipping costs that cannot be readily identified with a particular sponsored award.

When may postage and shipping costs be charged as direct costs?

If the postage or shipping costs are required for a project and can be linked to that specific project, that cost may be charged as a direct expense.

Examples of shipping and postage costs that may be charged as direct costs:

- Shipping specimens to a lab facility for processing
- Postage for large surveys
- Shipment of animals for use on a specific project
- Sharing model organisms as required by the terms and conditions on the award

If you plan to charge postage or shipping as a direct expense?

- Explain why the postage or shipping costs solely benefit the project.
- Conform to all specific restrictions and approval requirements outlined in the terms and conditions of the award.
- If the expense is anticipated, include it in your budget at the proposal stage.
- Document the justification for the expense. The PI is responsible for maintaining this documentation for six years after the end date of the project.

J. Office Supplies

Why are office supplies normally charged as indirect costs?

General office supplies incurred for administrative and supporting services that benefit common or joint departmental activities in departments and organized research units will not be allowed as a direct charge to a federal award. Since office supplies cannot be readily identified with a specific project at a high degree of accuracy, they are considered an indirect cost.

When may office supplies be charged as a direct cost?

Specialized supplies may be charged as a direct cost if the use of the supply specifically and solely benefits the sponsored project.
Examples of office supplies that may be charged as a direct cost:

- Material required for poster or publication preparation, e.g., poster board, photographic supplies or color paper for a presentation that is directly attributed to the sponsored project.

If you plan to charge office supplies as a direct cost:

If the expense is anticipated, include it in your budget and budget justification at the proposal stage. Provide a detailed explanation of the way the supply benefits the specific sponsored project. Prior sponsor approval is required prior to purchasing the supply. The PI is responsible for maintaining this documentation for six years after the end date of the project. Auditors often ask for procedures of controlled access to or documented use of supplies.

Special Considerations for Federal Training Grants

Trainee-related expenses (TREs) are “funds provided to defray such training costs as staff salaries, consultant costs, equipment, research supplies, staff travel and other expenses directly related to the training program.” Other fellowship and traineeship expenses, such as travel, health, insurance and tuition and fees, may be reimbursed in accordance with the National Institutes of Health (NIH) Grants Policy Statement, specific award terms and conditions and the awarded budget. Indirect costs are not generally reimbursed for fellowships because a fixed “institutional allowance” is usually awarded. Indirect costs for training grants are generally limited to 8% of modified total direct costs. Modified total direct costs are defined as charges that can be assigned to individual sponsored projects with a high degree of accuracy but “modified” by excluding mutually understood costs.

The following trainee-related expenses may be treated as direct costs on fellowships and training grants:

- Consultant costs including seminar speakers (and their travel and honoraria) and related seminar/symposium expenses.
- Announcement, posters and brochures.
- The cost of videotaping seminars when the seminars are trainee-related and trainees benefit from the educational value of the seminars.
- Trainee travel.
- Health insurance.
- Professional membership fees.
- Book allowance.
- PI travel and conference fee when attending a conference with trainees.
Trainee-Related Expenses (TRE) as defined by the NIH:

TRE funds are awarded to help pay for other training-related expenses such as staff salaries, consultant costs, equipment, research supplies and staff travel. TRE is generally requested in a lump sum, based upon the number of trainees requested in the application and entered on the budget page without further stipulation. Awarded travel is for travel to scientific meetings and to research training experiences away from the parent institution that the parent institution deems necessary to the individual’s research training.

<table>
<thead>
<tr>
<th>Type of Expense</th>
<th>Allowable or Unallowable?</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honorarium</td>
<td>Allowable</td>
<td>Honoraria for seminar speakers are allocable if the seminar is for trainees.</td>
</tr>
<tr>
<td>Administrative Salaries</td>
<td>Allowable</td>
<td>Administrative salaries may be allocated to help defray such costs as staff salaries. However, such charges must meet the test of allocability and reasonableness.</td>
</tr>
<tr>
<td>Books/Journals</td>
<td>Allowable</td>
<td>Books/journals may be allocated if these items directly benefit the research and training of the project.</td>
</tr>
<tr>
<td>Domestic Travel</td>
<td>Allowable</td>
<td>Only trainees or PIs with trainees may travel to enhance research experience. Travel may not be from residence to institution.</td>
</tr>
<tr>
<td>Foreign Travel</td>
<td>Allowable</td>
<td>Only trainees or PIs with trainees may travel to enhance research experience. Travel may not be from residence to institution.</td>
</tr>
<tr>
<td>Videotaping of Seminars</td>
<td>Allowable</td>
<td>If seminars are trainee-related and trainees would benefit from their unquestionable educational value, then videotaping costs may be allocated.</td>
</tr>
<tr>
<td>Business Cards</td>
<td>Unallowable</td>
<td>Business cards would not benefit research or training directly.</td>
</tr>
<tr>
<td>Computers</td>
<td>Allowable</td>
<td>Computers may be allocated if a computer is purchased by the department for trainee use while appointed to the project or if sponsor approved.</td>
</tr>
<tr>
<td>Visa</td>
<td>Allowable*</td>
<td>*Visa expenses may be allocated only on Fogarty Training Grants.</td>
</tr>
<tr>
<td>Food (e.g., pizza or soda)</td>
<td>Unallowable</td>
<td>General food expenses are unallowable. Described in this manner, food would be considered entertainment costs and as such are unallowable.</td>
</tr>
<tr>
<td>Moving Costs</td>
<td>Unallowable</td>
<td>Project funds may not be used for a prospective trainee’s travel costs to or from for the purpose of recruitment or relocation.</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>Allowable</td>
<td>Health insurance is allocable as a fee if it is required of all trainees. Family health insurance is allowable. FICA, workers’ compensation and unemployment insurance are unallowable.</td>
</tr>
<tr>
<td>Advertising</td>
<td>Allowable</td>
<td>Recruitment costs may be allocated.</td>
</tr>
</tbody>
</table>

The following sources have been referenced:
1. [http://grants.nih.gov/training/faq_training.htm](http://grants.nih.gov/training/faq_training.htm)
Appendices
Below are links to policies, procedures and guidance that support and supplement this document.

Federal Policies
The University of Nevada, Reno (UNR) adheres to federal policies governing the charging of expenses to sponsored projects:

- [2 CFR Chapter I, Chapter II, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements](#)

University Policies
Pertinent UNR policies may be found at the following:

- [UNR Office of Sponsored Projects Policies](#)
- [Best Practices in Sponsored Projects Management Online Video Tutorial](#)
- [University Administrative Manual](#)

National Institutes of Health (NIH) Grants Policy and Guidance
Pertinent NIH policies may be found at the following:

- [NIH Grants Policy Statements](#)
- [NIH General Policy Notices](#)

National Science Foundation (NSF) Policies and Procedures
Pertinent NSF policies may be found at the following:

- [NSF Proposal and Awards Policies and Procedures Guide](#)

Questions
For questions about allowability or allocability of a sponsored project cost, please consult the following:

- Department administrator
- College grants and projects analyst
- Office of Sponsored Projects grants and projects analyst, research administrator or manager