Direct Charging of F&A Costs to Sponsored Awards

Presented by:
Office of Sponsored Projects
Topics Covered

- Roles and Responsibilities
- Understanding the Basics
- Direct Costs vs. F&A Type Costs
  (Facilities & Administrative Costs)
- Approval of F&A Type Costs
- University Policy
- Case Study and Discussion
- Takeaways
- Question and Answers
Roles and Responsibilities

Principal Investigator (PI)

- Consults with departmental business office and the Office of Sponsored Projects (OSP) regarding the appropriateness of including for example, administrative and clerical salaries and other F&A type costs in proposals.

Department Administrator

- Providing guidance and assists PIs with proposal preparation, maintaining documentation, and development of budget justifications based on the PI’s expressed needs.
The Office of Sponsored Projects (OSP)

- Provides guidance and interprets sponsor requirements.
- Provides guidance to PIs and business managers in drafting sponsored projects proposal justifications that include administrative or clerical salaries or other F&A type costs required to support the proposed project.
- Interprets award terms and conditions with respect to the appropriateness of direct charging administrative or clerical salaries and other F&A type of costs.
- Assists departments in determining appropriate treatment of Direct vs. F&A type of costs.
Understanding the Basics...

Direct Cost

- A direct cost is any cost that can be identified specifically with a particular final cost objective (i.e., a particular project, program or activity) or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

  - Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the sponsored project or activity.

Facilities and Administrative (F&A) costs

- Facilities and Administrative (F&A) costs (also known as indirect costs), are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.
Understanding the Basics…

OIG Top Audit Risks

- Cost transfers
- Effort reporting
- Subrecipient monitoring
- Direct charging of F&A type costs
- Charging costs at end of award period
- Appropriate cost charging
- Recharge centers/service center rates
- Fixed fee agreements
- Timely submission of Federal Financial Reports (FFRs)
- Documenting cost sharing
## Allowability of Costs

### Principles to test the Allowability of Costs:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Allowable Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessary, reasonable and allocable</td>
<td>Goods or services acquired and amount involved reflect an action that a prudent person would have taken (prudent person rule).</td>
</tr>
<tr>
<td>Conform</td>
<td>Items not restricted by federal regulations (2 CFR Part 200) or the specific award terms and conditions and agency requirements.</td>
</tr>
<tr>
<td>Consistent with policies/procedures of the University and Treated Consistently</td>
<td>Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the University. “Like” costs in similar circumstances treated consistently throughout the University.</td>
</tr>
<tr>
<td>Be determined to be in accordance with GAAP</td>
<td>Financial information should be useful to individuals when making financial decisions, assessing resources, and maintaining records. <em>(GAAP: Generally Accepted Accounting Principles)</em></td>
</tr>
<tr>
<td>Not be included as a cost or used to meet cost sharing on any other federal award</td>
<td>A cost cannot be used to satisfy cost sharing requirements and also be charged to the award.</td>
</tr>
<tr>
<td>Be adequately documented</td>
<td>Departments should keep complete records of all costs, including justifications of charges and any prior approvals.</td>
</tr>
</tbody>
</table>

*Costs that do not meet these principles should not be charged to the sponsored award*
Direct Costs vs. F&A Costs

Treated Consistently:

- “Like” costs in similar instances need to be treated consistently throughout the University
- Federal Cost Accounting Standards require institutions to be consistent in the way that costs are estimated, accumulated, and reported and in the treatment of costs as either direct or indirect.

### Some Common F&A Costs

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>F&amp;A Costs</th>
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<tbody>
<tr>
<td>Annual safety cabinet/hood certifications</td>
<td>Local telephone and internet charges</td>
</tr>
<tr>
<td>Administrative and clerical salaries</td>
<td>ITS communications charges</td>
</tr>
<tr>
<td>Books and periodicals</td>
<td>Office equipment (facsimiles, copiers, printers)</td>
</tr>
<tr>
<td>Cellular telephone charges</td>
<td>Office supplies and postage</td>
</tr>
<tr>
<td>Dues and memberships</td>
<td>Paper supplies and envelopes</td>
</tr>
<tr>
<td>Lab coats and laundering</td>
<td>Photocopy costs</td>
</tr>
</tbody>
</table>
Can an F&A type expense ever be a direct cost to a federal award?

- Yes, but only in a justifiable and appropriate “unlike” circumstance.
- The direct charging of F&A type costs may be when the costs can be identified with a final cost objective or can be assigned to such activities relatively easily with a high degree of accuracy.
- Costs incurred for the same purpose in like circumstances must be treated consistently.
Examples of projects that may support an unlike circumstance

Examples of “major projects” when the direct charging of administrative or clerical staff salaries may be appropriate:

- Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.

- Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials and retrospective clinical records studies).
Direct Costs vs. F&A Type Costs: Federal

Examples of projects that may support an unlike circumstance

- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

- Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).

- Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.

- Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.
Direct Costs vs. F&A Type Costs: Federal

According to **2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (Generally referred to as: **2CFR Part 200: Uniform Guidance**)

- Administrative or clerical salaries may be appropriate if:
  - Integral to the particular project, services are essential to the project’s goals and objectives;
  - Individuals can be specifically identified with the particular project;
  - Costs are explicitly included in the budget or have prior written approval of the Federal awarding agency; and
  - Costs are not also recovered as indirect costs.

**NOTE:** If a proposal was submitted prior to 12/26/2014 and awarded after 12/26/2014, did not include the need of an administrative assistant, and prior approval is required by the sponsor, then a request MUST be submitted to the sponsor (with OSP approval).
Other Expenses

- Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or F&A cost

- Examples of costs treated as direct whenever identifiable to a particular cost objective
  - Animals
  - Animal care costs
  - Computing devices
  - Laboratory supplies
  - Salaries of technical staff
  - Specialized service center costs
  - Travel costs
Other Expenses (continued)

- Office supplies, postage and memberships should normally be treated as F&A costs unless:
  - Expenses are essential, vital, or fundamental to the project’s goals and objectives
  - Costs are explicitly included in the budget and budget justification or have been approved by OSP using Form 1403 FR.02
Can an F&A type expense ever be a direct cost to a non-federal award?

Yes. Many non-federal sponsors do not fully reimburse the University for its F&A costs on sponsored awards and these costs may be permissible.

In recognition of this practice, Yale expects non-federal sponsored projects to directly pay for costs which are normally F&A costs if:

- The terms and conditions do not specifically prohibit such costs; and
- A benefit exists to the sponsored project.
Direct Costs vs. F&A Type Costs: Like or Unlike?

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<th>Like Circumstance</th>
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<td><strong>Toner Cartridges</strong></td>
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<td><strong>Justification:</strong> Investigator used device to save and transport research, instructional and administrative files.</td>
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<td><strong>Justification:</strong> The device is necessary and the easiest way to transport and store large volumes of data for continuous review and analysis among six research staff for this award.</td>
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Note: Answers to Test Your Knowledge slides are at the end.
## Direct Costs vs. F&A Type Costs: Like or Unlike?

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<td>This grant has multiple sites and extensive travel coordination is required. Coordinator, included in approved budget, is being hired to manage the travel of over 30 individuals on a monthly basis from site to site.</td>
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<td>Home Internet</td>
<td>PI often works from home and uses the internet to research, order and communicate to staff and research colleagues via email.</td>
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<td>Cellular Telephone</td>
<td>This research involves interviewing human subjects whom are homeless drug addicts. A cellular phone is being provided for emergency and safety reasons for the interviewers and will be used only for conducting this project.</td>
<td></td>
</tr>
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<td><strong>Like</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Supplies</td>
<td>We are a department that is 100% supported by sponsored awards. All costs are being allocated among the benefiting awards.</td>
<td></td>
</tr>
<tr>
<td>Office Supplies</td>
<td>We are permitted to charge because this is a large epidemiological study.</td>
<td></td>
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### Test Your Knowledge

Consider the scenarios for Direct and F&A costs and determine if they are Like or Unlike circumstances.
Approval Process of F&A Type Costs

Approval processes for direct charging of typical F&A type costs:

- At time of proposal
- After-the-fact approval requests
Approval Process of F&A Type Costs

At time of Proposal

OSP Proposal Manager

• Reviews proposal budget for typical F&A type costs
• Reviews the budget and budget justification if F&A type costs are included
• Works with the department administrator to update justification or remove cost if not adequately justified
If administrative or clerical salaries are not included in the proposal’s initial budget and determined to be necessary after the award is received, then the department administrator:

- Should review the Prior Approval Matrix to determine if prior approval is required
  - If sponsor prior approval is required, the department should email the OSP Award Manager to obtain prior approval from the Federal sponsor *BEFORE* charging the cost to the award
  - If sponsor prior approval is *NOT* required, the department administrator *must* complete Form 1403 FR.02 Justification to Direct Charge F&A Costs to a Federal Award in order to document why the cost is allowable as a direct charge (‘unlike’ circumstance)
    - The form must be signed by the Department Business Office and PE and retained by the department for future audit purposes

*Prior Approval Matrix: Research Terms and Conditions Appendix A Prior Approval Matrix*
OSP Financial Management will:

• On a periodic basis, randomly sample federal awards to determine whether the Direct Charge Justification form is completed properly and retained in the department business office.

• Ensure the costs noted on the Direct Charge Justification form agree with the expenses incurred or the costs have been approved by the sponsor through the approval of the proposal budget or by specific sponsor approval.
  – Departments will be required to remove any costs that have not been properly approved.
Process for Direct Charging of F&A Type Costs

Direct Charge Justification Form

The purpose of this form is to document the need and appropriateness of typical F&A type costs charged to federal and federal pass-through awards.

The direct charging of typical F&A type expenses may be appropriate to be charged to a federal award. This form must be completed, prior to incurring the actual cost, by the PI and OBO for typical F&A type costs for expenses not included in the approved proposal budget and budget justification.

Instructions: Select the appropriate justification(s) below. If you select "Other" you must provide a detailed justification for charging the cost to a federal award. The form must be signed by the OBO and PI and related by the department.

Principal Investigator: ___________________________ 
Sponsor: ___________________________ 

IRRES PT Record Number: ___________________________ 

Is this form being completed for an existing award? Yes [ ] No [ ]

If Yes, provide the award ID: ___________________________

Type of Cost (check all that apply):
- Administrative & Clerical Salaries (agency prior approval required except for NIH and any other federal agency that has waived the prior approval requirement. Carefully review sponsor requirements. For all other non-federal sponsors, check the terms and/or conditions of the award and contact ODP for assistance.)
- Administrative support is needed to perform duties integral to this project, such as:
  - Scheduling a large number of human subjects’ visits and activities
  - Making reservations for facilities supported by the award due to the unusual nature of research activities and meeting requirements of the award
  - Providing administrative support for a conference award
  - Providing extensive administrative support for a training award
  - Providing extensive administrative support for an administrative care
  - Other (describe the activities the individual will perform, why they are necessary for the project, and how the activity is not similar to what other administrative and clerical staff perform.)

- Office Supplies:
  - Items that can be identified clearly with a specific project, e.g., notebooks for the sole purpose of use in the laboratory, supplies for specific studies, etc.
  - Supplies (paper, toner, etc.) needed to generate large volumes of surveys/questionnaires directly related to the project
  - Other (identify the items and explain why they are necessary to conduct the research.)

- Office Furniture, Equip. Purchase, Rental & Maintenance:
  - Office furniture and equipment specifically for work directly related to the project
  - General purpose equipment necessary for work directly related to the project
  - Explain for either of the selections above, why these items are necessary for the proposed project and how the project directly benefits from purchasing these items.

- Postage (includes, USPS, UPS, FedEx, or any other type of delivery service):
  - Costs associated with the mailing of surveys and questionnaires directly related to the project
  - Express service for time-sensitive samples
  - Other (describe any other situations that would warrant a delivery service, what is being delivered and why it is necessary to conduct the research.)

- Dues, Memberships & Licenses:
  - Fully describe the unusual nature of the research or conduct of the research that would make this potential expense necessary to carry out the scope of work and charged directly to the award.

- Communications (network charges, cell phones, telephone costs):
  - Cell phones necessary to accomplish the aims of the project
  - Contact with study subjects
  - Communication with researchers while in the field
  - Staff salary while in the field
  - Other (Please provide a description of the item and an explanation of the activity and its need.)

Signatures are required when the request is to charge an F&A type cost that was NOT included in the original proposal and, identified as necessary after the award was made to Yale. 

RETAINT SIGN THIS DOCUMENT IN THE DEPARTMENT FILES FOR AUDIT PURPOSES.

Lead Administrator Signature: ___________________________ Date: ___________________________
Print Lead Administrator Name: ___________________________

I certify that this request and the above items selected are integral/necessary for the conduct of the scope of work for the above identified award. In addition, to the best of my knowledge no similar/same items exist or are available for use.

PI Signature: ___________________________ Date: ___________________________
Print PI Name: ___________________________

Generally, an allowable expense as a direct charge to a federally funded sponsored project but only in specific situations where the nature of the research requires a computer, e.g., the computer is attached to a piece of equipment and/or is required for collection and analysis of information/data.

The computer must be exclusively or primarily (at least 95%) on the award unless the purchase is otherwise prohibited/restricted by the sponsor.

A computer may be allocated to one or more sponsored projects unless the sponsor’s terms and conditions prevent such an allocation.

The PI must conform to any specific restrictions or approval requirements of the sponsor and must assure that the computer would not be purchased but for the research.

**Purchasing Laptops and Other Computers Sponsored Projects** costing less than $5,000 on federally funded sponsored projects.
Computing Devices: check cost principles applicable to award

- Machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.
  - Allowable as a direct cost when essential and allocable, but not necessarily solely dedicated to the performance of the project.
Telecom Infrastructure Bundle and ITS FTE Billing and ITS FTE Bundle charges may be appropriate in limited situations such as a dedicated server connection or hotline necessary to accomplish the specific aims of the project(s).

- Example: setting up a human subjects hotline

As a normal course of business, these costs cannot to be included in proposal budgets to federal agencies unless it meets the situations described above.

Telecom Infrastructure Bundle, ITS FTE Billing and ITS FTE Bundles are to be treated as F&A costs and are not to be directly charged to federally sponsored awards.
Justification of F&A type costs begins during the development of the proposal budget.

- Demonstrates proper planning and identification of the anticipated unlike circumstance.

The fact that a proposed cost is awarded as requested does not indicate a determination of allowability.

- The University must ensure that the allowability principles are applied in accordance with applicable regulation and the terms and conditions of an award.

All exceptions to the policy must be sufficiently documented prior to charging any F&A type expense to a federal award.
Case Review: Test Your Knowledge

- ITS Communications Charges
- Computer Desktop/Laptop Purchases
- Clerical/Administrative Support
Dr. Morse has submitted a NIH application which provides community based support for suicide assistance. Based on the needs of the research, Dr. Morse is proposing a need for a 24-hour hotline.

Question:
Would the hotline be an allowable direct charge if an award is made?
Dr. Morse needs to hire additional staff to keep up with the unexpected quantity of data and statistical analysis. Having acquired additional space, Dr. Morse needs to equip the new staff cubicles with telephone and internet connections. He rationalizes the need because the new staff works on the grant. Therefore, it must be OK to charge the telephone and network expenses to the grant as well.

Question:
In this situation are network and telephone charges an allowable charge to the NIH grant?
Dr. Dell is undertaking the design and construction of a micro processing. The Department of Defense awarded Dr. Dell a $5 million grant over 3 years to develop and design this new processing core.

In order to develop the first prototype, it will require the purchase and use of specialized equipment. Dr. Dell must purchase 6 desktop computers that will be connected together in order to power the specialized equipment needed to develop the new micro-processing core.

Question:
Is the purchase of 6 desktop computers allowable on the award?
After receiving the new 6 desktop computers, Dr. Dell decides that the specialized equipment will operate with 5 of the computers rather than 6 and wants to keep the sixth as his personal machine. He will use this sixth computer to review science literature related to his area of research, check and respond to emails and write new proposals.

Question: Since the purchase of the desktop computers was originally intended to be used for the grant and since Dr. Dell is only using it partially for the award, is leaving the entire charge on the DOD award acceptable?
Dr. Bond submitted a proposal to a federal sponsor for a $5 million per year cooperative agreement. The proposed work will involve multiple (8 regional) sites with Yale as the primary site to coordinate the collection of data and to develop a nation-wide sickle cell database.

The proposal was awarded and Dr. Bond wants to hire an administrative assistant to coordinate the collection of data in the database, review and assemble statistical reports required by the sponsor and act as the primary contact for regional sites. He expects the work will require 1 FTE.

Question:
Since the award is a very large cooperative agreement, Dr. Bond is certain that the federal sponsor permits support personnel and therefore charges 100% of an administrative assistant’s salary to the federal award. Is this charge allowable?
✓ F&A type costs are not permitted on federally funded awards unless sufficiently justified as an exception and in accordance with University policy and sponsor requirements.

✓ Ensure the proposal describes the budget and accompanying justification benefit to the research.

✓ Non-federal awards may permit the direct charging of F&A type costs. Check the terms and conditions to determine sponsor restitutions and requirements.

✓ Document, document, document!!!
To successfully complete this course you’ll need to take the class (either the online class or instructor-led class) and pass the quiz.

Take the online course and quiz.

Go directly to the quiz.

Register to attend an instructor-led class.

Quiz website: Go to http://yale.edu/training, click the link for TMS, and search for Direct Charging

If you are taking the class as a refresher and passed the quiz in the past, you can, but do not need to retake the quiz.

Continue to the next slide to see additional resources →
Websites referenced in this presentation

2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly referred to as Uniform Guidance)
https://www.ecfr.gov/cgi-bin/text-idx?SID=15d5184c2810c3eef54cd7109663b443&node=pt2.1.200&rgn=div5

1403 Charging of Administrative and Clerical Salaries and Certain Other General Administrative Expenses to Federal Funds
https://your.yale.edu/policies-procedures/policies/1403-charging-administrative-and-clerical-salaries-and-certain-other

1403 FR.02 Justification to Direct Charge F&A Type Costs to a Federal Award
https://your.yale.edu/policies-procedures/forms/1403-fro2-justification-direct-charge-fa-type-costs-federal-award

1403 .4 Direct Charging of Telecom and ITS Costs
https://your.yale.edu/policies-procedures/policies/1403-charging-administrative-and-clerical-salaries-and-certain-other#1403.4

1405 Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects
https://your.yale.edu/policies-procedures/policies/1405-charging-facilities-and-administrative-type-expenses-non-federal
Websites referenced in this presentation

1410 PR.02 Internal Service Providers: Rate Calculations
https://your.yale.edu/policies-procedures/procedures/1410-pro2-internal-service-providers-rate-calculations

Prior Approval Matrix: Research Terms and Conditions Appendix A

Purchasing laptops and other computers costing less than $5,000 on federally funded sponsored projects
https://your.yale.edu/policies-procedures/other/purchasing-laptops-and-other-computers-sponsored-projects

Research Terms and Conditions
https://www.nsf.gov/awards/managing/rtc.jsp
Guide 1305 GD.07 Determining Allowability, Reasonableness, and Allocability of Costs for Sponsored Projects
https://your.yale.edu/policies-procedures/guides/1305-gd07-determining-allowability-reasonableness-and-allocability-costs

Procedure 1305 PR.04 Unallowable Costs
https://your.yale.edu/policies-procedures/procedures/1305-pr04-unallowable-costs

Policy 3301 Travel on University Business
https://your.yale.edu/policies-procedures/policies/3301-travel-university-business

OSP News & Updates 2016 Vol. 1, Issue 1: Justification to Direct Charge F&A Type Costs to a Federal Award
https://your.yale.edu/policies-procedures/other/osp-news-updates-2016-vol-1-iss-1
Questions?

Email questions to: osp.trainings@yale.edu

You will receive a response within 2 business days.
Case Review Answers

Test Your Knowledge Slides
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| **Like Circumstance**                         |
| Reason: Charge is administrative in nature and federal sponsors consider this to be an F&A charge. |
| Reason: The use is not specific to the research activities of the award. |
| Reason: General purpose in nature. |

| **Unlike Circumstance**                      |
| Reason: These costs directly benefit and are specific to the award outcomes. |
| Reason: Expense directly benefits the award and is tied to the specific use and need for the supply item. |
| Reason: Dedicated to project and is significantly greater than the routine level of use. |
### Direct Costs vs. F&A Type Costs: Like or Unlike?

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<tr>
<td><strong>Reason:</strong> Does not meet an unlike circumstance. Costs in like circumstances must be treated consistently university-wide.</td>
<td><strong>Reason:</strong> While the charges may be essential and allocable, the justification is not sufficient.</td>
</tr>
<tr>
<td><strong>Reason:</strong> General purpose in nature.</td>
<td><strong>Reason:</strong> Meets 2 CFR Part 200.413(c) criteria for direct charging of administrative and clerical staff.</td>
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### Like Circumstance
- **Office Supplies**
  - ** Justiçação:** We are a department that is 100% supported by sponsored awards. All costs are being allocated among the benefiting awards.
- **Office Supplies**
  - ** Justiçação:** We are permitted to charge because this is a large epidemiological study.
- **Administrative Salaries**
  - ** Justiﬁcação:** A grant has multiple sites and extensive travel coordination is required. Coordinator, included in approved budget, is being hired to manage the travel of over 30 individuals on a monthly basis from site to site.
- **Home Internet**
  - ** Justiﬁcação:** PI often works from home and uses the internet to research, order and communicate to staff and research colleagues via email.
- **Cellular Telephone**
  - ** Justiﬁcação:** This research involves interviewing human subjects whom are homeless drug addicts. A cellular phone is being provided for emergency and safety reasons for the interviewers and will be used only for conducting this project.

### Unlike Circumstance
- **Reason:** Meets 2 CFR Part 200.413(c) criteria for direct charging of administrative and clerical staff.
- **Reason:** Dedicated specifically and exclusively for safety measures involving project staff required to work in potentially dangerous populations.
Dr. Morse has submitted a NIH application which provides community based support for suicide assistance. Based on the needs of the research, Dr. Morse is proposing a need for a 24-hour hotline.

Question:
Would the hotline be an allowable direct charge if an award is made?
Case Review # 1: Analysis

- Dr. Morse has submitted a NIH application which provides community based support for suicide assistance. Based on the needs of the research, Dr. Morse is proposing a need for a 24-hour hotline.

- Question:
  Would the hotline be an allowable direct charge if an award is made?

- Answer:
  Yes, the hotline cost would be allowable since the costs can be specifically identified with this particular project and the costs (phone line) are not being incurred for general purposes and therefore is not a “like” circumstance.
Dr. Morse needs to hire additional staff to keep up with the unexpected quantity of data and statistical analysis. Having acquired additional space, Dr. Morse needs to equip the new staff cubicles with telephone and internet connections. He rationalizes the need because the new staff works on the grant. Therefore, it must be OK to charge the telephone and network expenses to the grant as well.

Question:
In this situation are network and telephone charges an allowable charge to the NIH grant?
Dr. Morse needs to hire additional staff to keep up with the unexpected quantity of data and statistical analysis. Having acquired additional space, Dr. Morse needs to equip the new staff cubicles with telephone and internet connections. He rationalizes the need because the new staff works on the grant. Therefore, it must be OK to charge the telephone and network expenses to the grant as well.

**Question:**
In this situation are network and telephone charges an allowable charge to the NIH grant?

**Answer:**
No, Telecom Infrastructure Bundle and ITS FTE Bundles are typically treated as F&A costs and are not to be directly charged to federally sponsored awards; except in cases where it can be demonstrated as an un-like circumstance.
Dr. Dell is undertaking the design and construction of a micro processing. The Department of Defense awarded Dr. Dell a $5 million grant over 3 years to develop and design this new processing core.

In order to develop the first prototype, it will require the purchase and use of specialized equipment. Dr. Dell must purchase 6 desktop computers that will be connected together in order to power the specialized equipment needed to develop the new micro-processing core.

Question:
Is the purchase of 6 desktop computers allowable on the award?
Case Review # 2: Analysis

- Dr. Dell is undertaking the design and construction of a micro processing. The Department of Defense awarded Dr. Dell a $5 million grant over 3 years to develop and design this new processing core.

  In order to develop the first prototype, it will require the purchase and use of specialized equipment. Dr. Dell must purchase 6 desktop computers that will be connected together in order to power the specialized equipment needed to develop the new micro-processing core.

- Question:
  Is the purchase of 6 desktop computers allowable on the award?

- Answer:
  Yes, the purchase of 6 desktop computers are allowable as a direct cost in this specific situation since the nature of the research requires a computer, e.g., the computer is attached to a piece of equipment and is required for collection and/or analysis of information/data for the sponsored project.
After receiving the new 6 desktop computers, Dr. Dell decides that the specialized equipment will operate with 5 of the computers rather than 6 and wants to keep the sixth as his personal machine. He will use this sixth computer to review science literature related to his area of research, check and respond to emails and write new proposals.

Question:
Since the purchase of the desktop computers was originally intended to be used for the grant and since Dr. Dell is only using it partially for the award, is leaving the entire charge on the DOD award acceptable?
After receiving the new 6 desktop computers, Dr. Dell decides that the specialized equipment will operate with 5 of the computers rather than 6 and wants to keep the sixth as his personal machine.

He will use this sixth computer to review science literature related to his area of research, check and respond to emails and write new proposals.

Question:
Since the purchase of the desktop computers was originally intended to be used for the grant and since Dr. Dell is only using it partially for the award, is leaving the entire charge on the DOD award acceptable?

Answer:
No, since the computer is not being used for the award. The cost of the one desktop computer would have to be charged to a non-sponsored award.
Dr. Bond submitted a proposal to a federal sponsor for a $5 million per year cooperative agreement. The proposed work will involve multiple (8 regional) sites with Yale as the primary site to coordinate the collection of data and to develop a nation-wide sickle cell database.

The proposal was awarded and Dr. Bond wants to hire an administrative assistant to coordinate the collection of data in the database, review and assemble statistical reports required by the sponsor and act as the primary contact for regional sites. He expects the work will require 1 FTE.

Question:
Since the award is a very large cooperative agreement, Dr. Bond is certain that the federal sponsor permits support personnel and therefore charges 100% of an administrative assistant’s salary to the federal award. Is this charge allowable?
Case Review # 3: Analysis

**Question:**
Since the award is a very large cooperative agreement, Dr. Bond is certain that the federal sponsor permits support personnel and therefore charges 100% of an administrative assistant’s salary to the federal Award. Is this charge allowable?

**Answer:**
It depends whether or not the award’s applicable cost principles are 2 CFR Part 200, Uniform Guidance.

If the award’s applicable cost principles are Uniform Guidance, and the costs were not explicitly included in the budget and budget justification, written prior approval of the Federal awarding agency *may* be required.

The Prior Approval Matrix should be reviewed to determine whether an agency prior approval is required. If sponsor prior approval is not required, Form 1403 FR.02 must be completed, signed and retained by the department.

*Prior Approval Matrix: Research Terms and Conditions Appendix A Prior Approval Matrix*