


<u>Subject:</u> Sponsored Programs Allowable Costs Policy	<u>Division Name:</u> Business and Finance	<u>Approval:</u>  Joseph F. Sheley, President <u>Date:</u> 10/2/15
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**A. Purpose**

At California State University, Stanislaus (University) all grant and contract awards are made to and accepted by the University. The University is responsible for, and accountable for, the appropriate post-award administration of grants and contracts. It is the policy of the California State University (CSU) that each campus shall develop and maintain policies and procedures that ensure costs charged to sponsored projects are reasonable, allowable, properly allocable, and treated consistently to ensure compliance with applicable regulations and agreements. This policy establishes compliance with this requirement by the University.

**B. Scope of Policy**

All University departments and organizations conducting research, instruction, and/or other sponsored work under grants, and other agreements are required to comply with the Allowable Costs Policy. This policy provides guidance for the appropriate charging of costs to sponsored projects and does not apply to non-sponsored agreements/projects and specialized service facilities.

**C. Definitions**

Refer to *Glossary of Commonly-Used Terms in Sponsored Programs*.

**D. Policy**

All costs charged to sponsored projects must be reasonable, allowable, properly allocable, and treated consistently. The processes for charging costs to sponsored projects must be in compliance with federal cost principles, applicable standards of other sponsors, CSU regulations, campus policies and special instructions in award documents. Federal Office of Management and Budget (OMB) Uniform Guidance contains the cost principles and guidelines followed by the University in determining allowable costs.

The University will maintain procedures for ensuring that the costs charged to sponsored awards are made only with adequate justification and in a reasonable period of time. The allocation of costs will be explained and documented in accordance with the following four guiding principles or criteria. These criteria apply for both direct and indirect costs (including cost match). For a given cost to be charged to a sponsored project, all four of these criteria must be met and documented.

- *Allowability:* The determination of whether or not expenses can be charged to a sponsored project either as direct or indirect costs. (*Is the expense **allowed** by the grant?*)
- *Allocability:* The determination of whether or not expenses are specifically identified with a particular sponsored project, and not incurred for common or joint objectives that also support other programs or campus departments. (*Can the expense be **specifically allocated** to the grant?*)
- *Consistency:* The determination of whether or not expenses are treated consistently as either direct or indirect costs under like circumstances. (*Is the expense **consistent with past practice or similar programs?***)
- *Reasonableness:* The determination of whether or not expenses are prudent in cost and necessary for the performance of the grant. (*Is the expense **reasonable?***)

In accordance with federal regulations (2 CFR Part 220, Section F6b(2) and Exhibit C) and requirements of other entities, there may be certain circumstances when costs that are normally treated as indirect can be directly charged to a sponsored project. For example, the salaries of administrative and clerical staff are normally treated as indirect costs. Direct charging of these costs may be appropriate where a project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. The same could also apply to items such as office supplies, postage, local telephone costs, and membership fees.

## **E. Roles and Responsibilities**

### **Pre-Award**

#### **Office of Research and Sponsored Programs (ORSP) and Principal Investigator**

- Prepares initial budget.
- Adheres to cost allowability guidelines and procedures.
- Adheres to OMB Uniform Guidance.

### **Post Award**

#### **Principal Investigator**

- Certifies that the expenditures pass the test for *reasonableness*, *allowability*, *allocability*, and *consistency* when reviewing and approving expenditures after an award is made.

#### **Grant Administration**

- Ensures compliance with agency and federal regulations.
- Monitors the expenses on each grant.
- Ensures that all expenditures are *reasonable*, *allowable*, properly *allocable*, and treated *consistently* per Allowable Costs policy and procedures and adheres to OMB Uniform Guidance.

## **F. Procedure**

Allowable Costs procedures and documents are identified below:

- Sponsored Programs Allowable Costs Procedure

## **G. Laws, State Codes, Regulations and Mandates**

- CSU Executive Order 890  
<http://calstate.edu/eo/EO-890.pdf>
- CSU ICSUAM Policy No. 11000.003.005 Allowable Costs  
<http://www.calstate.edu/icsuam/sections/11000/11000.003.005.shtml>
- Laws, State codes, Regulations, and Mandates and other guidelines as provided by sponsors
- 2 CFR Part 215, Section C (formerly OMB Circular A-110)  
[http://www.whitehouse.gov/omb/circulars\\_a110/](http://www.whitehouse.gov/omb/circulars_a110/)
- 2 CFR Part 220, Section J (formerly OMB Circular A-21)  
[http://www.whitehouse.gov/omb/circulars\\_a021\\_2004/](http://www.whitehouse.gov/omb/circulars_a021_2004/)
- COGR Management Practices  
<http://www.cogr.edu/>

## **H. Resources**

- Glossary of Commonly-Used Terms in Sponsored Programs