



ALLOWABILITY OF COST

January 2024



WESTERN MICHIGAN UNIVERSITY
Office of Research and Innovation

AGENDA

- **ALLOWABLE VS. UNALLOWABLE**
- **UNIVERSITY PROCUREMENT PROCESS AND POLICIES**
- **VETTING SOFTWARE / TECH PURCHASES WITH OIT**
- **POST TRANSACTION REVIEW WHEN BILLING**
- **COST TRANSFER**
- **QUESTIONS**

Post Award Team

<https://bit.ly/RFA-WMU>



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Federal Costing Principles

Federal Costing Principles Policy on the Grants and Contracts website:
<https://wmich.edu/policies/federal-costing-principles>



Code of Federal Regulations

A point in time eCFR system



Title 2

Displaying title 2, up to date as of 1/04/2024. Title 2 was last amended 10/23/2023. [view historical versions](#)

Title 2 / Subtitle A / Chapter II / Part 200 [View Full Text](#) [Previous](#) / [Next](#) / [Top](#)

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Federal Costing Principles

200.400 /.401 Application:



Reasonable to a prudent person

- Is it necessary for performance of the award?
- Does it advance the scope of work?
- Would it withstand external review by a rational individual?
- 2 CFR 200.404



Allowable according to applicable regulations

- Terms & conditions of the award
- Uniform Guidance
- WMU policy
- 2 CFR 200.403



Allocable

- Incurred specifically for the award
- Benefits the award and can be traced back to a specific action
- Can be assigned to the award in reasonable proportion to the benefits received
- 2 CFR 200.403

Federal Costing Principles

200.401 Application:



Reasonable to a prudent person

- Is it necessary for performance of the award?
- Does it advance the scope of work?
- Would it withstand external review by a rational individual?
- 2 CFR 200.404

Federal Costing Principles

200.401 Application:



Reasonable to a prudent person

- Is it necessary for performance of the award?
- Does it advance the scope of work?
- Would it withstand external review by a rational individual?
- 2 CFR 200.404



Federal Costing Principles

200.401 Application:



Reasonable to a prudent person

- Is it necessary for performance of the award?
- Does it advance the scope of work?
- Would it withstand external review by a rational individual?
- 2 CFR 200.404



Federal Costing Principles

200.401 Application:



Reasonable to a prudent person

- Is it necessary for performance of the award?
- Does it advance the scope of work?
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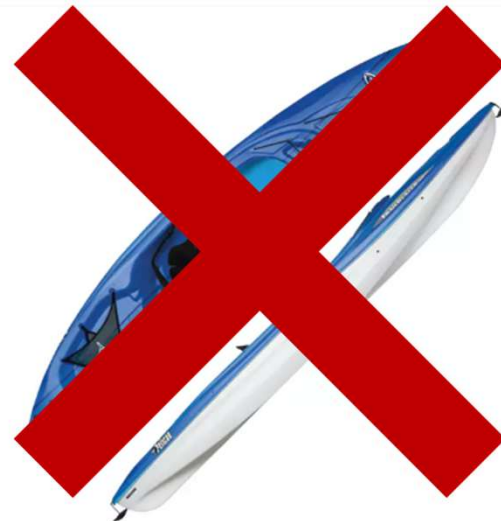
Federal Costing Principles

200.401 Application:



Reasonable to a prudent person

- Is it necessary for performance of the award?
- Does it advance the scope of work?
- Would it withstand external review by a rational individual?
- 2 CFR 200.404



Federal Costing Principles

200.401 Application:



Allocable

- Incurred specifically for the award
- Benefits the award and can be traced back to a specific action
- Can be assigned to the award in reasonable proportion to the benefits received
- 2 CFR 200.403

Federal Costing Principles

200.401 Application:

Grant?



Allocable

- Incurred specifically for the award
- Benefits the award and can be traced back to a specific action
- Can be assigned to the award in reasonable proportion to the benefits received
- 2 CFR 200.403

Federal Costing Principles

200.401 Application:



Grant Department



Allocable

- Incurred specifically for the award
- Benefits the award and can be traced back to a specific action
- Can be assigned to the award in reasonable proportion to the benefits received
- 2 CFR 200.403

Federal Costing Principles

200.401 Application:



Allowable according to applicable regulations

- Terms & conditions of the award
- Uniform Guidance
- WMU policy
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Federal Costing Principles

200.401 Application:



Allowable according to applicable regulations

- Terms & conditions of the award
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Consistently Treated: The cost must be accorded consistent treatment; i.e. an expense may not be charged to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the award as an indirect cost; 2 CFR 200.403

In addition to all above, allowable project expenses must be needed, received and used within the project period.

Federal Costing Principles

Unallowable Costs:

Administrative Salaries – if less than 15% of someone’s time and not budgeted, are considered are to be included in F&A costs

Advertising except for recruiting (visit link)

Alcohol

Entertainment

Equipment not budgeted or approved by agency

Fines and penalties (applies to late fees/fines on student accounts to which scholarship funds are applied)

Memberships (visit link)

Promotional items (“swag”) unless budgeted and approved by agency

Travel not budgeted or approved by agency

Expenses associated with days of personal travel added to a project trip – need to document cost of flight for project trip attendance only prior to departure

Meals/lodging for WMU staff during events that include grant participant support

Phone expenses that may be used for personal or other uses

Federal Costing Principles

Unallowable- Costs Included in F&A Rate:

General Operating Expenses of a Department considered as being included in the F&A rate:

- Office Supplies
- Copier & Printer Supplies
- Computer Supplies
- Local & Cell Phone
- Internet
- Postage

Federal Costing Principles

Unallowable- Costs Included in F&A Rate:

If a “Major Project” costs are easily identifiable to the project, then they may be allowable as direct charges

Generally need to be specifically listed in the line item budget and/or budget narrative.

Examples:

- Projects with large mailings to distribute information
- Projects requiring dedicated phone lines to gather data

Federal Costing Principles

Sales Tax:

Unallowable when exemptions are available to the University

Current exemption certificates:

- Michigan
- Illinois
- Ohio
- Florida

Hotel tax and tax on meals allowable.

Federal Costing Principles

Equipment:

Definition: non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more

Unallowable items include:

- General Purpose-use is not limited to research, scientific or other technical activities
- Office equipment (copier)
- Printer
- Computer(s) unless for a “Major Project” and/or listed in approved budget

Federal Costing Principles

Equipment:

Special Purpose-use is limited to research, scientific or other technical activities

- Generally allowable if listed in approved budget
- Equipment is property of the university or agency, not the PI

Federal Costing Principles

Procuring Allowable Goods & Services:

Goods and services must be purchased following University's policies and procedures

<https://wmich.edu/logisticservices/purchasing/purchase-process>

Scroll to the bottom of the above page for the Procurement Process for Federal Awards

PROCUREMENT STANDARDS FOR FEDERAL AWARDS

All purchases made by the University with federal funds must comply with the Federal Office of Management and Budget - Uniform Administrative Requirements, Cost Principles, & Audit Requirements for Federal Awards; Title 2, Subtitle A, Chapter II, Part 200 - Procurement Standards Sections 200.317 through 200.326. The complete policy can be found at the [Electronic Code of Federal Regulations website](#). All purchases related to federal funds are documented and tracked internally by the University.

Procurement Process for Federal Awards

Requirements are set forth by the Federal government for all of the following steps in procuring goods or services using federal awards. For specific information on requirements and guidelines, review the [Overview to Procurement Using Federal Awards](#). In addition, the Purchasing Department can guide you through the process to ensure all regulations are followed.

- University Purchase Process: Initiate purchase using the process outlined above, submitting a Purchase Requisition.
- Procurement Methods and Bid Policy: Utilize the [guideline for University and Federal Procurement requirements](#) to determine requirements specific to your procurement.
- Procurement Requirements
- Vendor Requirements
- Contract Award
- Contract Language
- Contract Administration

Federal Costing Principles

Software and Technology:

A list of approved software, as well as the IT Planning and Compliance Review Process can be found at this link:

<https://go.wmich.edu/s/topic/0TO5e0000019c5sGAA/software>

If the software/technology that you wish to purchase is not on WMU's approved list, follow the IT Product Review Process and receive OIT approval prior to purchasing.

Federal Costing Principles

Software and Technology:

Once software/technology is approved for purchase, if there are terms and conditions for the use of those IT products and/or services, those need to be reviewed/approved by legal through COLT prior to purchasing.

When submitting terms and conditions related to information technology in COLT, select the contract type within the IT category called IT-LIC. OIT is included in the COLT review of IT terms and conditions. COLT/contract review procedures can be found at this link:

<https://wmich.edu/legal/contracts/review>

Federal Costing Principles

Rules of Participant Support

Direct costs **ONLY** for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees in connection with conferences or training projects.

- Recipient, not the provider, of a service or training
- NOT WMU employees
- Not research subjects - incentives for research participants is budgeted under other direct costs
- Funds cannot be moved from participant support without pre-approval from the sponsor and G+C

****No F&A is charged on participant support****

Federal Costing Principles

Types of Participant Support

Stipend

- Generic Voucher
 - If multiple individuals can attach list of individuals

Travel

- Submit Travel Authorization
- Travel voucher to submit for reimbursement

Subsistence-meals

- Provide list of attendees and agenda with receipt

Federal Costing Principles

Programmatic Documentation

- Sign-in sheets for participant attendance at workshops
- Documentation on supplies that are ordered or distributed to participants and how they support the participant in the project activity
- List of participants the materials/ expenses are for

Federal Costing Principles

Post Transaction Review

How do we detect allowability?

Restricted fund accountants review all expenses charged to a grant prior to requesting funds for that project.

This is what prompts questions or requests for additional information for the grant file.

If an expense is considered unallowable, we will ask that it be transferred to another unrestricted fund/cost center

Federal Costing Principles

Cost Transfers

An expense accidentally charged to another department ID instead of the sponsored project

- A cost transfer form must be completed and submitted with back up documentation for the expense to Grants and Contracts
- If approved by the Director of Grants and Contracts the transfer will be processed

Federal Costing Principles

Cost Transfers

An expense accidentally charged to another department ID instead of the sponsored project

- A cost transfer form must be completed and submitted with back up documentation for the expense to Grants and Contracts
- If approved by the Director of Grants and Contracts the transfer will be processed

To minimize cost transfers:

- Establish a pre-award account when new award is in process
- Use on line procurement card reallocation process to charge project directly for supplies, etc. when using a department procurement card
- Charge grant fund/dept directly for all other expenses
- Monitor fund/dept activity frequently to catch errors/omissions

Recap

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Questions?

MONTHLY TRAININGS



February
Cost Share



March
Appointment
Types



April
UPS/ Budget
Revisions/ NCE



May
eCRT