

**University of Rhode Island
Office of the Controller**

Direct & Indirect Costs for Sponsored Projects

Revised: December 26, 2014

I. Purpose:

This policy outlines the definitions and procedures regarding direct and indirect costs per Subpart E – Cost Principles 200.400 of the OMB’s Uniform Guidance.

II. Applicability:

This policy applies to all federal and non-federal sponsored agreements (grants, contracts, and other agreements).

III. Responsibility:

The Controller’s office is responsible for the administration of this policy, revisions, education of the community and timely process of adjustments.

IV. Definitions:

A. Uniform Guidance (200.413)- Direct costs. Those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

B. Uniform Guidance (200.56): Indirect (facilities & administrative F&A). costs Those costs incurred for common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted , without effort disproportionate to the results achieved.

V. Consistent Treatment of Costs:

Uniform Guidance 200.412 –Classification of Costs states “it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid possible double-charging of Federal Awards.” This concept is reinforced and emphasized in a Cost Accounting Standard (referred to as “CAS 502”) that educational institutions are required to follow.

Thus, since certain types of costs, such as the salaries of administrative and clerical staff, office supplies, local telephone costs and postage are normally treated as indirect costs, the same types of costs cannot be charged directly to sponsored agreements, unless the circumstances related to a particular project are clearly different from the normal operations of the institution.

For example, although postage is normally treated as an indirect cost, a particular project may have a special need for postage because of the mailing of hundreds of survey questionnaires. In this case, it would be appropriate to

charge the project directly for the postage to mail the questionnaires, since this would constitute special circumstances compared to routine postage requirements.

VI. Costs:

The following types of costs should normally be directly charged to sponsored agreements where they can be specifically identified to the work performed under the agreements.

A. SALARIES, WAGES, FRINGE BENEFITS

- Faculty
- Research associates
- Postdoctoral fellows
- Technicians
- Lab assistants
- Graduate research assistants
- Other students performing scientific or technical work

B. MATERIALS AND SUPPLIES

- Laboratory supplies
- Chemicals
- Glassware
- Drugs
- Compressed gases and liquids
- Computer software – special purpose
- Uniform Guidance 200.94-Supplies and 200.453-Materials and supplies costs, including cost of computing devices. A computing device is considered a supply if the acquisition cost is less than the capitalization amount of \$5k. It can be charged as direct only if essential and allocable, but does not need to be solely dedicated to the performance of a Federal award.
- Books and periodicals
- Copy costs - page costs

C. OTHER DIRECT COSTS

- Travel
- Consulting services
- Printing
- Purchased services
- Publication costs
- Equipment – special purpose
- Equipment repair and maintenance
- Long distance telephone charges
- Sub-awards
- Service center charges
- Rent and other costs of off-campus facilities
- Mileage
- Boat rental

VII. Normal Indirect Costs:

A. ADMINISTRATIVE AND CLERICAL SALARIES AND FRINGE BENEFITS

1. Administrative and Clerical salaries and fringe benefits are normally indirect costs. These costs may be charged as direct only under certain exceptional circumstances as described below and in Appendix A
2. Administrative and clerical salaries may be charged directly only if they meet all of the following conditions:
 - a) Administrative or clerical services are integral to a project or activity;
 - b) Individuals involved can be specifically identified with the project or activity
 - c) Such costs are explicitly included in the budget or have prior written approval of the Federal awarding agency
 - d) The costs are not also recovered as indirect costs

B. OTHER NORMAL INDIRECT COSTS

1. The following costs are normally indirect. They may be charged as direct only under special circumstances:
 - a) Office supplies (paper, pencils, pens, markers, binders, file folders)
 - b) Postage, including express mail
 - c) Facilities repairs and maintenance
 - d) Local telephone services (monthly rental)
 - e) Automotive maintenance
 - f) Membership dues
 - g) General purpose equipment repairs and maintenance
 - h) General purpose computer software
 - i) Items of a personal nature, such as clothing etc, only if specifically required by award
2. These costs may be directly charged only where they meet all of the following requirements:
 - a) The project has a special need for the item or service that is beyond the level of services normally provided.
 - b) The costs can be specifically identified to the work conducted under the project.
 - c) The cost is specified in the proposed budget of the sponsored agreement, and the special circumstances requiring direct charging are justified in the proposal.
 - d) The sponsoring agency approves the cost as part of the project's direct cost budget.

Administrative and Clerical Salaries

Question

Uniform Guidance 200.413 –Direct costs (C)(1) states “direct charging of.....administrative or clerical services (may be appropriate when) integral to a project or activity”. How is integral defined for purposes of meeting this criteria?

Answer

This provision is intended to establish the principle that the salaries of administrative and clerical staff should usually be treated as indirect costs, but that direct charging of these costs may be appropriate where the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support which is significantly greater than the routine level of such services provided by academic departments. The costs would need to meet the general criteria for direct charging - i.e., "be identified specifically with a particular sponsored project . . . relatively easily with a high degree of accuracy," and the special circumstances requiring direct charging of the services would need to be justified to the satisfaction of the awarding agency in the grant application or contract proposal and have the prior written approval of the Federal awarding agency.

The following examples are illustrative of circumstances where direct charging the salaries of administrative or clerical staff **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.
- 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 geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus.**
- Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocol,

IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples.

Where direct charges for administrative and clerical salaries are made, care must be exercised to assure that costs incurred for the same purpose in like circumstances are consistently treated as direct costs for all activities.