

## **Cost Accounting Changes to Grants and Contracts**

On December 26, 2013, the Office of Management and Budget (OMB) issued [Uniform Administrative Requirements, Cost Principles, and Audit Requirements](#) (Referred to in short as “**Uniform Guidance**” or **UG**) for Federal Awards. These changes will affect your grants and contracts in a few key areas including the two identified here which increase flexibility in charges made to your account. Please carefully review the procedural changes now required by the UG.

From the university perspective, the Uniform Guidance (UG) will supersede OMB Circulars A-110, A-21, and A-133. The Uniform Guidance is effective for federally sponsored agreements and new funding increments awarded on or after December 26, 2014. OMB Circulars A-21 and A-110 are effective for federally sponsored agreements awarded before December 26, 2014.

### **Effective Immediately**

Proposals to be awarded on or after December 26, 2014 will reflect the changes in the following cost categories:

1. Charging Administrative and Clerical Salaries to Sponsored Projects
2. Charging Computing Devices to Sponsored Projects

If applicable as explained below, these cost categories must be included in the proposal budget and the budget justification document.

### **Charging Administrative and Clerical Salaries to Sponsored Projects**

The salaries of administrative and clerical staff should normally be treated as Facilities and Administrative (F&A) or indirect costs. However, new accounting standards provide flexibility where it is appropriate to charge administrative expenses directly to **federally sponsored projects**. Direct charging of administrative and clerical staff costs to federally sponsored projects is appropriate only if ALL of the FOUR conditions are met:

1. Administrative or clerical services are integral or essential to a project or activity. The requirement that the cost is “integral” means the services are essential, vital, or fundamental to the project or activity as explicitly identified in the scope of work or project description.
2. Individuals involved can be specifically identified with the project or activity.
3. Such costs are explicitly included in the budget and described in the budget justification or have the prior written approval of the federal awarding agency. The budget justification should include a description of administrator’s role and salary that is being proposed and what makes it integral or essential to the sponsored project. Any information that will aid the sponsor in evaluating and funding the proposed administrative salary should be included in the budget justification.
4. The costs are not also recovered as indirect costs.

An administrator's regular review of expenditure statements or payroll distribution or similar activities would not be considered integral or essential for sponsored projects.

Direct charging of administrative or clerical salaries to a **non-federally sponsored project** may be appropriate if it is a major project or activity that requires an extensive amount of administrative or clerical support. Some non-federal sponsors may have specific requirements for direct charging of administrative costs. Such requirements need to be addressed in proposals. Check with your Research Service Center to determine if the non-federal entity allows direct charging of administrative or clerical salaries.

**The following are examples of proposals that might have administrative salary charges that would be considered integral to the project:**

- Any grant mechanism that provides for an administrative core, such as certain research centers, NIH program project grants, or NIH Center grants.
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Individual projects that require monitoring and management of multiple subawards and/or foreign subawards.
- 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 require assistance developing and maintaining human or animal protocols, managing and securing project-specific data and databases, or coordinating research subjects.

#### **Charging Computing Devices to Sponsored Projects**

**Computing Devices** are machines that cost less than \$5,000 and are 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.

Charging computing devices as direct costs is allowable for computing devices that are essential and allocable (provide benefit), but are not solely dedicated, to the performance of a **federal award**. Such devices are also allowable if solely dedicated to the performance of a federal award.

Direct charging of computing devices to a **non-federally sponsored project** is appropriate if the computing device benefits the sponsored project. Some non-federal sponsors may have specific requirements for direct charging of computing devices. Such requirements need to be addressed in proposals in consultation with your Research Service Center.

**FOR MORE INFORMATION, PLEASE CONTACT YOUR RESEARCH SERVICE CENTER (RSC)**  
<http://research.utsa.edu/osp/contacts.php>