



WPI

Title: Allowable Costs and Activities
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Policy Statement

WPI administers Sponsored Projects in compliance with Office of Management and Budget's Uniform Guidance ([2 CFR 200](#)), sponsor policies, award terms and conditions, and University policy. *All costs charged to a sponsored award must be allowable, allocable, reasonable, and accounted for consistently. Costs must be net of applicable credits, not used for cost share or matching on another federal award, and adequately documented.* Some costs identified as "unallowable" on federally-funded projects may be directly charged to a non-federal project if permitted by both University policy and the non-federal sponsor's agreement.

Determining Allowable Costs and Activities

All expenditures on sponsored awards must comply with the following

- WPI policies and procedures
- Award Specific Terms and Conditions
- Sponsor Terms and Conditions
- OMB's Uniform Guidance ([2 CFR 200](#)), for federal awards

Determining Unallowable Costs and Activities

Unallowable costs must not be charged directly or indirectly to a sponsored award or a related [cost share] account. Expenses are unallowable if they:

- Do not comply with allowability, allocability, and reasonableness requirements in the OMB Uniform Guidance, Subpart E – Cost Principles
- Do not comply with the terms and conditions of the sponsored award, or WPI Policy
- Cannot be specifically allocated to an individual project with a high degree of accuracy
- Are not incurred, received, and used for the benefit of the project during the award's period of performance
- Are not being treated consistently with other similar expenses for the same purpose

Please see SPA's [Chart of Allowable and Unallowable Costs](#) for assistance in determining allowability. If there is any uncertainty please contact SPA for further assistance.

Also refer to the Financial Award Administration and Financial Management of Grants Policies for additional information.

Internal Control and Procedures to Monitor Charges to Sponsored Awards

1. OSP will assist the PI to develop grant budgets in adherence to this policy
2. SPA will forward PI's a Notice of Award detailing allowable cost categories for awarded budgets
3. PI's are ultimately responsible to ensure an award is spent according to federal, sponsor, and award guidelines as well as University policy. Award activity must be reviewed on an ongoing basis to ensure only allowable, allocable, and reasonable costs are charged.

To assist PIs and Departments with award management, various Grant Management reports are available in Workday. These include balance reports, transaction detail reports, and labor reports. There is also award management information posted on the SPA website.

4. SPA also reviews expenditures to assist PI's in monitoring their award activity.

Definitions

Allocable – *Uniform Guidance* § 200.405 - A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

Allowable – *Uniform Guidance* § 200.403 – Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the award
- (b) Conform to any limitations or exclusions set forth in the principles or in the award
- (c) Be consistent with policy/procedure for both federally-financed and other Univ activities
- (d) Be accorded consistent treatment as either a direct or indirect cost
- (e) Be determined in accordance with generally accepted accounting principles (GAAP)
- (f) **FIX - Not be included as a cost or used to meet cost sharing or matching requirements**
- (g) Be adequately documented

Direct Costs – *Uniform Guidance* §200.413 - costs that can be identified specifically with a particular sponsored project or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy such as salaries, travel, equipment, supplies, etc.

Indirect Costs – *Uniform Guidance* §200.414 - Also referred to as Facilities and Administrative (F&A) costs are those that benefit many activities and cannot be directly and accurately associated with individual projects such as salaries of administrative staff, general office supplies, utilities, building depreciation, etc.

Principal Investigator (PI) – A Principal Investigator is the primary individual responsible for the preparation, conduct, and administration of a research grant, cooperative agreement, training or public service project, contract, or other sponsored project in compliance with applicable laws and regulations and institutional policy governing the conduct of sponsored research.

Reasonable - *Uniform Guidance* §200.404 - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Sponsored project –A funding arrangement in which the University is providing a return benefit to, or agrees to provide a defined deliverable or complete a set of activities for, the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise. See §200.101 for applicability of Uniform Guidance to various types of federal awards.

Uniform Guidance – [2 CFR 200](#) - An OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”