

# UAS GM 08: Project Expenditures

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**Expenditures Charged to an Award Must Be: Allowable, Allocable & Reasonable**

**Expenditures Charged to an Award Must Be: Direct Cost**

## **Direct Cost Categories**

Direct costs are defined as 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," per Uniform Guidance Subpart E, 200.413.

Examples include salaries, fringe benefits, travel, equipment, services, consulting fees, expendable materials and supplies, publication fees, communication costs, participant support costs, subawards, and tuition.

## **Indirect (F&A) Cost Categories**

Also referred to as institutional costs, overhead costs, and facilities and administration costs, indirect costs are general institutional costs incurred for common and joint objectives. Indirect costs are not easily identified to a specific project or activity. They are calculated in a budget as a percentage of direct costs. See Uniform Guidance Subpart E, 200.414.

Examples of indirect costs are: operations and maintenance of facilities, depreciation, capital improvements, general administration (includes office and computer supplies), sponsored programs administration, department administration, and library costs.

## **Salaries and Benefits**

Salaries, wages and fringe benefits are allowable costs to federal and non-federal sponsored projects, so long as they reflect the level of effort expended on the project and are documented by the university payroll system. Salaries and fringe benefits are paid at the university's approved rates. The time and effort percentages of project personnel should be included in the budget. Faculty and staff may not charge more than their base salary rate to a sponsored project. See 200.430, Compensation –personal services and 200.431, Compensation-fringe benefits.

As stated in 200.413 (c), clerical and secretarial salaries should generally be assigned to federal sponsored agreements as Facilities and Administrative (F&A) costs. Direct charging of these costs may be appropriate where multiple conditions are met and the administrative or clerical support is significantly greater than the routine level of such services provided by academic departments.

## **Travel**

All travel costs charged to grants and contracts must be reasonable and comply with UA/UAS established policies and procedures, Federal regulations and the sponsoring agency terms, conditions and regulations. Travel policies of federal and nonfederal sponsors vary. The specific terms and conditions of an award must be consulted before making any travel arrangements. If there is a conflict between a sponsor's rule and UA/UAS' rule, the more restrictive rule applies.

### **Fly America Act:**

*U.S. law, 49 U.S.C. 40118, known as the Fly America Act, requires travelers whose air travel is being financed by the U.S. government to use U.S. flag air carrier service of all international air travel when available. The Federal Travel Regulations Sections 301-10.131 through 301-10.143 define U.S. flag air carrier service and provide exception criteria for the use of non-U.S. flag air carrier service.*

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*Travelers using a non-U.S. flag air carrier requesting reimbursement from U.S. government sponsored project must qualify for an exception under the act. The traveler must complete the Fly America Act Exception Request form. The form must be signed by the traveler and submitted with the travel report. The traveler must obtain approval of the Exception Request form before booking the trip to ensure that the costs will be allowable on the federally sponsored project. The traveler must use a U.S. flag air carrier on every portion of the route where service is provided unless the traveler qualifies for an exception. Note that cost and/or personal convenience are not included in the exception criteria used to determine the non availability of a U.S. flag air carrier. Travel Services Online cannot be used when exceptions to the Fly America Act are required.*

The UAS Chancellor has mandated that all travel paid for by University of Alaska Southeast funds regardless of funding source use the University of Alaska's Alaska Airlines Easy Biz travel process.

## **Contractor and Subrecipient Determinations**

A service or consultant can be distinguished from a sub award by the nature of the work performed. An organization is considered a contractor when it:

- Provides the goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the Federal program
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

An organization is considered a subrecipient when it:

- Determines who is eligible to receive what Federal assistance
- Has its performance measured in relation to whether objectives of a Federal program were met
- Has responsibility for programmatic decision making
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity

See Subpart D, 200.330 to help determine if a contractor or subrecipient.

See Subpart D, Procurement Standards, and Appendix II to Subpart 200.

## **Materials & Supplies**

The costs of materials and supplies (tangible personal property other than equipment, having an acquisition cost of less than \$5,000 per unit and a useful life of less than one year) necessary to carry out the project are allowable as prescribed in the governing cost principles.

General office supplies are not normally charged to sponsored projects and are considered unallowable. Examples of general supplies used in an office for routine activities include copy paper, printer toner cartridges, pens, labels, file folders, calculators, telephones, answering machines, file cabinets and bookcases.

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General office equipment used in an office for routine activities, such as fax machines, copiers, and printers are unallowable.

Computing devices, such as laptops, may be allowable. Per Subpart E 200.453: "In the specific case of computing devices, charging as a direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award."

General software used in an office for routine activities is not normally charged to sponsored projects and is considered unallowable. Examples include word processing packages, spreadsheets and general databases.

## **Petty Cash**

Petty cash vouchers are allowable against restricted funds, but must be documented in full. Amounts allowed are to be no greater than \$100 per voucher and must have the PI and the fiscal officer's signatures. The explanation on the voucher must adequately tie the expense directly to the work being performed.

## **Equipment**

Scientific/Technical (special purpose) equipment that is actually used for the performance of the sponsored agreement is allowable. It should be listed in the project budget prior to processing. The federal definition of equipment, adopted by the University of Alaska, is "an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more." Some sponsors require prior approval for equipment purchases. Please review the grant agreement before purchasing equipment to ensure that the costs are allowable. All equipment purchased on sponsored projects is considered property of UAS unless otherwise specified by the sponsor.

Expenditures for special purpose equipment are allowable as direct costs, provided the acquisition of items with a unit cost of \$5,000 or more is:

- necessary for the research supported by the grant,
- pre-approved in writing by the funding agency,
- not reasonably available and accessible,
- of the type normally charged as a direct cost to sponsored agreements, and
- purchased in accordance with institutional policies and procedures.

All equipment should be ordered well in advance of the end date to ensure that the purchase is necessary for the performance of the research supported by the project. If equipment is ordered during the last ninety days of the project, the principal investigator should include a justification on the requisition. If for any reason equipment that has been ordered in good faith will not be received until after a project has terminated or will be received too late in the project for effective use, all reasonable effort must be made to cancel the order or to charge the equipment to general funds.

See Subpart E, 200.439.