FIN-017

Consistent Treatment of Sponsored Program Costs

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Status Final

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Policy Type University

Contact Office Sponsored Programs (Office of)

Oversight Executive
Vice President for Research

Applies To Academic Division, the College at Wise, and University-Associated Organizations.

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Reason for Policy

The University has established standards for the consistent treatment of costs associated with sponsored programs to avoid double charging the federal government. This is in accordance with 2 CFR 200.412 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, issued by the Office of Management and Budget (OMB).

Definition of Terms

Direct Costs

Description

Costs which can be identified specifically with a particular sponsored program or project, an instructional activity, or any other institutional activity that can be directly assigned to such activities *readily with a high degree of accuracy*.

Facilities and Administrative (F&A) Costs (Indirect Costs)

Description

Costs that are incurred for common or joint objectives benefiting more than one cost objective and therefore cannot be identified readily and specifically with a particular cost objective, a sponsored program, an instructional activity, or any other institutional activity.

Federal Award

Description

A grant, contract, cooperative agreement, or other transactions received directly from a federal agency as well as federally funded sub-awards received by the University from other organizations.

Sponsoring Manager

Description

The individual employed by the University of Virginia with overall responsibility for identifying, screening, placing, training, and supervising a volunteer.

Policy Statement

It is essential that each item of cost incurred on a sponsored program for the same purpose be treated consistently in like circumstances either as a direct or facilities and administrative (F&A) costs (indirect costs) in order to avoid possible double charging of the federal government or other sponsors. The University's F&A costs are consistent with the definitions of specific F&A cost categories in 2CFR 200.414.

Typical direct costs charged to a sponsored program are salaries and benefits of research personnel who are working on the award, research supplies, travel, equipment, graduate research assistantship and graduate tuition remission, animal care costs, patient care costs, specialized shop costs, and other costs that can be identifiable to the particular award.

If directly related to a specific federal award, certain costs that would otherwise be treated as F&A costs may be charged directly. These include extraordinary utility consumption, the cost of materials supplied from stock, or services rendered by specialized facilities or other institutional service operations.

1. **Administrative and Clerical Staff Salaries:**
   Administrative and clerical staff salaries may be directly charged to a federal award only if **all** of the following conditions are met:

   - Administrative or clerical services are integral to a project or activity.
   - Individuals involved can be specifically identified with the project or activity.
   - The costs are not also recovered as indirect costs.

   The following examples illustrate circumstances where direct charging of administrative or clerical staff salaries may be appropriate, provided the three conditions mentioned above are met:

   - Large, complex programs such as Clinical and Transitional Science Awards, clinical networks, program projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams from a number of institutions.
   - Projects which involve extensive data accumulation, analysis and entry, surveying, tabulations, 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 that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels and radio astronomy projects, and other research field sites that are remote from campus.
- Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocol, Institutional Review Board (IRB) preparations and/or other project specific regulatory protocols; and multiple project-related investigator coordination and communications.

2. **Compliance with Policy:**
   Failure to comply with the requirements of this policy may result in audit disallowances, in which case the principal investigator's award managing organization will be responsible for covering the questioned costs including any penalty imposed on the University by the sponsor. In addition, failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

   Direct questions about this policy to the Office of Sponsored Programs.

Related Information

2CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
RES-009: Proposal, Acceptance, and Management of Sponsored Programs
OSP Procedure: Budgeting Direct Costs of Sponsored Programs

Major Category Finance and Business Operations

Next Scheduled Review Friday, July 7, 2028

Revision History

Minor edits, updated links 7/7/25; Added Sponsored Program 7/18/22; Confirmed 3/19/21; Updated Policy Reference 3/8/19; added OE/VPR 4/2/18.

Category Cross Reference
Research Administration

Supercedes Policy Text
VIII.A.6 Consistent Treatment of Sponsored Programs Costs.

Approved By Policy Review Committee

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