

## Cost Accounting Standards Information

A-21 is the Circular which establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

Institutions must treat similar costs consistently as either Direct Costs or F&A (Facilities and Administration, also known as Indirect) Costs - Certain types of costs will be included in the institution's F&A cost rate and will not be charged as Direct Costs to sponsored agreements

### **In order for costs to be reimbursable by the sponsor of an agreement, they must be:**

- **REASONABLE:** Actions of a prudent person - Necessary - Adhere to federal, state, and institutional laws, regulations and policies - Agree with sponsor's terms and conditions
- **ALLOCABLE:** Cost is incurred solely for advancement of work on the project - Must be assignable in a proportion that can be determined through reasonable methods - If allocable, cannot transfer to other project for convenience - Cost is necessary and deemed assignable to the project
- **TREATED CONSISTENTLY:** Between proposal budget and accumulating expenditures - Between Direct Cost and F&A Cost.

**Traditionally Unallowable Costs:** The following items are examples of costs normally included in the institution's calculation of F&A rates. Therefore, these costs are already being reimbursed through the institution's collection of F&A Costs - and generally would not be considered reimbursable or allowable as a direct cost on the grant/contract.

- Administrative and Clerical Salaries
- Telecommunications; Telephone and Mobile Devices
- Postage
- Office Supplies
  - \* Printer cartridges
  - \* Media storage
  - \* Pens, Paper, etc.
- Dues and Memberships, unless specifically required by the Sponsor
- Subscriptions, Books and Periodicals
- General Purpose Equipment - Non-research equipment which may be used for general office purposes such as:
  - \* Desktop computers
  - \* Laptop computers
  - \* Ipads/mobile devices
  - \* Printers
  - \* Office furniture
- General Computer Services and Networking Costs

### **Direct charging of these costs may be appropriate when all three of the following conditions are met:**

1. The cost is required by the project scope due to the project's special purpose or circumstance.
2. The cost can be readily identified specifically with the project statement of work with a high degree of accuracy.
3. The item of cost is separately itemized in the budget, justified, and approved by the sponsoring agency."