

Florida Atlantic University Allowability of Costs on Federal Awards

VII. FAU's Costing Policy for Federal Awards

It is FAU's policy to treat the following expense items as indirect cost (F&A) on Federal awards:

- A. Administrative and Clerical Salary
- B. Office Supplies
- C. Postage
- D. Local Telephone Costs
- E. Memberships and Subscriptions
- F. General Purpose Equipment
- G. General Purpose Software

See Exhibit G for a list of the Banner Budget Pools and Account Codes for the Non-Labor Administrative Costs.

Unless a "CAS 502 Exception" form (See Exhibit D) is completed and the item is approved by Sponsored Programs and by the sponsor (or not expressly disapproved by the sponsor), the above items cannot be charged as a direct expense to any of the following types of awards:

- A. Federal Awards
- B. Federal Flow Through Awards
- C. Awards that state they are subject to the OMB Circular A-21 or the Cost Accounting Standards
- D. Cost Share Accounts for the above awards

This policy does not apply to Non Federal awards, as they are not subject to OMB Circular A-21 or the Cost Accounting Standards. Another reason that this policy does not apply to Non Federal awards is that in many cases Non Federal sponsors do not reimburse the University for the Full Indirect Cost Rate of 25.5% for off-campus projects and 40% for on-campus projects. (The full indirect cost rate for on-campus projects will be 40.5% effective 07/01/2003.)

It is important to note that for an expense to be allowable on a Non Federal award, it must be reasonable, allocable to the project, and also conform to any limitations that may be stated in the Terms and Conditions of the award document. In addition, the expenses charged to Non Federal awards should be net of any applicable credits. The only criterion that does not apply to Non Federal awards (that applies to Federal awards) is the Consistent Treatment of Costs for the reasons mentioned above.

Sponsor approval of a budget does not necessarily constitute approval of the specific line items. The sponsor assumes that the Principal Investigator and the Division of Research have complied with OMB Circular A-21, the Cost Accounting Standards, FAU's Disclosure Statement, and FAU's indirect cost rate proposal assumptions. A cost that may be allowable as a direct cost for one institution may not be allowable at another institution because of the differences in the Disclosure Statements. There would be no way for a sponsor to make a determination of allowability because of these variables. Therefore, it is the responsibility of the PI and the Division of Research to exercise this judgment, based on FAU's Direct Cost Policy, which is consistent with OMB Circular A-21 and the Cost Accounting Standards.