

Florida Atlantic University Allowability of Costs on Federal Awards

IX. Summary

Proposal budgets submitted to Federal agencies must be consistent with the Scope of Work of the proposed project. If the project qualifies as a “Major Project” (See Exhibit E), then administrative and clerical salaries may be justifiable and allowable for the project. At the same time, if the project includes expense items with “special circumstances”, Non-Labor Administrative Costs that are typically treated as indirect costs may be included as direct costs in the proposal budget. (See Exhibit F for Examples of Special Circumstances for Non-Labor Administrative Costs on Federal Awards.) By preparing and submitting the CAS 502 Exception Form with the complete proposal to Sponsored Programs, the Principal Investigator is following the proper procedures to obtain approval to charge these expense items as direct costs to the Federal award.

Proper grants management during the life of the project is necessary to make the best use of the funds for the project. For example, it is not acceptable to wait until the last days of a project to realize that a significant unspent balance is remaining and then initiate purchase requisitions to “use up the remaining funds”. The needs of the project based on the Scope of Work should be the motivating factor driving the purchasing decisions rather than possibility of not using all of the funds authorized by the sponsor. Additional guidance concerning the proper allocation of costs is discussed in Section V B of this document and also summarized in Exhibit B in the Allowability Overview.

The Allowability Grid (Exhibit H) can be used as a tool to determine if an expense is allowable on a Federal award. If you have questions concerning the allowability of costs for proposal budgets, please contact your Sponsored Programs representative. If you have questions concerning the allowability of costs during the life of the project, please contact your Research Accounting representative.