



Campus Administrative Policy

Policy Title: Direct Changes to Federally Sponsored Projects

Policy Number: 2013 Functional Area: Finance

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Approved by: Vice Chancellor for Research

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Applies to: CU Anschutz Medical Campus
 CU Denver Campus

A. INTRODUCTION

On November 8, 1994, the federal government issued regulations requiring universities to comply with four Cost Accounting Standards (CAS) passed by the CAS Board (CASB), relating to contracts involving federal funds. Coverage of these standards was extended to grants and cooperative agreements by the Office of Management and Budget’s (OMB) May 8, 1996, revision to Circular A-21, Cost Principles for Educational Institutions (OMB A-21). In addition to the requirements identified in OMB Circular A-21, specific direction has been issued restricting expenditures for certain purposes. The University of Colorado Denver is responsible for filing a Disclosure Statement (DS-2) with the Department of Health and Human Services (DHHS) which describes its accounting practices, policies and procedures for assigning costs to federally sponsored projects, and attests to the consistency of those practices.

Charges to federally funded projects that are not in compliance with cost principles and standards are subject to being refunded to the federal government. Audit findings per OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, represent both a financial and a reputation exposure often associated with the negative publicity about disallowed costs for the institution.

This policy represents University of Colorado Denver and University of Colorado Anschutz Medical Campus's best judgment about the appropriate application of OMB A-21 requirements of costs charged to research grants, at this time, and under present and reasonably foreseeable circumstances. This policy is not a comprehensive and legal restatement of all of OMB A-21's requirements. Within OMB A-21's framework, this policy is intended to provide support for CU Denver's and CU Anschutz's research activities.

Each CU Denver | CU Anschutz administrative unit (defined as part of a school, college, department, division, center, institution section or large program) is responsible for complying with and enforcing this policy and related procedures. Any penalties, disallowances or losses of funding caused by non-compliance with this policy will be the responsibility of the administrative unit in violation.

1. CU Denver | CU Anschutz Administration Responsibilities

CU Denver | CU Anschutz administration is responsible for developing a set of operating principles and guidelines that comply with OMB A-21 and CASB standards, and clearly delineate those research-related expenses identified as direct costs versus facilities and administrative (F&A) costs. CU Denver | CU Anschutz administration is responsible for providing thorough fiscal policy, communicating policy changes to the faculty and staff, and overseeing the implementation of policy. The Office of Grants and Contracts (OGC) is the unit designated to carry out policy oversight responsibilities for CU Denver | CU Anschutz.

2. Administrative Unit Responsibilities

Each school or college has ultimate responsibility for implementing and monitoring compliance with this policy. Each school or college is responsible for clearly delineating the responsibilities between the school or college and its administrative units. Administrative units are the primary support for providing the principal investigator (PI) with the information necessary to fulfill their fiduciary and sponsored project management responsibilities.

3. PI Responsibilities

Responsibility for scientific and budgetary decision-making in research grants and contracts, following CU Denver | CU Anschutz policies, is assigned to and must be accepted by the individual designated as the PI for the contract or grant. These decisions must be recorded in a manner that assures their subsequent accurate implementation. The PI is responsible for giving the administrative unit instructions on specific allocation of funds based on a "facts and circumstances" test that considers the needs of the project. While the administrative unit administrators provide PIs essential management support in this area, PIs are responsible for

making the crucial financial decisions related to costs.

4. Applicability

To ensure the consistent treatment of costs, CU Denver | CU Anschutz has incorporated OMB A-21 cost accounting principles into its accounting practices and adopted these principles as policy for costs on federal awards, whether awarded directly to CU Denver | CU Anschutz as a prime recipient, or indirectly through a sub-agreement from another institution. These principles apply except to the extent they are modified in writing by awarding agencies via project regulations, policy statements, guidelines or other instructions. This policy does not normally apply to non-federal sponsored projects.

Administrative expenses which directly benefit awards and are allowable per the award may be charged directly to those awards. However, this policy does apply if the non-federal sponsor receives federal funding for the project, specifically adopts OMB A-21 guidelines, or has its own policies restricting administrative charges. Expenditures must follow the sponsor policies and award guidelines.

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C. DEFINITIONS

1. Capital Equipment 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. This includes donated equipment, and equipment being constructed where component parts may be less than \$5,000 each, but the total cost will be \$5,000 or more.
2. Direct Costs are costs that can be identified specifically with a particular CU Denver | CU Anschutz project, or that can be assigned to such activities relatively easily with a high degree of accuracy.
3. Facilities & Administrative (F&A) Costs are those that are incurred for common or

joint objectives and therefore cannot be identified readily and specifically.

- a. Examples of facilities costs include building depreciation, maintenance and repairs, health and safety, grounds maintenance, and security.
 - b. Examples of administrative costs include administrative and clerical salaries, local telephone service, membership dues, office supplies and postage.
4. Sponsored Projects Sponsored Projects are research, instructional, or public service activities that are related to the mission of the CU Denver | CU Anschutz and sponsored by external agencies or entities. If an award meets at least one of the following criteria, it is likely a Sponsored Project. However, the existence of any one of the criteria may not be determinative.
- a. The award is a grant or contract from a governmental entity, unless exempted under OMB Circular A-21.
 - b. The proposal responds to a Request for Application (RFA), Request for Proposal (RFP), or other formal solicitation, and the project is initiated by notice of award. Certain RFPs issued by private charitable foundations may not qualify as a Sponsored Project.
 - c. The award includes terms that bind the university to a list of scholarly or scientific inquiry.
 - d. The Statement of Work specifies programmatic objectives mutually agreed upon by the university and the sponsor, which are to be accomplished within a specific period of time or within a detailed budget framework.
 - e. The sponsor is entitled to receive the following types of deliverables: a detailed technical report of research results, milestone reports, or a required report of allowable expenditures. Certain reporting requirements of private charitable foundations that are stewardship- or accountability-oriented may not qualify as Sponsored Projects.
 - f. The award requires separate accounting procedures and detailed financial reports.
 - g. The sponsor requires the return of unexpended funds or only reimburses for incurred costs (expenditure-driven).
 - h. The award provides for compliance audits by or on behalf of the sponsor, which may or may not include a financial audit.
 - i. The award is for a project requiring compliance oversight including, but not limited to: human subjects, animal use, biohazards, or bio-safety.
 - j. The award terms include publication or data restrictions or monitoring.
 - k. The sponsor requests intellectual property rights or controls the disposition of capital equipment.
 - l. The award is by a sponsor who has licensing rights to inventions from the same lab/researcher benefiting from the award.
 - m. The sponsor designates a sponsor employee (agent) as project technical monitor (as opposed to designating a contact person to improve communications).
 - n. The award is for a sub-award project under a federal award.

- o. The award requires a matching or cost sharing commitment on the part of the university.
- p. The award generates program income to a federal award.
- q. The award from the sponsor is for membership fees to centers and affiliate programs. The university may receive membership fees for its centers and affiliate programs, as characterized by any one of the following examples:
 - 1) The member agreement imparts "Center Member" status to the sponsor.
 - 2) The member receives the right to exert any type of control over the operation of the institute, center or program.
 - 3) The member receives special or discounted access to laboratories or other university facilities for its use.
 - 4) The member receives patent, licensing rights, or other intellectual property rights provisions benefiting the sponsor.

D. POLICY STATEMENT

1. Requirements

Adherence to the federal cost principles and requirements outlined in OMB A-21 is critical to the acceptance and allowance of CU Denver | CU Anschutz charges to federally sponsored projects. The basic requirements for all sponsored projects are:

- a. Costs must be reasonable and necessary for the performance of the sponsored project, and incurred within the project period. Failure to adequately document a cost could result in disallowance of a legitimate charge.
- b. Costs must be allocable to the project. For costs benefiting more than one sponsored project, the relative benefit must be approximated through the use of a reasonable basis reflecting use or level of service. Costs should be allocated to the projects in proportion to the benefits received.
- c. Costs must be consistently treated as either direct or F&A costs. Consistency, in this context, means that costs incurred for the same purpose, in like circumstances, must be treated uniformly as either direct costs or as F&A costs. Thus, certain types of costs, such as salaries of administrative/clerical staff, office supplies, and postage are normally treated as F&A costs. The same types of costs cannot be charged directly to federally sponsored agreements unless the circumstances related to a particular project are clearly different from the normal operations of the institution. For example, although postage is normally treated as a F&A cost, a particular project may have a special need for postage because of the mailing of hundreds of survey questionnaires. In this case, it would be appropriate to charge the project directly for the postage to mail the questionnaires since this would constitute "unlike circumstances" compared to routine postage requirements.

2. Direct Charging Practices that Are Not Allowable

OMB Circular A-21 requires that direct costs "be identified specifically with

particular sponsored project... relatively easily with a high degree of accuracy." Special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct costs or F&A costs. For example, salaries of technical staff, laboratory or research supplies (e.g., chemicals), telephone toll charges, animals, animal care costs, human subject payments, equipment, computer costs, travel costs, and specialized shop costs shall be treated as direct costs wherever identifiable to a particular project. Direct charging of these costs may be accomplished through specific identification of individual costs benefiting sponsored projects or through Service Centers as appropriate under the circumstances.

Examples of direct charging practices not acceptable to sponsored projects:

- a. Rotation of charges among sponsored projects by month without establishing that the rotation schedule credibly reflects the relative benefit to each grant.
- b. Assigning charges to the sponsored project with the largest remaining balance or other basis outside of the benefit to the project.
- c. Charging the budget amount in contrast to charging an amount based on actual usage.
- d. Assigning charges to sponsored projects in advance of the time the cost is incurred.
- e. Assigning charges to sponsored projects that were incurred outside of the project period, including a pre-award period if applicable.
- f. Identifying a cost as something other than what it actually is.
- g. Charging expenses exclusively to sponsored projects when the expense has supported non-sponsored project activities.
- h. Assigning charges that are part of the normal administrative support for contracts and grants (e.g., proposal preparation, accounting, payroll)
- i. Charging ending sponsored projects to expend funds without regard to the appropriateness of the costs.
- j. Shifting costs to other sponsored projects due to cost overruns, avoidance of restrictions imposed by law, or for convenience. Convenience would include charging a direct cost to a project on a temporary basis, pending the set-up of a new project account number.
- k. Charging administrative costs directly to sponsored projects because the administrative unit requires the PIs to fund these costs (i.e. telephone, office supplies).

Note: Special circumstances may be included in the terms of award or in overreaching principles. For example, no federal funds can be used for stem cell research for "(1) the derivation or use of stem cell lines derived from newly destroyed embryos; (2) the creation of any human embryos for research purposes; or (3) the cloning of human embryos for any purpose."

3. Direct Charging Administrative Costs that are Normally Considered F&A

- a. Conditions to Direct Charge Administrative Costs

Direct charging administrative costs may be appropriate if the expense meets all of the following conditions:

- 1) The cost is specified in the proposed budget of the sponsored agreement, and the special circumstances requiring direct charging are justified in the proposal;

and

- 2) The sponsoring agency accepts the cost as part of the project's direct cost budget (i.e., does not specifically disapprove the cost in the award or other notification to the CU Denver | CU Anschutz). For projects that do not require submission of a project budget to the sponsoring agency, the cost must be justified and accepted by the Office of Grants and Contracts.

It should be noted that approval of the budget by an agency (i.e. NIH) does not necessarily make the administrative costs appropriate. NIH states that the organization is responsible for presenting costs consistently and must not include costs associated with their F&A rate as direct costs.

- 3) Special Project Needs
 - The project has a special need for the item or service that is beyond the level of services normally provided by the administrative unit personnel because it is considered a "major" project by OMB A-21 standards; (See Exhibit C for examples); or,
 - The cost can be specifically identified to the technical scope of Work conducted under the project and is appropriately documented. The project does not need to be major for those costs to qualify as technical costs and to be charged directly. They must, however, meet the other conditions in this Section E.1 in order to be directly charged.
 - The cost must meet basic requirements identified in Section E.1 of this policy.
- 4) If the cost meets the conditions described above but was not in the approved budget, it may be charged directly only if:
 - CU Denver | CU Anschutz has re-budgeting authority under federal regulations or the terms of the award or sponsor allows for changes; and,
 - Written justification is prepared (see Exhibits for location specific processes) which adequately explains the need for the cost and why it was not included in the proposal submitted to the sponsoring agency; and,
 - Acceptance is provided by OGC.

See Exhibit C for more details on when costs that are typically administrative in nature can be directly charged to a sponsored project.

4. Restriction on the Use of Federal Funds for Stem Cell Research

CU Denver | CU Anschutz PIs and staff, who conduct research in laboratories where there is both federal and non-federal funding, must separate allowable and unallowable activities in such a way that permits the costs incurred in the research to be allocated consistently to the appropriate funding source. An investigator that receives federal funding and is planning to derive new human embryonic stem cell lines may do the derivation in their university-supported laboratory as long as the PI carefully and consistently allocates all costs of doing the derivation to a non-federal funding source.

According to the National Institutes of Health, “Research on human embryonic stem cell lines may receive NIH funding if the cell line meets the following criteria: removal of cells from the embryo must have been initiated before August 9, 2001, when the President outlined this policy; and the embryo from which the stem cell line was derived must no longer have had the possibility of developing further as a human being. The embryo must have been created for reproductive purposes but no longer be needed for them. Informed consent must have been obtained from the parent(s) for the donation of the embryo, and no financial inducements for donation are allowed.

“In order to ensure that federal funds are used to support only stem cell research that is scientifically sound, legal, and ethical, NIH examines stem cell lines and maintains a registry of those lines that satisfy the criteria.”

5. Other Types of Direct Charging

This policy covers all direct charging to sponsored projects. The other types of costs that are direct charged to sponsored projects are covered in the following Exhibits:

- a. Exhibit C, Administrative Costs. Provides explanation of when it is and is not appropriate to direct charge expenses that are typically administrative.
- b. Exhibit D, Faculty and Other Salary. Explains direct charging Faculty and other research salaries and the required Personnel Effort Reporting for these salary charges.
- c. Exhibit F, Quick Reference for Sponsored Projects Expenditures. This guide covers basic expenditures on sponsored projects and provides information on whether these costs can be direct charged to sponsored projects.

Notes

1. Dates of official enactment and amendments:
January 1, 2006: Adopted by CU Denver | CU Anschutz
May 1, 2011: Revised
February 1, 2019: Modified

2. History:
February 1, 2019: Modified to reflect a Campus-wide effort to recast and revitalize Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university. Article links, University branding, and formatting updated by the Provost's office.
3. Initial Policy Effective Date: January 1, 2006
4. Cross References/Appendix:
 - CAS 9905.501 - Consistency in estimating, accumulating, and reporting costs.
 - CAS 9905.502 - Consistency in allocating costs incurred for the same purpose.
 - CAS 9905.505 - Accounting for unallowable costs.
 - CAS 9905.506 - Cost accounting period.
 - Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions* (OMB A-21)
 - Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, (OMB A-133)
 - Executive Order 13505: *Removing Barriers to Responsible Scientific Research Involving Human Stem Cells*
 - *National Institutes of Health Guidelines on Human Stem Cell Research*
 - University of Colorado Denver *Cost Accounting Standards Board Disclosure Statement for Educational Institutions* (CASB DS-2)

Exhibit C – Direct Charging Administrative Costs that are Normally Considered F&A

1. Examples of Projects that May Allow Administrative Costs as Direct Charges

Administrative and clerical salaries should normally be treated as F&A costs. It may be appropriate to directly charge administrative or clerical salaries for “major” projects or activities when the administrative or clerical salary is explicitly budgeted for and the individuals involved can be specifically identified with the project or activity. The following examples of “major projects” illustrate circumstances when it may be appropriate to directly charge federally sponsored projects for administrative costs:

- a. Large, complex programs, such as Clinical and Translational Science Award Programs, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other programs that entail assembling and managing teams of investigators from a number of institutions;
- b. Programs that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as epidemiological studies, clinical trials, and retrospective clinical records studies;
- c. Programs that require continual travel and meeting arrangements for large numbers of participants, such as conferences and seminars;
- d. Programs with a principal focus of preparing and producing manuals and large reports, books and monographs (excluding routine progress and technical reports);
- e. Programs that are geographically inaccessible to normal administrative services, such as sea-going research vessels, radio astronomy projects, and other research field sites that are remote from the campus;
- f. Individual programs requiring specific database management; individualized graphics or manuscript preparation; human or animal protocol; and multiple program-related investigator coordination and communications.

These examples are not exhaustive, and are not intended to imply that direct charging of administrative or clerical salaries/supplies will always be appropriate for the situations illustrated in the examples. When direct charges for administrative and clerical salaries/supplies are made, care must be exercised to

assure that costs incurred for the same purpose in like circumstances are consistently treated as direct costs for all activities.

2. Examples of Administrative Costs That May Be Direct Charged

Below is a list of costs that are normally considered F&A costs. For each cost, there is an explanation of when it may be allowable to direct charge these costs. If these costs are direct charged, the costs must meet the conditions stated in the policy (Section E Policy Statement). In addition, guidelines for other expenditures are listed in Exhibit E, Quick Reference for Sponsored Projects Expenditures.

a. Memberships

Costs incurred for memberships in technical and professional organizations are treated as F&A costs. This does not refer to costs for attending a conference associated with a membership organization. There may be exceptional circumstances in which membership fees may be directly charged to federally sponsored awards.

Examples of when direct charging may be appropriate	Example of when direct charging may <u>not</u> be appropriate
<p>a. Membership fees required to attend a conference, where the conference is directly related to the sponsored project. For example, a project requires the PI to present results at a conference and the conference requires participants to be members of the technical/professional organization sponsoring the event.</p> <p>b. Membership fee required in order to subscribe to a journal, where the subscription is necessary for the sponsored project.</p>	<p>a. Membership in a technical organization that is renewed every year for the PI and is used by the PI to be kept current on issues and develop a network with other PIs in the area of study. The subscription benefits multiple projects and possibly instruction.</p>

b. Office Supplies

Normal administrative unit office supplies are treated as F&A costs.

Examples of when direct charging may be appropriate	Examples of when direct charging may not be appropriate
<p>a. "Office" supplies to be used in the field or the laboratory for recording research data, storing research data, or other activities directly related to the technical (rather than administrative) aspects of the project. Supplies used for technical purposes are not "office" supplies -- they are "research" supplies. Such items must be consumed during the course of the project and must be demonstrated to be used only in the conduct of that sponsored project and not used for other projects or for the multiple activities of project personnel. The supplies must be stored separately from the normal administrative unit office supplies. The account code, Office Supplies-Technical (480118) should be used for these supplies.</p> <p>b. Office supplies needed for administrative processes on a sponsored project that requires more than the routine level of administration (see Section III.C.2 and C.3).</p> <p>The account code, Office Supplies (480101), should be used for these supplies.</p>	<p>a. Supplies (e.g. paper, pens, notebook, folders, calculator, etc.) needed for the monthly monitoring of financial activity for a typical R01.</p> <p>b. Supplies (e.g. envelopes, stationary, etc.) used for the preparation of a Financial Status Report or proposal.</p>

Note: Examples of what appears to constitute office supplies and may be appropriate to code as Office Supplies – Technical include: copy paper, diskettes, envelopes, file folders and labels, letterhead, paper clips, pencils, pens, erasers, post-its, push pins, rubber bands, rulers, scissors, spiral notebooks, staplers, staples, staple pullers, tape (scotch, masking, etc.), tapes for tape drive backup. (This list is not intended to be all-inclusive.)

c. Postage or Delivery

Ordinary and routine postage is normally treated as an F&A cost.

Examples of when direct charging may be appropriate	Examples of when direct charging may <u>not</u> be appropriate
<p>a. Postage required for the technical conduct of the study. Examples of this could include:</p> <ul style="list-style-type: none"> i. Mailing study surveys. ii. Mailing study specimens. iii. Mailing study prescriptions. iv. Specialized reports required by the sponsor. This does <u>not</u> include routine reports, such as proposals or other routine correspondence with the sponsor. v. Correspondence with collaborators that is required for the technical aspect of the project. vi. Mailing reprints when directly related to a project. <p>b. Postage needed for administrative processes on a sponsored project that is considered a “major” project requiring more than the routine level of administration (see Section A above).</p>	<ul style="list-style-type: none"> a. Postage to mail proposal. b. Postage to mail routine reports required by the sponsor, such as progress reports, proposals, etc.

Note: Documentation of postage/delivery is required and includes:

- Copy of Mail Center Postage Meter Charge form from Mailing Services with reason for postage documented on the form.
- Postage meter or log documenting usage for the project.

- Express mail receipt with reason for shipment documented on the form.

d. Telephone

Costs incurred for local telephone services are normally treated as F&A costs. Under exceptional circumstances, local telephone expenses may be directly charged to a sponsored project. Exceptions apply when a project has a special or unique need for telephone communication. Phone usage must be significantly greater than the routine level required by administrative unit usage.

Long distance toll charges, pagers, cellular phones as well as moves, adds, or changes to telephone equipment may be charged directly to federally sponsored projects when a charge can be specifically identified to a project.

Examples of when direct charging may be appropriate	Examples of when direct charging may <u>not</u> be appropriate
<ul style="list-style-type: none"> a. Dedicated line used to conduct a telephone survey. b. Phone line used exclusively to manage a multi-site research project. c. Toll-free (i.e., 1-800) line for study participants to contact researchers regarding a study. d. Voice mail for study participants to leave confidential messages. e. Off-site locations. 	<ul style="list-style-type: none"> a. Telephones used by the PIs for all activities and maintained after a project ends.

e. Clerical and Administrative Salaries and Wages

Clerical and administrative salaries and wages are normally treated as F&A costs. It would not be expected that department administrators and division administrators, because of the nature of their jobs, would be direct charged to Federally sponsored projects where UCD is the prime award recipient or a sub recipient of Federal flow-thru monies such as a sub agreement. This limitation would be especially applicable to departments and divisions that

are predominately clinical (e.g., divisions in the Department of Medicine) or instruction. Because of the way the UCD effort reporting system is structured, administrative or clerical salary charges of less than 5% are not expected to be made to Federally sponsored projects. Thus, charges of less than 5% per calendar year quarter (e.g., July through September) would not be appropriate.

In limited circumstances, some divisions that are predominately devoted to research (75 % or more) may be able to justify some direct charging. Individuals whose salaries are paid from a sponsored project must have responsibilities specifically associated with the work of the sponsored project and must be able to certify this association on the UCD's Personnel Effort Reporting System. The "specific association" requirement may be satisfied in one of two ways:

- i. Unusually high levels of administrative activity associated with unusually large and complex projects such as program projects, cooperative agreements, coordinating centers, multi-center grants, or operations office.
- ii. Administrative work that is specifically related to the distinctive scientific and technical requirements of the work of the sponsored project, such as data collection, maintaining subject/patient data, phone surveys, etc.

Examples of when direct charging may be appropriate	Examples of when direct charging may <u>not</u> be appropriate
<ul style="list-style-type: none"> a. Grants administrative support staff performing extraordinary and extensive administrative support for complex projects as described in Sections A above. b. Programmatic project effort. c. Extraordinary and extensive data entry. d. Research data gathering. e. Research data cleaning. f. Laboratory technician activities. g. Conducting computer research work. 	<ul style="list-style-type: none"> a. Administrative unit staff salaries for staff that provide clerical and administrative support for many functions and areas. b. Routine accounting and budgeting. c. Filing of departmental documentation. d. Routine processing of vouchers and purchase orders. e. Routine travel related

<ul style="list-style-type: none"> h. Telephone surveys. i. Computer programming for study. j. Extraordinary and greater than the routine budget creation and maintenance. k. Extraordinary effort in grant related transcription. l. Preparing manuscripts for publication. m. Developing materials for presentations. n. Large conference planning and organization. o. Research training. p. Clinical and patient activities such as scheduling patient visits, interviewing, processing payments for patients, physical exams, blood drawing, height and weight measurement, and extraordinary effort in formalizing physician reports. q. Database maintenance. r. Preparing paperwork related to IRB continuing protocol review. s. Library searches. t. Preparing progress reports. u. Tabulate research results. 	<ul style="list-style-type: none"> planning. f. Routine departmental telephone answering duties. g. Typing newsletters and brochures. h. Data correction and organization. i. Typing of applications for awards. j. Payroll processing.
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Note: Project clerical duties performed by Professional Research Assistants or Research Associates that are no more than 25 percent of their duties per the UCD Administrative Policy 5-8, Research Associates Series, are allowable on a grant if the duties are directly related to the project being charged (checklist is not required).

Exhibit D - Faculty and Other Salary Expenses

Faculty salaries and wages paid at the University of Colorado Denver's (UCD) approved rates are allowable costs to federal projects if they reflect the level of effort expended on the project, are documented by the UCD electronic Personnel Effort Reporting System, and do not exceed thresholds applied by Sponsors (e.g., NIH salary cap). Proportional fringe benefits in accordance with established UCD policies are allowable.

1. Personnel Effort Reporting

General

In describing how to best track effort on federal projects, OMB A-21 states the following: "In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate."

electronic Personnel Effort Reporting System

UCD uses an electronic Personnel Effort Reporting System as its method of documenting Administrative and Faculty effort performed on Federal Projects. In regard to a Personnel Effort Reporting System, OMB A-21 stipulates the following requirements:

- a. "Activity reports will reflect the distribution of activity expended by employees covered by the system."
- b. "These reports will reflect an after-the-fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records."
- c. "Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, PI, or

responsible official(s) using suitable means of verification that the work was performed.”

- d. “The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable.”

2. electronic Personnel Effort Reporting (ePER) Process

UCD has various policies governing employment and payment of employees. Human Resources policies can be found on the UCD Policies and Guidelines page, or by [clicking here](#).

The ePER system serves the following purposes:

- Certification that salaries have been charged to programs/projects in accordance with the relative activity applied to various programs and projects.
- Establishment of the basis for reimbursement to UCD by the federal government for salaries paid from sponsored research, sponsored instruction, and other sponsored activities,
- Provides the basis for certain costs that are reimbursed as F&A costs.
- Serving as a means of identifying cost sharing activity on sponsored projects.

The ePER information reported for the semester (fall, spring, and summer) reflects the actual effort of each employee, as well as it can be reasonably estimated or measured. Semester certification reports are prepared for employees who are paid at least partially from a sponsored project or have committed cost sharing on a sponsored project. Each ePER shows, for the semester, the amount and percentage of salary paid and charged to each project as well as other institutional funds.

ePERs must be completed and certified within 120 calendar days from ePER creation.

The report does not include student hourly work. This includes the following job code series:

- 4100 Student Worker
- 4200 Off Campus Work Study
- 4300 High School, Trade, Other

- 4400 Other State Institution

The hourly students must complete a work record that includes the speedtypes that paid for the work and certification of the work and pay distribution.

The work record can be found at the following link:

https://www.cusys.edu/pbs/forms/downloads/EWR_BiWeekly_Example.xls

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Note: Students paid as Graduate Students must complete an ePER for their pay and effort on sponsored projects.

See Exhibit E, *ePER Instructions and Information for Completing the electronic Personnel Effort Report (ePER)*, for guidance.

University of Colorado Denver

Quick Reference for Sponsored Projects Expenditures on Federal Awards

Sponsored projects are to be charged directly for the types of direct costs that are (1) allowable under the terms and conditions of the sponsored agreement, (2) consistently treated as direct costs under like circumstances, and (3) reasonable and necessary for the performance of the sponsored agreement.

The following list provides guidance on whether a particular type of cost, **if reasonable and necessary for the performance of the agreement**, is treated as a direct cost of sponsored projects and under what circumstances it may be treated differently. The list is not intended to be all-inclusive and **does not** preclude the need to look at the terms of specific sponsored agreements.

Non-federal projects may allow charging of expenditures that cannot be direct charged to federal sponsored projects. This is considered to be an “unlike circumstance” and expenditures will be approved for these **non-federal** sponsored projects if appropriate to the award and not specifically disallowed by the sponsor.

Cost	Account code(s)	Are costs usually charged directly to Sponsored Projects?	Explanation of unlike circumstances that allow treatment as direct cost on Federally sponsored projects or other notes
Advertising - recruitment, procurement, disposition of surplus goods	507600	YES	The only advertising costs allowable are those which are solely for: <ol style="list-style-type: none"> 1. The recruitment of personnel required for the performance by the institution of obligations arising under the sponsored agreement; 2. The procurement of goods and services for the performance of the sponsored agreement; 3. After approval by the University of Colorado Denver (UCD) Space and Asset Management, the disposal of scrap or surplus equipment/materials acquired in the performance of the approved agreement; and 4. Other specific purposes necessary to meet the requirements of the sponsored agreement. These allowable costs should be a direct charge.
Advertising – other	508700	NO	Unless specifically necessary to meet the requirements of the sponsored agreement
Alcoholic beverages		NO	
Alterations and renovations (Physical Plant Maintenance and Repair)	515108 – 515113	YES	Specific prior approval is required by some sponsors.
Alumni Activities		NO	
Bad debts	552900	NO	
Building rental	502600	NO	Sponsored projects that are charged the off-campus indirect cost rate are directly charged for the cost of space and building rental if identified in the budget narrative and approved by the sponsor. In addition rent may be directly charged when it is in lieu of hotel (travel costs) for long term fieldwork.
Commencement and convocation costs		NO	

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Communication costs		See long distance toll charges and/ or telephone equipment.	
Conference and convention registration fees	553000	YES	
Contingency reserve		NO	
Contractual services, consultants	492601 552605 552606	YES	Specific prior approval is often required by some sponsors. See terms of sponsored agreement.
Custodial	517600 517601	NO	Federal sponsored projects may be charged directly if they are located off-campus, and use the off-campus indirect cost rate.
Data processing (excluding areas identified as campus wide administrative systems). Examples include costs of local area networks, central file servers, etc.	500000 – 502499	YES	Federal projects may be charged directly for data processing costs that can be directly identified and allocated to the project. The costs of local area networks, central file servers, engineering workstations, and other shared facilities are charged directly to federal projects if allocated to all users based on their relative benefit and usage of those facilities . For example, if a computer is used for multiple projects, the cost of the network connections and central file server maintenance must be allocated based on the benefit to the projects. For more information see the UCD Fiscal Policy on Service Centers.
Defense and prosecution of criminal and civil proceedings, claims, and patent infringement	553600	NO	
Donations and contributions	547600	NO	Includes donations that are requested as part of a membership due in a technical or professional organization.
Dues and memberships - civic or community organization, social or dining club	510200	NO	
Dues and memberships - business, technical, professional organizations	510100	NO	Examples of exceptional circumstances in which membership fees can be directly charged to federally sponsored awards include – 1. Membership fees required in order to attend a conference, where the conference is directly related to the sponsored project. For example, a project requires the PI to present results at a conference and the conference requires participants to be members of the technical/professional organization sponsoring the event. Expense would be coded as conference registration fee if membership is part of registration fee. 2. Membership fee required in order to subscribe to a journal, where the subscription is necessary for the agreement. Code the expense as subscriptions if membership is part of subscription price.
Employee morale, health, and welfare costs		NO-except as defined as fringe benefits	
Entertainment – costs incurred for amusement, social activities, entertainment, and any items relating thereto, such as meals, lodging, rentals, transportation, and gratuities are unallowable.		NO	

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Equipment-capital	810100 810200 810400 810500	YES	When the University acquires equipment using federal funds, it must assure that all purchases or leases are necessary, beneficial, and non-duplicative. Approval criterion for the purchase or lease of capital assets varies between the different awarding agencies; prior approval by the department will be obtained if required by award terms based on awarding agency and university requirements. For further information, contact Grants and Contracts.
Equipment (non-capital, general office purpose) – this includes equipment that is used for general office purposes, such as calculators, typewriters, etc.	501800 537600 537601 537602 537603	NO	Non-capital equipment used by an employee that is fully funded by an off-campus or major project (or proportionately funded in relation to the cost allocated) for work done on the same major or off-campus project, subject to Sponsor Terms.
Equipment (non-capital, technical) – this includes equipment purchased for direct use in research, such as computers, lab equipment, etc.	501800 537600 537601 537602 537603	YES	
Equipment maintenance and repair	552600	YES	
Equipment rental	497603 552603	YES	
Express mail	485108	YES	New or competing proposal submittal costs should not be a direct cost to a project – see proposal preparation costs.
Fees and licenses	552600	YES	Exception – medical license fees are not allowable.
Fines and penalties – costs resulting from violations of, or failure to comply with, federal, state, and local laws and regulations (including University regulations) are unallowable.	553500	NO	Exceptions are allowed when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the contract officer or equivalent.
Food and food service	522600 522700	NO	Food is allowed in exceptional circumstances including – 1. Conference grants 2. Educational grants 3. Symposia
Freight, moving and storage	540100 540102 540109	YES	When related to goods purchased or related to recruitment of individual to work on specific sponsored agreement
Fringe Benefits	400700 400800 405700 405800 418XXX 419XXX 420000 – 439999	YES	Allowable in proportion to the amount of time or effort employees devote to project and paid in accordance with UCD policies.
Honoraria	495100	NO	An honorarium that constitutes a payment for services rendered, such as a speaker's fee, under a conference grant is allowable. Do not use this account code, 495100, to pay study subjects or consultants. For study subject payments use account code 495102, Honoraria Study Subjects, for consultants use Other Operating Consultants, 552606.
Hospitalization Costs	520000 –	NO	Patient care is an allowable restricted category on a project receiving

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	522499		federal grant support providing: 1. the recipient has obtained prior approval from the sponsor agency to treat patients and incur patient care costs, and 2. the hospital affiliated with the grant awarded patient care must have a Patient Care Rate Agreement for Hospitals from the sponsor agency.
Housing and personal living expenses		NO	May be appropriate on projects requiring team members to work at remote locations, including international locations. Some sponsors require approval of international travel.
Instructional supplies	527500 – 529999	NO	Instructional supplies may be charged on instructional grants, including training grants.
Insurance	545100	NO	Federal grants are charged directly for the cost of insurance required or approved, and maintained pursuant to the sponsored agreement.
Interest expense	542500 – 544999	NO	
Laboratory and technical shop supplies	530100 530108	YES	
Laundry expense	517600 517601	YES	
Lobbying costs		NO	
Long distance toll charges	482607	YES	
Losses on other sponsored agreements (cash deficits)		NO	
Medical supplies	535000 – 537499	YES	
Microfilming, photography and graphics supplies and services	490000 – 492499	YES	
Motor vehicle maintenance and supplies	497500 – 499999	NO	Federal projects are charged directly for maintenance and supplies for vehicles located and used in remote locations pursuant to project if identified in the budget narrative and accepted by the sponsor.
Office supplies	480000 – 484999	NO	Office supplies are normally treated as F&A costs. Federally sponsored projects may be charged directly for these costs if -- a. The project has a special need for the item or service that is beyond the level of services normally provided by the administrative unit personnel because it is considered a “major” project by OMB A-21 standards. See examples in UCD Fiscal Policy 4-7, Exhibit C. Use account code, 480101, for these office supplies. or b. The cost can be specifically identified to the technical scope of work conducted under the project and is appropriately documented. The project does not need to be major for those costs to qualify as technical costs and to be charged directly. They must, however, meet the other conditions in UCD Fiscal Policy 4-7 in order to be directly charged. Use account code, 480118, for office supplies used for technical purposes.
Official functions-meetings and conferences	550200	NO	See FOOD for explanation of when food would be allowed on a federally sponsored project.
Official functions-receptions and events	550100	NO	
Goods for Personal Use		NO	
Services for Personal Use		NO	
Political Activities – include, but are not limited to, lobbying,		NO	

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publications, or other materials intended for influencing legislation.			
Postage costs	485107	NO	<p>Postage is normally treated as F&A costs. Federally sponsored projects may be charged directly for these costs if --</p> <p>a. The project has a special need for the item or service that is beyond the level of services normally provided by the administrative unit personnel because it is considered a “major” project by OMB A-21 standards. See examples in UCD Fiscal Policy 4-7, Exhibit C.</p> <p>or</p> <p>b. The cost can be specifically identified to the technical scope of work conducted under the project and is appropriately documented. The project does not need to be major for those costs to qualify as technical costs and to be charged directly. They must, however, meet the other conditions in UCD Fiscal Policy 4-7 in order to be directly charged.</p>
Preagreement costs		NO	Except as allowed by sponsoring agency’s regulations or specific approval. NIH generally allows preaward costs 90 days prior to effective date of new or competing continuation award.
Prepaid expense		NO	
Printing, binding, publication, and reproduction	487500 – 487599	YES	Some restrictions apply, see sponsor regulations.
Proposal /application preparation		NO	Costs associated with preparing proposals are not allowable direct costs to a federal project.
Public relations		NO	Costs specifically required or necessary to communicate to the public about a federal sponsored agreement are allowed.
Recruitment costs	507600 552600 702000 702100 702200	YES	
Remodeling		NO	Remodeling and alteration costs incurred for a specific sponsored project work area are allowable as a direct charge when such work has been approved in advance by the sponsoring agency.
Salaries and wages of Administrative and Clerical staff	400000 – 419999	NO	<p>Salaries and wages of administrative and clerical staff are normally treated as F&A costs. Federally sponsored projects may be charged directly for these costs if --</p> <p>a. The project has a special need for the item or service that is beyond the level of services normally provided by the administrative unit personnel because it is considered a “major” project by OMB A-21 standards. See examples in UCD Fiscal Policy 4-7, Exhibit C.</p> <p>or</p> <p>b. The cost can be specifically identified to the technical scope of work conducted under the project and is appropriately documented. The project does not need to be major for those costs to qualify as technical costs and to be charged directly. They must, however, meet the other conditions in UCD Fiscal Policy 4-7 in order to be directly charged.</p> <p>Because of the way the UCD effort reporting system is structured, administrative or clerical salary charges of less than 5% are not</p>

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			expected to be made to Federally sponsored projects. Thus, charges of less than 5% or that impact a calendar year quarter by less than 5% would not be appropriate (an example of calendar year quarter is July through September).
Salaries and Wages of Faculty, Graduate Research Assistants, and Technical Support Staff	400000 – 419999	YES	
Severance pay		YES	Only to the extent required by UCD policy.
Stipends and student aid	770000 – 772499	NO	Stipends, fees and tuition payments are allowable for students in federally funded training and/or fellowship projects.
Subscriptions, books, periodicals, scores, and monographs	512500 – 514999	NO	General medical resource materials are not allowable as a direct cost to federal projects. When resource materials are specifically needed in order to adequately research the area identified by the statement of work for the project and are not readily available through the UCD library, they may be charged to the federal project.
Student Activities		NO	Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the federally sponsored agreements.
Study Subject Payments	495102	YES	Requires COMIRB protocol approval and sponsor approval.
Telephone equipment, maintenance, pagers, and cellular telephones.	482600 482604 482608	NO	<p>LOCAL TELEPHONE COSTS (local services) are normally treated as F&A costs. Under exceptional circumstances, local telephone expenses may be directly charged to sponsored projects. Exceptions apply when a project has a special or unique need for telephone communication. Phone usage must be significantly greater than routine level required by administrative unit usage.</p> <p>CELLULAR PHONES AND PAGERS - Cellular telephones and pagers are charged directly when needed to coordinate field work. In such cases the need for charging such equipment and services must be justified in the narrative portion of the budget and approved by the sponsor.</p>
Trash collection	515114	YES	Federal sponsored projects may be charged directly for these costs if they are located off-campus and use the off-campus indirect cost rate.
Travel	700000 – 709999	YES	Specific prior approval of international travel is required by some sponsors for some types of agreements. Travel must be by U.S. Carrier (exceptions defined on Travel Policy Summary and cost is <u>not</u> one of the exceptions).
Utilities	750000 – 752499	NO	Federal sponsored projects may be charged directly for these costs if they are located off-campus and use the off-campus indirect cost rate.