

SPONSORED PROJECT



Costing Guidelines



What are costing guidelines?

Regulations and/or principles applied to determine appropriateness of costs incurred by sponsored projects



Who establishes costing guidelines?

The codification of general and permanent rules are published in the Federal Register by the departments and agencies of the Federal Government

Part 200 is Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

Part 200 is also referred to as Uniform Guidance or UG



Who is responsible?

All have elements of responsibility for compliance with costing guidelines

Primary responsibility for application of guideline oversight of research and compliance lies with the Principal Investigator, Department Head and College/Unit Fiscal Officers

University administration is responsible for interpretation of guidelines and implementation of internal controls to ensure compliance



Note: The following definitions and guidelines are only a sample and therefore, do not limit nor exclude following all guidelines



Cost Accounting Standards (CAS)

Standards for consistent application of cost accounting principles

Costs incurred for the same purpose in like circumstances must be treated consistently



Financial Management

Effective control over, and accountability for, all funds, property and other assets and assure they are used solely for authorized purposes and in compliance with Federal regulations

Efficient and effective administration of funds



Applicability (Allowable Costs)

Relevant or appropriate cost to perform the scope of work on a project

Must be allocable, reasonable and necessary to perform the scope of work on a project



Example: A microscope is purchased



Allocable

Goods or services chargeable or assignable to perform the scope of work on the project

Must benefit the project



Example: A microscope is purchased

Will it be used specifically for this project?

Yes – microscope will be used to meet a specific aim of the project

No – a new microscope for the lab would be nice



Reasonable

Goods or services acquired and the amount involved reflect the action to perform the scope of work on the project

Cost should be ordinary and priced comparable to other goods or services

Purchaser acted with due prudence in the decision to incur the cost



Example: A microscope is purchased

Is the cost reasonable with the proportion of use?

Yes – costs \$10,000 and will be highly used because efficiency or uniqueness

No – costs \$1,000 and will not be used much



Necessary

Essential goods or services required to perform the scope of work on the project



Example: A microscope is purchased

Can you perform the scope of work without it?

No – microscope has a unique feature or will be consistently used

Yes – the old microscope in the lab can provide the results needed



Allocation

The process of assigning a cost to one or more cost objects in a reasonable proportion to the benefit of the project



Example: A microscope is purchased

Who / what projects will utilize it?

Only this project – 100% can be charged to this project

Three projects and the dept lab – proportion based on reasonable allocation method such as payroll cost distribution



Cost Object

Funding source in which costs are assigned

Can be a sponsored project or cost center



Cost Share

Portion of project costs not paid by sponsor funds

Often referred to as in-kind or matching

Can be salary, departmental costs, unrecovered F&A and/or 3rd party contributions

Must comply with same costing guidelines as expenses charged to sponsor funds
i.e., expenses not allowable on a grant cannot be used to meet the cost share
commitment



Documentation

Proper records identifying and containing appropriate information to support expenditure

Documentation must be clear and legible

Handwritten notes on receipts describing the expenditure in lieu of a clear and legible receipt is not considered acceptable



Unallowable Expense

Cost determined to be disallowed based on costing guidelines

Cost that does not meet all of the following guidelines

- Be necessary, reasonable and allocable

- Conform to any limitations or exclusions set forth

- Be consistent with policies and procedures

- Be adequately documented



Resources

UG 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements

<https://www.ecfr.gov/cgi-bin/text-idx?SID=b41140f5e137fa4f85bc2d09e05f59b6&mc=true&node=pt2.1.200&rgn=div5>

Business Procedures Manual <http://www.uky.edu/ufs/business-procedures-manual>

OSPA Policies and Procedures <https://www.research.uky.edu/office-sponsored-projects-administration/policies-procedures>



Extras

Who can I contact for assistance?

Business Officer

College Grants Officer

FA (Financial Administrator)

Presentations: <http://www.uky.edu/ufs/sponsored-projects-bits-pieces-presentations>

RFS: <https://www.uky.edu/ufs/research-financial-services>

UFS: <https://www.uky.edu/ufs/>

