

Policy 1405

Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects

Responsible Office	Office of Research Administration	Effective Date	5/07/07
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	Director, Grant and Contract Financial Administration		

Policy Sections	1
1405.01 Types of Expenses.....	1
1405.02 Authorization of Expenses.....	2
1405.03 Documentation of Expenses.....	2

Scope

This document applies only to sponsored projects funded directly by non-federal sponsors or a subaward where the prime sponsor is a non-federal organization.

Policy Statement

Many non-federal sponsors do not fully reimburse the University for its Facilities and Administrative (F&A) costs (commonly referred to as indirect costs) on sponsored awards. In recognition of this practice, Yale expects these non-federal sponsored projects to directly pay for costs which are normally F&A costs if:

- the terms and conditions do not specifically prohibit such costs; and
- a benefit exists to the sponsored project.

Purpose of Policy

To establish guidelines for the charging and approval of expenditures on awards from non-federal sponsors which do not reimburse the University at the federally approved F&A cost rate.

Definitions

Direct Costs

The cost of performing work under a sponsored project is comprised of both direct costs incident to the performance plus a portion of the F&A costs of the University. Direct costs are those costs that can be specifically identified with a particular sponsored project, an instructional activity, or any other institutional activity relatively easily and with a high degree of accuracy. Typical costs charged directly to a non-federal sponsored project may include but are not limited to: the compensation of employees working on the project; employee benefits; the cost of supplies and equipment used solely in the performance of the project; travel; subaward costs; service center charges; human subject fees and long distance telephone costs.

Policy Sections

1405.01 Types of Expenses

In order for the University to recover costs that are typically included in the F&A rate calculation from non-federal sponsors that do not reimburse the University at the full approved rate, departments are encouraged to include the costs identified below in proposals to these non-federal sponsors for grant and contract awards. The items of cost that may be requested for reimbursement **include but are not limited to**:

- a. School/Department Administrative Costs
 - Administrative and clerical salaries
 - Telephone line charges
 - Network charges
 - Office supplies

If a specific School's/Department's administrative costs for a project cannot be precisely quantified and charged directly, then the School/Department may be able to negotiate a reasonable reimbursement of the project's fair share of these costs. In order to determine fair

share add together any or all the above anticipated expenses and indicate in the proposal budget a total for “administrative costs”. Salaries representing 5% effort or greater cannot be included in the category of “administrative costs” and must be budgeted separately in the proposal and charged directly to the sponsored project as salary. An effort report will be generated supporting this effort and salary to the sponsored project.

b. Protocol Specific and Research Infrastructure Costs

- Protocol design fees for clinical trials requested by sponsor
- Pharmacy fees for clinical trials
- IRB and IACUC review fees
- Environmental Health and Radiation Safety fees for waste disposal and radiation safety tests

c. Subaward Costs

The full cost of the subaward will be charged the applicable F&A rate of the non-federal sponsor, not just the first \$25,000 as with federal subawards.

d. Other

- Dues and memberships
- Books and periodicals
- Space costs
- Space directly associated with research can be charged based on a gross square footage assignment obtained from the Facilities Office. This assigned space would then be assessed the Facilities rates for utilities and building services.

Note: Expenditures on a non-federal sponsored project must not be prohibited by the sponsor in its terms and conditions or by University policy.

1405.02 Authorization of Expenses

The principal investigator is responsible for the management and administration of his/her award within the constraints imposed by the sponsor and in accordance with University policy. The principal investigator must authorize all expenditures of project funds unless otherwise delegated in writing, to a responsible designee..

1405.03 Documentation of Expenses

Documentation of the appropriateness of these expenses in relation to the project must be maintained by the department. Appropriateness of the cost must also be considered prior to processing the expenditure. The factors for assessing appropriateness are:

- Allowability. The expense must be permitted by the sponsor and be in accordance with University policy.
- Allocability. The cost can easily be identified with the project and be assigned to the project in accordance with benefits received.
- Reasonable and Necessary. The cost must be necessary for the performance of the award and reflect the action that a prudent person would have taken.
- Costs must **conform to limits or exclusions** set forth in the sponsored agreement or University policy.

Unallowable Expenditures

Certain costs may not be charged to sponsored projects either as direct costs or as part of the F&A rate. See [Procedure 1305 PR.04](#) for a description of unallowable costs.

Related Information

[Guide 1305 GD.07](#): Determining Allowability, Reasonableness, and Allocability of Costs for Sponsored Projects

[Procedure 1305 PR.04](#): Unallowable Costs

Contacts

Subject	Contact	Phone
Determining Allowability of Expense	Office of Grant and Contract Administration	785-4689
Determining Allowability of Expense	Office of Grant and Contract Financial Administration	785-5580

Roles and Responsibilities

Principal Investigator

- Identify those types of expenses needed to conduct the project as proposed and awarded.

Departmental Business Office

- Assist the PI in reviewing the terms and conditions of the sponsored agreement and University policy to determine if the expense is specifically prohibited from being charged to the award.

Grant and Contract Administration and Grant and Contract Financial Administration

- Provide guidance to Business Offices and PIs on determining the appropriateness of an expense on the sponsored project.

Revision History

New Policy. Issued as DRAFT on 3/28/07. Revised 1/12/11, Revised 8/05/11

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