

ANNOUNCEMENT FROM THE OFFICE OF RESEARCH ADMINISTRATION

Expenditure Review Panel

Costs on federal sponsored projects are permitted if they meet the criteria of allowability, allocability, and reasonableness and they conform to the cost principles enunciated in Office of Management and Budget Circular A-21, Cost Principles for Institutions of Higher Education. These federal cost principles provide guidance on which costs are to be treated as direct costs, which are to be treated as F&A (indirect) costs and which costs are clearly unallowable. In some instances, some charges may be allowable on one grant but not on another. Because the question of permitted costs is fact driven, it is impossible to say that every cost is always allowable on every award, or conversely that certain costs are always unallowable on grants (with a few exceptions such as alcohol charges).

Experience has shown that knowledgeable individuals may vary in their interpretations of the principles and that departmental grant administrators often consult with colleagues or call FAS Grants and Contracts Administration (FAS GCA), YSM Grants and Contracts Administration (YSM GCA) or Grants and Contracts Financial Administration (GCFA) to seek answers on these often nuanced questions. In order to avoid inconsistencies in answers, difficult questions regarding permissible costs **should** be directed to the Office of Research Administration (ORA) and a determination of allowability on the specific costs will be made according to:

- a. The terms and conditions of the award
- b. The sponsor's award administration documents
- c. University Policy
- d. Federal cost principals (OMB Circular A-21) if applicable
- e. If necessary, consultation with the sponsor

ORA has formed a panel of knowledgeable individuals from ORA (Alice Tangredi-Hannon), GCFA (Fran Dykstra), FAS GCA (Suzanne Polmar) and YSM GCA (Penny Cook) and Internal Audit (Bob McNeil) who will make informed judgments on the allowability of questioned costs. The goal of this panel will be to provide uniform guidance on the allowability of costs. From time to time the panel will also publish redacted case studies in the ORA newsletter in order to inform the research community.

For further information or questions regarding questioned costs contact expenditurereviewpanel@yale.edu with the Subject Line: "Allowability of Costs". Questions on allowability should fully describe the nature of the questioned cost, identify fully the sponsored project award, and describe why an examination of the questioned costs and the terms of the award has not resolved the issue.

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(Revised)