



**THE GEORGE
WASHINGTON
UNIVERSITY**
WASHINGTON, DC

Responsible University Official:
Associate Vice President for Research
Integrity
Responsible Office: Office of the Vice
President for Research
Last Revised Date: December 19, 2014

DIRECT CHARGING OF ADMINISTRATIVE COSTS ASSOCIATED WITH SPONSORED PROJECTS

Policy Statement

It is university policy to follow the Office of Management and Budget’s requirements with respect to charging Administrative Costs directly to federally-funded sponsored projects and to follow sponsor guidelines in direct charging of Administrative Costs on non-federal sponsored projects.

Reason for Policy

This Policy establishes the justification and approval processes for charging Administrative Costs directly to non-federal sponsored projects in compliance with sponsor guidelines and to federally-sponsored projects in compliance with Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) or – for funding effective before December 26, 2014 – OMB Circular A-21, Cost Principles for Educational Institutions (2 CFR §220) and/or OMB Circular A-110 (2 CFR § 215), collectively referred to as Federal Guidance.

Who is Governed by this Policy

Faculty and staff

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Policy

The university is required to follow specific regulations when it receives sponsored project awards from the federal government. Costs necessary to carry out such sponsored projects are classified either as Direct Costs or as F&A (Facilities and Administrative) Costs. The Federal Guidance indicates that Administrative Costs normally should be treated as F&A Costs and generally should not be charged directly to awards funded by the federal government. The Federal Guidance also addresses certain situations, as described below, when it may be appropriate to charge Administrative Costs directly to federally-funded sponsored projects. Further, Federal Guidance dictates that special care should be exercised so that costs incurred for the same purpose in like circumstances are treated consistently by institutions as either Direct Costs or F&A Costs.

Administrative Costs on Federal Awards

The university will treat Administrative Costs as F&A Costs on federal awards. However, as noted in the Uniform Guidance section under some limited circumstances, for funding received after December 26, 2014, direct charging of administrative or clerical salaries or wages on federal awards may be appropriate if:

- i. Administrative or clerical services are integral to a project or activity;
- ii. Individuals involved can be specifically identified with the project or activity;
- iii. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- iv. The costs are not also recoverable as indirect costs

For funding received prior to December 26, 2014, OMB Circular A-21 provides similar but not identical guidelines. Non-compliance with applicable federal regulations may result in disallowances of costs, audit findings, and other consequences such as fines or penalties for individuals and institutions involved.

Any questions regarding this policy or applicable regulations should be addressed to the Director of Sponsored Projects Administration.

Responsibilities

Principal Investigators (PIs) are responsible for appropriately justifying all Administrative Costs to be charged directly to awards and for monitoring projects on an on-going basis for compliance with respect to the charging of all costs, including Administrative Costs.

Departmental administrators provide support and assistance in documenting and processing such Administrative Costs and aiding the PI by securing all of the applicable approvals on file.

Sponsored Project Administrators serve as resource on questions related to direct charging of Administrative Costs and assistance in the monitoring of proposed Administrative Costs and associated documentation justifying the appropriateness of direct charging such costs.

Administrative Costs on Non-Federal Awards

Administrative Costs may be charged directly to non-federal awards if they are permitted by the sponsor, can be specifically identified with the project, and are appropriately justified in the approved budget. Administrative Costs not explicitly included in the approved budget may be charged directly to the award only if appropriately justified and approved on a case-by-case basis by the OVPR and/or the sponsor.

Definitions

Administrative Costs: Costs that are normally treated by the university as Facilities and Administrative (F&A) Costs on federal awards, including, but not limited to, administrative and clerical salaries and wages, and administrative expenses such as subscriptions, computers, cell phones, pagers, copying costs, general office supplies, local telephone costs, memberships and postage.

Direct Costs: Direct Costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Examples include but are not limited to: salaries of technical staff, laboratory supplies, telephone toll charges, animals, animal care costs, travel costs, and specialized shop costs that are identifiable to a particular sponsored project.

F&A Costs: Facilities and Administrative Costs (F&A Costs or indirect costs) are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

Related Information

[OMB Uniform Guidance \(2 CFR §200\) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

Contacts

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Document History

- **Last Reviewed Date:** July 17, 2017
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 - **Policy Origination Date:** May 13, 1997
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Who Approved This Policy

Leo M. Chalupa, Vice President for Research
Louis H. Katz, Executive Vice President and Treasurer
Steven Lerman, Provost and Executive Vice President for Academic Affairs
Beth Nolan, Senior Vice President and General Counsel

This policy, as well as all [university policies](#), are located on the [Office of Compliance and Privacy's](#) home page.