



## **COST PRINCIPLES FOR SPONSORED PROJECTS**

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### **PURPOSE**

The Office of Sponsored Projects (OSP), an office within the California State University San Marcos Corporation (CSUSM Corp), is responsible and accountable for the appropriate post award administration of externally funded grants and contracts. It is the policy of the California State University (CSU) that each campus develop and maintain policies and procedures that ensure costs charged to sponsored projects are reasonable, allowable, properly allocable, and treated consistently to comply with applicable regulations and agreements. This policy establishes compliance with this requirement by CSUSM Corp and OSP.

### **SCOPE**

All California State University San Marcos colleges, departments, and centers conducting research, instruction, and/or other sponsored work under grants and other agreements managed by OSP are required to comply with this policy. This policy provides guidance for the appropriate charging of costs to sponsored projects and does not apply to gifts, non-sponsored agreements, campus programs, and projects managed by California State University San Marcos Foundation.

### **POLICY**

#### **I. Charging Costs to Sponsored Projects**

All costs charged to sponsored projects must be reasonable, allowable, properly allocable, and treated consistently. All procedures and processes for charging costs to sponsored projects must be in compliance with the cost principles, standards of other sponsors, CSU policies, and award terms and conditions, as applicable. The federal Office of Management and Budget (OMB) Uniform Guidance contains the cost principles and guidelines followed by OSP when determining allowable costs on federally funded sponsored projects.

#### **II. Criteria for Allowable Costs Charged to Sponsored Projects**

OSP will develop and maintain procedures for ensuring that costs charged to sponsored awards are made with adequate justification and in a reasonable period of time. The allocation of costs will be explained and documented in accordance with the following four guiding principles or criteria. These criteria apply for both direct and indirect costs (including cost match). Except where otherwise authorized by statute, costs must meet the following criteria in order to be allowable under federal awards:

*Allowability* – Cost is permissible according to the terms and conditions of the sponsored agreement, according to CSUSM Corp policy, and applicable regulations.

*Allocability* – Cost provides “benefit” to the sponsored project.

*Consistency* – Costs are treated in the same manner under like circumstances.

*Reasonableness* – A prudent person would purchase the item at that price, is necessary for the performance of the activity.

### III. Exceptions

In accordance with federal regulations (2 CFR Part 220, Section F6b(2) and Exhibit C) and requirements of other entities, there may be certain circumstances when costs that are normally treated as indirect can be directly charged to a sponsored project. For example, the salaries of administrative and clerical staff are normally treated as indirect costs. Direct charging of these costs may be appropriate where a project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. The same could also apply to items such as office supplies, postage, local telephone costs, and membership fees.