



COST PRINCIPLES FOR SPONSORED PROJECTS

PURPOSE

This policy implements CSU systemwide policy for Sponsored Programs Administration [Sponsored Programs Allowable Costs](#) (ICSUAM #11003.05).

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 and procedures. This policy and procedures provide 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

Direct costs are 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

activities with relative ease and a high degree of accuracy. These costs can be directly charged to a sponsored project.

Indirect costs are 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. Indirect costs are reimbursed through the Indirect Cost or Facilities and Administrative (F&A) cost rate, this rate is charged to the sponsor based on the Modified Total Direct Costs (MTDC) of each sponsored project in accordance with the negotiated indirect cost rate agreement. The MTDC base excludes equipment over \$5,000, facility rental, scholarships/tuition, participant support costs and the amount over \$25,000 of each subaward.

All direct charges to sponsored projects must adhere to the principles of cost allowability, allocability, and reasonability and must be consistently applied in like circumstances. It is the responsibility of the Principal Investigator/Project Director (PI/PD) to adhere to this policy and procedures and to ensure that costs are appropriately and consistently applied to sponsored projects. PI/PDs must also provide adequate justification for costs charged to sponsored projects and in a reasonable time.

The PI/PD is also responsible for using funds in a manner consistent with Federal/Sponsor regulations and CSUSM and CSUSM Corporation policies and procedures. The Office of Sponsored Projects is responsible for reviewing and approving costs that are directly charged to a sponsored project and to ensure that they are compliant with this policy and procedures. The Sponsored Projects Analysts in OSP are also a resource to PI/PDs when further clarification is needed for how costs should be charged to sponsored projects.

The allocation of costs shall 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.

See Cost Principles for Sponsored Projects Procedures (in progress) for more details on how to determine when costs are allowable on a sponsored project.

REFERENCES:

[CSUSM Corporation Policies and Procedures](#)

[Office of Management and Budget \(OMB\) Uniform Guidance 2 CFR 200](#)