



CHARGING ADMINISTRATIVE AND CLERICAL COSTS TO FEDERAL AWARDS

SCOPE

This is the California Institute of Technology's policy on charging administrative and clerical costs directly to Federal awards.

WHO IS AFFECTED BY THIS POLICY

This policy applies to administrative and clerical personnel whose salaries are charged as direct costs to Federal awards, including those from pass-through entities.

PURPOSE

The purpose of this policy is to set forth Caltech's position on direct charging of administrative and clerical costs to Federal awards. It is the long-standing policy of the Federal government that, with a few exceptions, administrative and clerical costs should be treated as indirect costs. OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards maintains this Federal policy, but has revised some of the criteria by which exceptions can be made.

DEFINITIONS

As used in this policy:

Administrative or Clerical Activities

Administrative or clerical activities include making travel and meeting arrangements, processing travel reimbursements, purchasing activities, financial monitoring and tracking, payroll review, processing human resources transactions, and other similar activities. Salaries of administrative and clerical staff are normally treated as indirect costs. However, under the circumstances in the Policy section, below, such costs can sometimes be charged directly to Federal awards.

Programmatic Activities

Programmatic activities can be charged directly to the Federal projects for which they are provided. No prior approvals are required. Programmatic activities include writing reports and articles, developing and maintaining protocols, managing chemicals and other laboratory supplies, securing project-specific data, coordinating research subjects, participating in project-related seminars, consulting with colleagues and graduate students, attending meetings and conferences, and other activities that contribute directly to the work under a Federal award.

Allocable Costs

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

Allowable Costs

A cost is allowable on a federal award if is necessary and reasonable for performance of the Federal award, is allocable to the award, conforms to any limitations or exclusions in the governing Federal regulations, is permitted by the terms and conditions of the award, is not being claimed as cost sharing on any other Federal award, is consistent with Institute policies and procedures, receives consistent accounting treatment, and is adequately documented.

Reasonable Costs

A cost is reasonable if it does not exceed the amount that a prudent person would pay under the circumstances prevailing at the time.

POLICY

It is the policy of Caltech that administrative and clerical costs should normally be treated as indirect costs on Federal awards. Direct charging of these costs to a Federal award may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity; this means that such services are essential, vital, or fundamental to the project;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
4. The costs are not also recovered as indirect costs.

Programmatic salary costs may be charged directly to Federal awards and do not require prior approval of the sponsoring agency.

As with all other costs charged to Federal awards, both Administrative and Clerical costs and Programmatic salary costs must meet the requirements of allocability, reasonableness, and allowability.

ROLES AND RESPONSIBILITIES

Principal Investigator

- Determines that administrative or clerical are required for a project, above and beyond the level of such services that is normally provided for sponsored projects in that Division.
- Includes funds for administrative or clerical services in the proposal budget. Includes information in the Budget Justification that addresses the integral nature of such services.

Division Administrative Staff

- Reviews proposal budgets for accuracy of salary requests and inclusion of an appropriate budget justification.

Office of Sponsored Research

- Reviews proposal budgets for the inclusion of salary requests for administrative and clerical services. Reviews budget justification to assure that the specific criteria identified above are included.
- Reviews Principal Investigator requests to Federal sponsors for prior approval of direct charging of administrative or clerical costs to a Federal project.

Post Award Administration Office

- Routinely reviews administrative and clerical costs charged directly to Federal projects to assure compliance with this policy.

RELATED REFERENCES

OMB’s Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, §200.413, Direct Costs

OMB’s Circular A-21, Cost Principles for Educational Institutions, § F.6.b. (2), Departmental Administration Expenses.

POLICY ISSUED BY

This policy is issued by the Office of Financial Services and the Office of Research Administration.

EFFECTIVE DATES AND UPDATES

Action Take	Date	Description of Action
Policy Implementation	Effective 12/19/2014 Issued 6/12/2015	Reviewed by Office of Research Administration, Post Award Administration, Cost Studies, Audit Services and Institute Compliance, Office of General Counsel. Approved by Vice President for Business and Finance.