

Guidelines for Budgeting and Accounting for Administrative and Clerical Expenses on Federal Sponsored Projects

Recent changes in the government's policies concerning sponsored programs require that Boston University clarify further its policy and practice related to the charging of administrative and clerical expenses on federal sponsored projects. These expenses include administrative and clerical salaries and other administrative expenses such as office supplies, postage, local telephone costs and memberships.

The following guidelines are effective immediately for proposals submitted to federal agencies for new or continuing projects and will be effective on July 1, 1999 for all expenditures or accounting transactions on existing federal awards.

I. BACKGROUND

In June, 1994, Boston University issued guidelines for the charging of administrative and clerical expenses on government sponsored programs in accordance with the July, 1993 revision of OMB Circular A-21.

The revised circular stated that in developing the departmental administration cost pool of the institution's indirect cost rate, "special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A (indirect) costs." Section F.6.b. established the principle that administrative and clerical salaries as well as certain other administrative costs such as office supplies, postage, local telephone costs and memberships should normally be treated as F&A costs but that charging directly for these costs may be appropriate in certain circumstances. Specifically, universities were allowed to charge directly for these administrative and clerical costs where a major project or activity explicitly budgets for them and the individuals and other cost items involved can be specifically identified with the project or activity.

II. REVISED FEDERAL REGULATIONS

On June 1, 1998, Circular A-21 was revised again to include the following definition of major project. A major project is one "that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by the academic departments."

The revision also includes a list of examples of major projects, providing illustrations of projects where charging of administrative expenses directly may be appropriate. The examples given are not exhaustive nor are they intended to imply that charging of administrative expenses directly in these situations would always be appropriate. The examples listed in Circular A-21 are as follows:

1. Large complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.

2. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).
3. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
4. Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
5. Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research field sites that are remote from campus.
6. Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

III. COMPLIANCE WITH REVISED REGULATIONS

In order to ensure compliance with Circular A-21, the University has adopted the following policy guidelines to be followed in charging administrative and clerical staff and other administrative expenses as direct costs on federal sponsored projects. These guidelines do not apply to non-federal sponsored projects. However, if the non-federal sponsor supports the project with federal funds, the policy does apply.

A. Administrative and Clerical Salaries

To charge administrative and clerical salaries as direct costs on federal sponsored projects, the following standards must be met:

1. The sponsored project to which the administrative or clerical staff is assigned must conform to the definition of a major project as stated in Section II. This means that the required administrative or clerical support for the project must be "extensive" and "significantly greater than the routine level of administrative support provided by the academic departments" for research activities.
2. The administrative or clerical staff person's activity on the project can be readily identified with the project with a high degree of accuracy. Such salaries will need to be correctly certified by the University's effort reporting system.

3. The administrative or clerical position is specifically budgeted in the proposal with duties discussed in the budget justification section, and the position has not been specifically disallowed in the award notice.

B. General Office Supplies, Postage, Local Telephone and Memberships

To charge administrative expenses directly to federal sponsored projects, the following standards must be met:

1. The particular sponsored project to which these administrative costs are assigned must conform to the definition of a major project as stated in Section II.
2. The administrative costs must be specifically identified with the particular sponsored project or may be directly assigned to the project relatively easily with a high degree of accuracy.
3. The administrative costs must be explicitly budgeted and justified in the proposal and not specifically disallowed in the award notice.

In order to implement this policy as it relates to administrative expenses, the University has made changes and clarifications to several of the operating expense object codes in its accounting system. Included with this memorandum is a detailed summary of those object codes affected by the policy with a description of allowable and unallowable direct cost charges for each object code. These object codes are fully described in Boston University's Accounting Object Codes Manual which was recently revised and distributed in early March, 1999. Additional hard copies are available through the Comptroller's Office by calling 353-4531 or the information can be accessed on-line on the UIS network within the Galaxy functions.

C. Determination of Major Projects

Faculty applying for federal support who believe that their proposed project meets the definition of a major project should discuss any plans for charging administrative and clerical salaries or other administrative expenses with the Office of Sponsored Programs (OSP) on the Charles River Campus or the Office of Research Administration (ORA) on the Medical Campus while developing the project budget. The determination of whether the proposed project meets the definition of a major project will be made by OSP or ORA on a case-by-case basis. When a proposal is routed for University approval, OSP or ORA staff will be responsible for documenting, for audit purposes, the rationale for designating the project as a major project.