1. Purpose

To establish guidelines for the charging and approval of expenditures on awards from non-federal sponsors.

2. Covered Parties

This policy applies only to sponsored projects funded directly by non-federal sponsors or a subaward where the prime sponsor is a non-federal organization.

3. Definitions

Direct Costs
Direct costs are those costs that can be directly assigned to a particular project, an instructional activity, or any other institutional activity with a high degree of accuracy. Typical costs charged directly to a non-federal sponsored project may include but are not limited to: compensation of employees working on the project; employee benefits; supplies and equipment used solely in the performance of the project; travel; subaward costs; service center charges; and human subject fees.

Indirect Costs
Indirect costs are those costs that cannot be directly assigned to a particular project, an instructional activity, or any other institutional activity with a high degree of accuracy. Typical costs may include but are not limited to: compensation of employees working in the Post Award Financial Operations, Office of Sponsored Programs, Accounts Payable, Sourcing, and Human Resource departments; building utility costs; and building and equipment depreciation.

4. University Policy

For all non-federal sponsor awards, budgets should be adjusted to calculate F&A on a total direct cost basis (TDC) and not modified direct costs (MTDC), unless use of the MTDC base is mandated by the sponsor.

Many non-federal sponsors do not fully reimburse the University for its Facilities and Administrative (F&A) costs (commonly referred to as indirect costs) on sponsored awards. In recognition of this practice, Boston University expects these non-federal sponsored projects to directly pay for costs which are normally F&A costs if:

- The terms and conditions do not specifically prohibit such costs; and
- A benefit exists to the sponsored project.

A. Types of Expenses

In order for the University to recover costs that are typically included in the F&A rate calculation from non-federal sponsors, departments are encouraged to include the costs identified below in proposals to these non-federal sponsors for grant and contract awards. The items of cost that may be requested for reimbursement include but are not limited to:

a. School / Department Administrative Costs
   - Administrative and clerical salaries
   - Telephone line charges
   - Network charges
   - Office supplies

b. Protocol Specific and Research Infrastructure Costs
   - Protocol design fees for clinical trials requested by sponsor
   - Pharmacy fees for clinical trials
   - IRB and IACUC review fees
   - Environmental Health and Radiation Safety fees for waste disposal and radiation safety tests

c. Subaward Costs
   - The full cost of the subaward should be charged the applicable F&A rate of the non-federal sponsor; not just the first $25,000 as with federal subawards

d. Other
   - Dues and memberships
   - Books and periodicals
   - Space costs
   - Space directly associated with research can be charged based on a gross square footage assignment obtained from the Facilities Office. This assigned space would then be assessed the Facilities rate for utilities and building services.

Note: Expenditures on a non-federal sponsored project must not be prohibited by the sponsor in its terms and conditions or by University policy.

B. Authorization of Expenses

The Principal Investigator is responsible for the management and administration of his/her award within the constraints imposed by the sponsor and in accordance with University policy. The Principal Investigator must authorize all expenditures of project funds unless otherwise delegated in writing, to a responsible designee.
C. Documentation of Expenses

Documentation of the appropriateness of these expenses in relation to the project must be maintained by the department. Appropriateness of the cost must also be considered prior to processing the expenditure. The factors for assessing appropriateness are:

- **Allowable**: Items not restricted by federal regulations (Uniform Guidance) or the specific grant
- **Reasonable**: Goods or services acquired and amount involved reflect an action a prudent person would have taken
- **Allocable**: Benefits the project that was charged
- **Treated Consistently**: Like costs in similar instances need to be treated consistently throughout Boston University.

D. Unallowable Expenditures

Certain costs may not be charged to sponsored projects either as direct costs or as part of the F&A rate. §200.420 Considerations for Selected items of cost within the Uniform Guidance located [here](#) includes further detail on which expenditures are allowable or unallowable.

### 5. Responsible Parties

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparing Proposal Budgets</td>
<td>Sponsored Programs</td>
<td>617-353-4365</td>
</tr>
<tr>
<td>Fiscal Budget Oversight</td>
<td>Post Award Financial Operations</td>
<td>617-353-4555</td>
</tr>
</tbody>
</table>

### 6. Related Policies and References

Uniform Guidance
Faculty Handbook

### 7. History

This policy was adopted in May 2017