

UD COST ACCOUNTING STANDARDS (CAS) GUIDELINES

I. INTRODUCTION

II. 2 CFR 200.400 – 2 CFR 200.475: SUBPART E-COST PRINCIPLES

- A. CAS Applicability
- B. CAS and F&A
- C. Determining allowability, reasonableness, and allocability of costs
- D. Prior Approval
- E. Unallowable Costs

III. EXAMPLES & CLARIFICATIONS

- A. Administrative and clerical salaries/wages/fringe benefits
- B. General office supplies
- C. Computers
- D. Postage
- E. Telephone and various other communications
- F. Memberships and subscriptions
- G. Printing, binding, publication and copying
- H. Equipment
- I. Service centers
- J. Cost sharing
- K. Funding delays

IV. ACCOUNTING FOR UNALLOWABLE COSTS

- A. Questions regarding allowability of costs
- B. Procedure for recording unallowable costs

APPENDIX A: REPRESENTATIVE LIST, DIRECT & INDIRECT COSTS

APPENDIX B: EXPLICITLY UNALLOWABLE COSTS ON FEDERAL AGREEMENTS

APPENDIX C: FLOW CHART OF ADMINISTRATIVE & TECHNICAL EXPENSES

APPENDIX D: CAS DEFINITIONS

I. INTRODUCTION

The University of Delaware, as an Institution of Higher Education, must comply with a number of regulations and guidelines that restrict the ways in which sponsored funding may be spent. This document is intended to clarify the federal constraints regarding the direct and indirect charging of expenditures to federal awards. It is also intended to provide instructions regarding how to charge costs that are determined to be unallowable, as those expenditures must never be charged to a federal award.

According to 2 CFR 200.419 Cost accounting standards and disclosure statement, an Institution of Higher Education (IHE) that receives aggregate Federal awards totaling \$50 million or more in Federal awards in its most recently completed fiscal year must comply with the Cost Accounting Standards Board's cost accounting standards located at 48 CFR:

1. 9905.501 Consistency in estimating, accumulating and reporting costs by educational institutions
2. 9905.502 Consistency in allocating costs incurred for the same purpose by educational institutions
3. 9905.505 Accounting for unallowable costs – educational institutions
4. 9905.506 Cost accounting period – educational institutions

This document is not all-inclusive but is intended as a guide for interpretation of Office of Management and Budget: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) These guidelines are for the use of University of Delaware principal investigators, researchers, students, staff and administrators who charge items directly to federally sponsored projects.

Anyone approving or processing the expenditure of federal funds must have a clear understanding of CAS and consistently apply these fundamental cost principles. Certain federal sponsors, such as the National Science Foundation, provide grants and award policy guides that contain sponsor-specific policies and that must be adhered to for the funds received from those sponsors. In addition, individual awards may include special terms and conditions, which must be considered when incurring costs.

You may consult with the appropriate Contract and Grants Specialist in the Research Office for more details regarding policy regulations and guides.

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 policies.

II. 2 CFR 200.400-475: SUBPART E-COST PRINCIPLES

When a sponsor awards funds to the University in support of specific programs and projects, it requires the University to manage those funds prudently to ensure that any costs incurred directly benefit the project accounts being charged.

The Federal Government is the largest sponsor of externally funded activity at the University. The cost principles relating to expenditures on federal awards are codified within the Code of

Federal Regulations (CFR) Title 2 Part 200 (<http://www.gpo.gov/fdsys/pkg/FR-2014-12-19/pdf/2014-28697.pdf>). These cost principles require that any expense charged to a federally sponsored project be reasonable and necessary, allocable, consistently treated, and conform to any limits or exclusions set forth in 2 CFR 200 or the terms and conditions of the award.

In simplest terms, the CAS are a series of federal regulations that provide guidance on costing practices for institutions in the management of sponsored awards. The Office of Naval Research (ONR) is the cognizant federal agency overseeing the administration of sponsored programs at the University of Delaware.

A. CAS APPLICABILITY

Sponsored projects will be subject to CAS if **any ONE** of the following criteria is applicable:

1. Federal awards
2. Awards that contain any federal flow-through funds. This is likely determined by the presence of terms and conditions that reference federal guidance from 2 CFR 200 or have been assigned a catalog of federal domestic assistance (CFDA) number. If, after the award period has started, it is discovered that the project is funded with federal flow-through dollars, any unallowable direct charges will need to be removed from the project and charged to a non-federally sponsored purpose code or University purpose code.
3. Awards where terms and conditions reference CAS.
4. Funds being used as cost share on a CAS-covered project. Only the individual cost(s) being claimed as cost sharing would be subject to CAS.

Irrespective of CAS applicability, most awards include either audit clauses and/or financial reporting requirements. These clauses allow for the review of supporting documentation for all expenditures. The supporting documentation should validate the relationship between the expenditure and the purpose of the award.

B. CAS AND F&A

The University is reimbursed for a portion of those costs categorized as Facilities & Administrative Costs (F&A) 2 CFR 200.414. For Institutions of Higher Education (IHE) F&A costs must be classified within two broad categories, facilities and administration. Facilities are defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. Administration is defined as general administration and general expenses such as the director's office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of Facilities. To directly charge those items included in UD's F&A Cost Rate Proposal would constitute double charging the government for the same cost. In summary, the application of CAS addresses the following:

- Don't charge the federal sponsor for the same cost twice, AND
- Don't charge the federal sponsor for unallowable costs

All awards, including those not covered under CAS, are still subject to the specific sponsor requirements listed in the award and to University policies and procedures. Even if an award is not subject to CAS, all expenditures must still be reasonable, allocable, and allowable.

Costs that would normally be considered as F&A costs, such as administrative and clerical salaries, may be charged directly to non-federal awards if permitted by the sponsor's policies or otherwise approved by the sponsor.

C. DETERMINING ALLOWABILITY, REASONABLENESS, AND ALLOCABILITY OF COSTS

Allowable: (2 CFR 200.403) There are several factors affecting allowability of costs. These are found in subpart E : Cost Principles.

These principles must be used in determining the allowable costs of work performed by the non-Federal entity under Federal awards. These principles also must be used by the non-Federal entity as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price.

All costs must be allowable under federal regulations and sponsor terms and conditions, including program-specific requirements and University policy. To be allowable, costs must be:

1. Be necessary and reasonable for the performance of the Federal award
2. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity
4. Be accorded consistent treatment
5. Be determined in accordance with generally accepted accounting principles (GAAP)
6. Not included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or prior period
7. Be adequately documented
 - a. Expenditures are not allowable on federal awards if sufficient source documentation is not provided to support the expenditure. An expenditure will be deemed unallowable if it does not meet University of Delaware Procurement policy 3-7 University Travel and Business Hosting and policy 5-22 UD Credit Card regarding the retention of receipts and supporting source documentation.

Reasonable: (2 CFR 200.404) A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operations of the non-Federal entity or proper and efficient performance of the Federal award.

2. The restraints or requirements imposed by such factors as:
 - a. Sound business practices
 - b. Arm's-length bargaining
 - c. Federal, state and other laws and regulations
 - d. Terms and conditions of the Federal award where applicable
 - e. Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's costs

Allocable: (2 CFR 200.405) 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. This standard is met if the cost:

1. Is incurred specifically for the Federal award
2. Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods
3. Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart
4. All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.
5. Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.
6. Direct cost allocation principles: if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding Item 2 of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

Note: Reasonable methods of allocating common use scientific items and supplies may include proportional benefit, specific anticipated use per award, full time equivalents (FTEs) on each award, lab square footage, high correlation to another lab cost that is clearly allocated, and Modified Total Direct Cost (MTDC) proportions (i.e., relative size of non- salary budget, excluding equipment, tuition, and any subcontracts).

Where the purchase of equipment or other capital asset is assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

Consistent: All costs incurred for the same purpose, in like circumstances, are either to be treated as direct costs or as F&A costs. According to 48 CFR 9905.502 this includes consistency in estimating, accumulating and reporting costs and consistency in allocating costs incurred for the same purpose.

D. PRIOR APPROVAL (2 CFR 200.407)

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of costs will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part:

1. 200.306 Cost sharing or matching
2. 200.307 Program income
3. 200.308 Revision of budget and program plans
4. 200.332 Fixed amount subawards
5. 200.413 Direct costs, paragraph (c)
6. 200.430 Compensation – personal services, paragraph (h)
7. 200.431 Compensation – fringe benefits
8. 200.438 Entertainment costs
9. 200.439 Equipment and other capital expenditures
10. 200.440 Exchange rates
11. 200.441 Fines, penalties, damages and other settlements
12. 200.442 Fund raising and investment management costs
13. 200.447 Insurance and indemnification
14. 200.454 Memberships, subscriptions, and professional activity costs,
15. 200.455 Organization costs
16. 200.456 Participant support costs
17. 200.458 Pre-award costs
18. 200.462 Rearrangement and reconversion costs
19. 200.467 Selling and marketing costs
20. 200.474 Travel costs

The university provides a budget justification template and guidelines to assist with requesting budget items that require prior approval in the proposal process. These documents may be found on the Research Office website at <http://www.udel.edu/research/preparing/proposalguide.html>

E. UNALLOWABLE COSTS

Costs considered "unallowable" in accordance with various authoritative documents and the individual Sponsors must be identified and accounted for separately (CAS 9905.505). These costs must be excluded from federally sponsored awards and may not be budgeted, charged or reported to a sponsor. 2 CFR Section 200.420 through 2 CFR 200.475 "General Provisions for Selected Items of Cost" is to be applied in establishing the allowability of certain items involved in determining costs. These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost.

III. EXAMPLES & CLARIFICATIONS

The following statements should serve as the basis for administering all CAS-covered sponsored awards. The lack of available F&A cost recovery funds to assist in the payment of costs normally classified as F&A costs is not a valid argument for charging such costs directly to the sponsor when developing a budget or in the decision making process regarding direct cost recovery.

IT IS THE PRIMARY RESPONSIBILITY OF THE PRINCIPAL INVESTIGATOR, WITH SUPPORT OF THE RESPECTIVE DEPARTMENTAL RESEARCH ADMINISTRATOR TO REVIEW THESE BUDGETS AND DETERMINE IF ALL COSTS ARE ALLOWABLE AND ALLOCATED CORRECTLY BETWEEN DIRECT AND F&A COST CATEGORIES.

Listed below are additional clarifications for several specific cost issues on federal awards.

A. ADMINISTRATIVE AND CLERICAL SALARIES/WAGESFRINGE BENEFITS (2 CFR 200.413 (c))

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs (2 CFR 200.413 (c)). Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity
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
4. The costs are not also recovered as indirect costs

The nature of the work or actual functions performed under a particular project should require an extensive amount of administrative or clerical support that is significantly greater than the routine level of such services provided by academic departments.

The following are examples of when direct charging of administrative and clerical salaries/wages and fringe benefits **may be allowable** (with adequate written justification in the proposal narrative **and** upon approval by the sponsor):

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 that 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 geographically inaccessible to normal departmental administrative services, such

as research vessels, radio astronomy projects, and other research fields' 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.

All of these circumstances display, with relative ease and a high degree of accuracy, extensive amounts of administrative/clerical effort on a particular project (or in the case of a remote location, inaccessibility to normal departmental services). If the cost does meet the test of an extensive amount of administrative and clerical effort, but cannot meet the direct charge criteria stated above the cost must be recovered as an F&A cost. However, **these examples do not constitute an exhaustive list, nor do they imply that direct charging of administrative or clerical salaries would always be appropriate** for the situations illustrated in the examples.

Routine account monitoring, proposal processing, typing of general correspondence, manuscripts or technical reports, ordering of supplies, and meeting/travel arrangements are not considered integral to the project or activity and such costs are recovered through the University's F&A cost rate. Additionally, projects cannot be grouped together to meet the requirement that there be an extensive amount of support.

B. GENERAL OFFICE SUPPLIES

The costs for general office supplies, including those incurred in support of routine activities associated with instruction, public service, research and other institutional activities (i.e. paper, pencils, pens, ink, toner cartridges, etc.), are normally treated as indirect (F&A) costs. Exceptions consist of instances where the purchase of the supplies is extensive in nature, specifically identified to the purpose of the project, and meets the definition of a direct charge.

C. COMPUTING DEVICES (2 CFR 200.453)

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information (2 CFR 200.20). A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5000, regardless of the length of its useful life (2 CFR 200.94).

Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. The request to purchase computing devices on a specific award should be justified in the budget justification of the proposal submission. The justification should include why it is necessary (i.e., essential) to purchase the computing device for the scope of work and how the computing device will be used.

D. POSTAGE

Postage costs incurred in support of routine communication activities associated with instruction, public service, research, and other institutional activities should not be charged directly to sponsored accounts. Exceptions include cases where extensive postage is required in support of the technical goals and objectives of the sponsored award. For example, if the purpose of the project were to survey 1,000 high school students to determine their attitudes on violence in the school system, postage for the survey may be an allowable direct charge. These costs should be written in the proposal budget justification with an explanation as to the reason these should be direct charges and not treated as indirect (F&A).

Mailing technical reports and other project deliverables are considered part of normal, routine business expenses and therefore are considered F&A costs. Postage costs include US Mail, Federal Express, UPS, etc. **The difference between postage (F&A) and freight/shipping (direct) is driven by the item(s) being sent, not the means by which they are sent.**

E. TELEPHONE AND VARIOUS OTHER COMMUNICATIONS

Communication costs incurred in support of routine activities associated with instruction, public service, research and other institutional activities should not be charged directly against sponsored projects. For example, installation charges, recurring monthly use charges, local access calls, pagers, cell phones, etc., are normally considered F&A costs. Some exceptions may include: long distance calls, and fax long distance charges that are specific to a project and incurred for the sole direct benefit of the technical goals of the project.

F. MEMBERSHIPS and SUBSCRIPTIONS (200.454)

Cost of an entity's (UD's) membership in business, technical, professional organizations/periodicals are allowable. Costs of (individual) memberships in civic or community organizations are allowable with prior approval by the Federal Awarding agency or pass through entity. Membership must be allocable and programmatically related to the project. These costs should be written in the proposal budget justification with an explanation as to the reason these should be direct charges and not treated as indirect (F&A).

G. PRINTING, BINDING, PUBLICATION AND COPYING (200.461)

These costs are normally direct charges to sponsored awards given that the definition of a direct charge can be met. **Publication costs for electronic and print media, including distribution, promotion, and general handling, are allowable. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs (F&A) to all benefiting activities of the non-Federal entity.**

Page charges for professional journal publications are allowable where:

1. The publications report work supported by the Federal award
2. The charges are levied impartially on all items published by the journal, whether or not under a Federal award
3. The non-Federal entity may charge the Federal award before closeout for the costs of

publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award

With respect to copying costs, if using an external copy service, the invoice should be retained as documentation to support the charge. If using a departmental copier, charges must be a per copy charge and must be based on a cost study. In other words, you cannot charge the associated expenses of the copy machine such as toner cartridge, paper, etc. directly to a contract or grant due to allocation challenges among the many uses of the machine (i.e., contradicts "relative ease and a high degree of accuracy"). The per copy cost must be based on total utilization of all activities (research, instruction, public service and other), not just research usage. In addition you must maintain documentation of the use through a log. Copying of proposals or general correspondence not related to a specific project are not to be charged as direct costs.

H. EQUIPMENT (2 CFR 200.33, 2 CFR 200.89, 2 CFR 200.48, and 2 CFR 200.439)

UD has defined equipment (versus supplies) for sponsored awards as follows:

1. Capitalized Equipment - nonexpendable, tangible, personal property having a useful life of two years or greater and an acquisition cost of \$5,000 or greater per individual item. Equipment Fabrication - occurs when multiple items that could be classified as supplies (some items may have acquisition costs of \$5,000 or less) are purchased to create/fabricate an integrated unit of equipment having a total value of \$5,000 or more. In these instances, the individual purchases should be budgeted and accounted for as capitalized equipment.

Non-capitalized equipment, or supplies, is defined as nonexpendable, tangible, personal property having a useful life of less than one year AND an acquisition cost of less than \$5,000 per individual item.

I. SERVICE CENTERS

Costs identified to a particular sponsored project for the use of University-owned labs and other service centers should be budgeted, charged, and reported as direct costs. These charges must be based on actual utilization supported by adequate documentation. These charges must also be based on a usage rate approved by the Office of the Vice President for Finance & Deputy Treasurer. The rate must be approved before the charge is incurred by the sponsored projects.

J. COST SHARING

A cost used to meet the cost-sharing commitments of a sponsored project will be allowed only to the extent that the charge would meet the criteria as a direct charge. In addition to the specific criteria discussed above, the charge must be allowable under the particular facts and circumstances of the award. If the cost would be classified as an F&A charge, it will not be allowed to meet the cost sharing commitments of that particular project.

K. FUNDING DELAYS

Direct or F&A costs should only be charged to a particular project if they relate to the project. Delays in receipt of future funding are not justification for charging costs to an unrelated project. If charges are necessary before the receipt of the funding, a request for a pre-award should be made through established procedures.

IV. ACCOUNTING FOR UNALLOWABLE COSTS

A. QUESTIONS REGARDING ALLOWABILITY OF COSTS

If you have a question regarding the allowability or allocability of a cost to a sponsored project, please utilize the resources below to determine an answer:

1. Department Administrator
2. College Business Officer
3. OSP Contract and Grant Specialist
4. OSP Sponsored Research Accountant

If there is a disagreement between the individuals listed above regarding the allowability or allocability of a cost to a sponsored project, please send an email to the Associate Deputy Provost for Research Administration, Trudy Riley at triley@udel.edu. The Associate Deputy Provost will engage the appropriate individuals to make a determination regarding allowability and/or allocability of the cost to a sponsored project. The individuals who may be engaged in this determination are the Manager, Federal Cost Accounting in the Office of the Vice President for Finance & Deputy Treasurer; the Associate Deputy Provost, Research & Regulatory Affairs; and the Deputy Provost, Research & Scholarship.

B. PROCEDURE FOR ALLOCATING UNALLOWABLE COSTS

If, prior to charging a cost to a project, the cost is determined to be unallowable or unallocable and therefore not appropriate to be charged to a federal award, it must be charged to a non-federal sponsored project as appropriate, which may include a faculty discretionary, department, college, or university purpose code. If a cost that has been charged to a federal award is later determined to be an unallowable or unallocable cost for that federal award, the cost must be immediately transferred to an appropriate non-federal sponsored project.

APPENDIX A
Representative List of Acceptable Direct and Indirect Costs

DIRECT COSTS

INDIRECT COSTS

Salaries, wages, fringe benefits Examples: Principal investigator, faculty research assistant, scientist technician Post docs, graduate students	Administrative and clerical Salaries, wages, fringe benefits: Examples: Fiscal officer, accountant secretary, staff assistant department administrator
Animal and animal care	Computer software *
Auto rental	Computer devices*
Consultants	Dues & memberships
Equipment (technical & scientific)	Equipment (general purpose)
Maintenance/repair/scientific equipment	Maintenance/repair general purpose equipment
Freight/other transport Examples: UPS, FedEx	Meals & refreshments *
Page charges/reprints/reference Materials	Printing
Patient care costs	Postage
Rental of space or equipment (non-university owned)	
Service/recharge center expenditures	Subscriptions
Subcontracts/subawards	
Supplies & Materials Examples: chemical & laboratory gases Radioisotopes	Office supplies Examples: pens, pencils paper, staples Files, folders, binders
Telephone charges long distance	Telephone charges – basic Examples: basic line charges local calls, pagers, cell phones
Trainee costs (training grants only) Stipends, tuition & fees, travel	
Travel	

If there are unusual circumstances, the costs normally considered to be indirect costs may

be charged as direct costs. These would typically be listed in your budget and a justification provided for unlike circumstance.

*May be charged as direct costs if 'predominant usage is tied to the specified objectives of the award'.

APPENDIX B
Explicitly Unallowable Costs on Federal Agreements

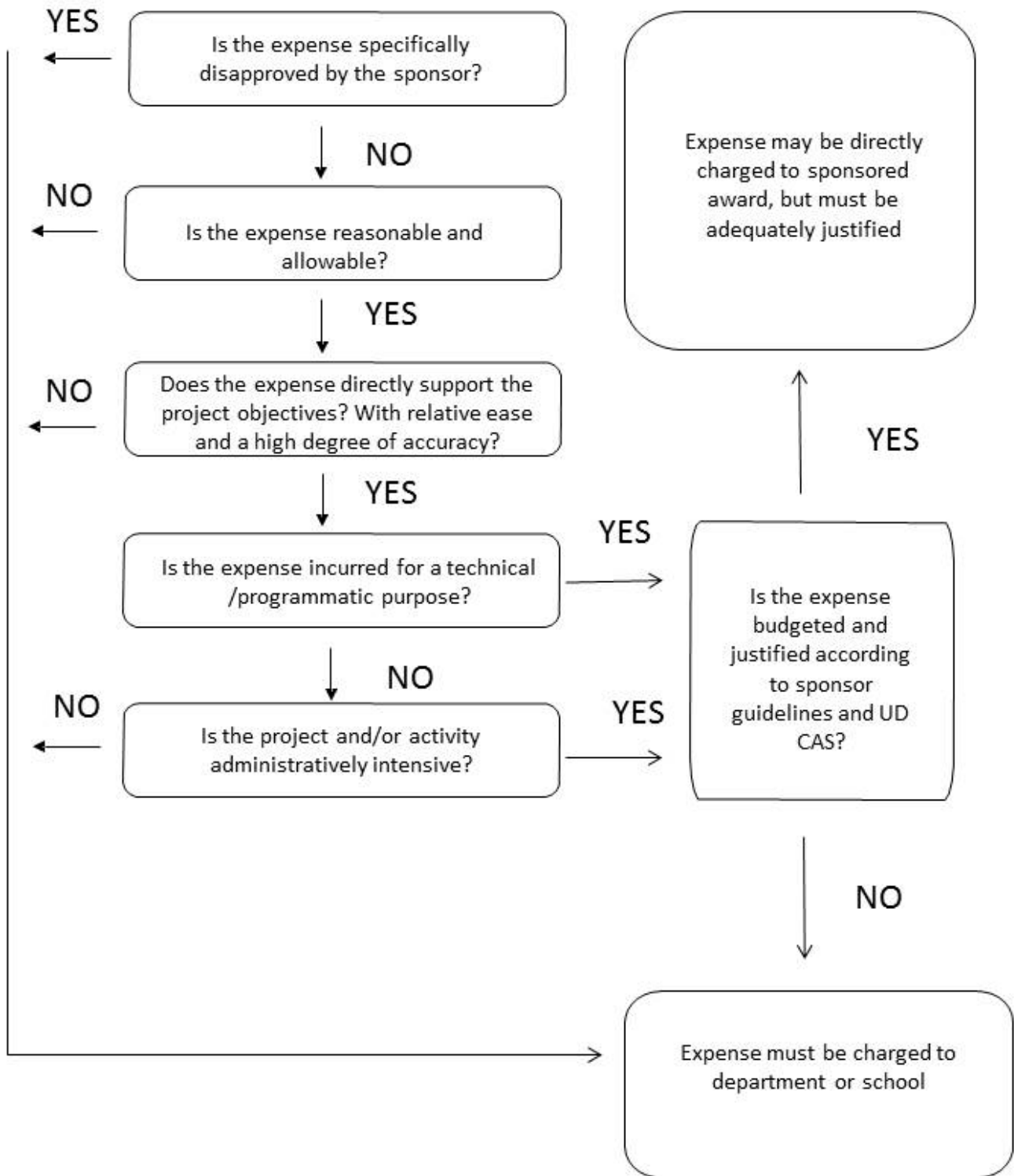
UNALLOWABLE COSTS DESCRIPTION

ADVERTISING & PUBLIC RELATIONS COSTS	Purchase of promotional items. Production & distribution of magazines, newsletters, direct mail unless directly related to the performance of a sponsored project. Expenses for employee and subject recruitment allowable.
ALCOHOLIC BEVERAGES	Alcohol beverages are unallowable
ALUMNI/AE ACTIVITIES	Costs incurred for, or in support of, alumni/ae activities and similar services are unallowable
BAD DEBTS	Any losses, whether actual or estimated, arising from uncollectible accounts and other claims, related collections costs, and related legal costs, are unallowable
COMMENCEMENT AND CONVOCATION COSTS	Contributions to a contingency reserve or any similar provision made for events, the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable.
DIRECTLY ASSOCIATED UNALLOWABLE COSTS	Costs that are directly associated with the unallowable costs are also unallowable. A directly associated costs is defined in federal regulations as any cost which is generated solely as a result of the incidence of another cost, and which would not have been incurred had the other cost not been incurred. An example of a cost that is directly associated with an unallowable cost is the cost of airfare to go to another city for the purpose of entertaining business associates, or fundraising. Since entertainment and fundraising costs are expressly unallowable under 2 CFR 200, and the airfare would not have been incurred had the unallowable costs not been incurred, the airfare is an unallowable directly associated cost.

ENTERTAINMENT	Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.
FINES AND PENALTIES	Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or with prior written approval of the Federal awarding agency
FUND RAISING	Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are unallowable.
GOODS OR SERVICES FOR PERSONAL USE	Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.
LOBBYING	Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, legislation, or similar procedure, through in-kind or cash contributions, endorsements, publicity or similar activity.
LOSSES ON OTHER SPONSORED AGREEMENTS OR CONTRACTS (COST OVERRUNS)	Any excess of costs over income under any other sponsored agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for F&A costs.

MEDICAL LIABILITY INSURANCE	Only allowable on research programs to the extent that the research involves human subjects.
MEMBERSHIPS	Membership in any civic or community organization or country club or social or dining club or organization are unallowable. As is membership in business, technical, and professional organizations.
SELLING AND MARKETING	Costs of selling and marketing any products or services of the institution are unallowable.
STUDENT ACTIVITY COSTS	Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the sponsored agreements.
PRE-AGREEMENT COSTS	Costs incurred prior to the effective date of the sponsored project, whether or not they would have been allowable there under if incurred after such date, are unallowable unless specifically set forth and identified in the sponsored agreement,

Appendix C
Charging administrative and technical expenses



Appendix D

CAS related definitions

Direct Costs - costs that can be identified specifically with a particular sponsored project, instructional activity, or other institutional activity, or can be directly assigned to such activities with relative ease and high degree of accuracy are treated as direct costs. These costs must also meet criteria established in 2 CFR 200.403-405, which details factors affecting allowability, reasonableness, and allocability of costs. The issue of identification made "with relative ease and a high degree of accuracy" relates to the ability to track and monitor direct cost expenditures consistently, clearly and exhaustively, and that the process is not overly burdensome.

Additionally, costs that provide direct benefit to a sponsored project's scientific or technical scope of work are considered direct costs. A few examples of technical expenses are the salaries, wages, and fringe benefits of the PI(s) and technical or research employees, laboratory supplies, travel, subcontractor costs, patient/animal care costs, etc.

Facility and Administrative Costs (F&A or indirect costs) - costs that are incurred for and benefit common or joint objectives, and therefore cannot be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity are considered F&A costs. Based upon the specific items included in UD's F&A Cost Rate Proposal, the University negotiates with the government (through ONR) to determine the percentage (rate) at which F&A costs will be reimbursed. Some typical F&A costs include salaries and related benefits of those employees who perform non-technical support activities, office supplies, postage, local telephone costs, memberships/subscriptions, and other expenses used to provide clerical or administrative project support. These costs may not normally be charged directly to CAS-covered projects. However, given the presence of certain 'unlike circumstances,' these costs may on occasion be charged directly to a CAS-covered project.

Consistent Treatment of Costs - costs incurred for the same purpose, in like circumstances, are treated uniformly either as direct costs or as F&A costs. Consistent treatment of costs is a basic cost accounting principle and is specifically required by 48 CFR 9905.502 to assure that the same types of costs are not charged to federally sponsored awards both as direct costs and again as F&A costs recovered through a negotiated rate. This concept is further reinforced and emphasized in a Cost Accounting Standard that universities are required to follow.

Cost Sharing - that portion of total project costs contributed to a sponsored award not borne by sponsor but rather by the University or third parties. Committed cost sharing is the amount of project costs that UD agrees to contribute as part of the performance of the sponsored agreement. This commitment is most often made in the proposal or stipulated in the award documentation.