

AUBURN UNIVERSITY

Justification for Direct Cost Charging

To ensure compliance with Subpart E of 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) which establishes the principle that administrative and clerical salaries, computing devices, as well as other items such as office supplies, postage, local telephone costs, and memberships, should normally be treated as indirect costs, Auburn University established a policy for charging costs directly or indirectly to Federally funded projects.

Principal Investigators who believe circumstances of their project warrant an exemption that would allow direct charging costs that are normally treated as indirect **must complete and submit** this "Justification for Direct Cost Charging" form to the Office of Sponsored Programs (OSP) for a final determination of allowability.

Principal Investigator: _____	Department: _____
Project Title: _____	Project Start Date: _____
Sponsor: _____	Project End Date: _____

SECTION I:

In accordance with 2 CFR 200, Section 200.413, exemptions to direct charge Administrative and Clerical salaries will only be permitted when one or more of the following examples can be clearly demonstrated:

- (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; and
- (4) The costs are not also recovered as indirect costs.

To request approval to direct charge administrative and clerical salaries please provide the following information: *

- 1) Are these costs explicitly reflected in the budget?
- 2) Describe the circumstances of the project (using the above exemptions as a guide) that demonstrates why an exemption to the Direct Cost Policy should be granted.
- 3) Name of employee(s) to be charged directly to the project, job title and percent effort devoted to the project.
- 4) For each employee listed above, describe their duties and responsibilities that will advance the distinctive scientific, technical, and/or programmatic requirements of the work being funded.
- 5) Explain why such services being provided to the project by the administrative or clerical staff are significantly greater than the routine level of such services provided by the academic unit.

SECTION II:

Pursuant to 2 CFR 200, Section 200.1 (Definitions), “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. In accordance with Section 200.94, computing devices are considered supplies when the acquisition cost is less than \$5,000, regardless of the length of its useful life.

In accordance with 2 CFR 200, Section 200.403 and 200.405, exemptions to direct charge computing devices will only be permitted when it can be clearly demonstrated that costs are **essential** and **allocable**, but not solely dedicated, to the performance of a Federal award.

To request approval to direct charge computing devices please provide the following information: *

- 1) Are these costs explicitly reflected in the budget?

- 2) Describe the circumstances of the project (using the above exemptions as a guide) that demonstrates why an exemption to the Direct Cost Policy should be granted.

SECTION III:

Pursuant to Appendix III to 2 CFR 200 (Indirect [F&A] Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education [IHEs]), exemptions to direct charge postage, local telephone, office supplies, general purpose software, memberships, and subscriptions will be permitted only when circumstances can be clearly demonstrated. **For each item checked below, provide an explanation that shows the unique, extraordinary circumstances based on scientific/technical requirements of the project, which necessitate charging these general purpose costs.**

- | | |
|--------------------------|----------------|
| Postage | Memberships |
| Local Telephone | Subscriptions |
| Office Supplies | Cell Phone |
| General Purpose Software | Other
List: |

To request approval to direct charge other costs you must provide a detailed narrative that provides the following information: *

- 1) Describe the circumstances of the project that demonstrates why an exemption to Auburn’s Direct Cost Policy should be granted.

- 2) Describe each item being requested, the quantity and amounts required to advance the distinctive scientific, technical, and/or programmatic requirements of the work being funded.

- 3) Explain why such items are significantly greater than the routine level of such items provided by the academic unit.

**Additional pages may be included, as necessary, to address these questions.*

SECTION IV

When allocating charges to sponsored agreements, a well-defined and consistently applied cost allocation methodology is necessary. The cost allocation method used must be able to document the equitable distribution of charges to an agreement in proportion to the benefit received. There is no single best cost allocation method for documenting the distribution of charges. Other than Auburn's effort reporting system, these methods are administered at the PI, Department, and Unit levels. Any method developed and used shall be consistent with generally accepted practices of colleges and universities and 2 CFR 200.

SECTION V

By signing below, the Principal Investigator, Department Chair/Center Director, and Dean agree to ensure that full compliance to Auburn's Direct Cost Policy is both achieved and maintained. Payback of violations and/or disallowed exemptions will be the responsibility of the College, Department, Center and Principal Investigator.

Agreed: _____
Principal Investigator

Agreed: _____
Department Chair/Center Director

Approved Not Approved

Sponsored Programs Officer
Office of Sponsored Programs