

Office/Contact: Office of Finance and Business/Grants and Contracts Administration
Source: Office of Management and Budget, 2 CFR 200 (Uniform Guidance), Subpart E; University
Policy 5:8

Link: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl;
<https://www.sdstate.edu/policies/upload/Service-or-Recharge-Center-Rates.pdf>

Forms: [Grants Delegation of Authority Form](#)

SOUTH DAKOTA STATE UNIVERSITY
Policy and Procedure Manual

SUBJECT: Charging Direct Costs on Sponsored Projects

NUMBER: 5:32

1. Purpose

This policy has been developed to meet the requirements of Cost Principles defined by the Office of Management and Budget (OMB) Uniform Guidance at 2 CFR 200 Subpart E and to assist Principal Investigators/Project Directors (PIs/PDs) as well as department heads, support staff, and Grants and Contracts Administration (GCA) staff to ensure that direct costs are properly charged to Sponsored Projects.

- c. Direct Costs: Costs that can be identified specifically with a particular final cost objective, such as a Sponsored Project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. These costs include salary and fringe,

3. Policy

- a. All costs on Sponsored Projects must be allowable, allocable and reasonable in addition to being verified by someone in the position to know the appropriateness of the charge.
 - i. Sponsored Project PIs/PDs are responsible for ensuring that all direct costs charged to a Sponsored Project are allowable, allocable, reasonable, and consistently treated for carrying out the objectives of the Sponsored P

ii. Administrative Expenses

1. These include office supplies, routine postage, and local telephone costs and are normally treated as F&A costs.

iii. Advertising Costs

1. These include the costs of advertising media—magazines, newspapers, radio, TV, direct mail, e-mail, social media—and associated administrative costs.
2. The only allowable advertising costs are those solely for the recruitment of personnel, procurement of goods and services, program outreach, or other specific purposes, all of which must be necessary for the performance of a Sponsored Project.

iv. Compensation-Personal Services (Effort)

1. These include salaries/wages and related fringe benefits of faculty and staff who are an integral part of the activity or project.
2. These expenses are allowable as direct costs.
3. Charges for work performed on Sponsored Projects by faculty members during the academic year are allowable at the IBS (Institutional Base Salary) rate. In no event will charges to Sponsored Projects, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. For periods outside the academic year, charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.
4. Unallowable costs cannot be made allowable direct costs by categorizing them as personnel compensation.

v. Computer Port Charges

1. These expenses are allowable as direct costs, but the cost should be in the budget and justified.

vi. Conferences

1. These expenses are defined as meetings, retreats, seminars, symposiums, workshops, or events whose primary purpose is the dissemination of

3. Conference costs when hosted by the University need to be appropriate, necessary, and minimized to the Sponsored Project.

vii. Contributions and Donations

1. These include cash, property, and services provided to other entities under the auspices of the Sponsored Project.
2. These expenses are unallowable as direct costs on a Sponsored Project.

viii. Entertainment Costs

1. Examples include amusement, diversion, and social activities.
2. These expenses are unallowable except when they have a programmatic purpose and have prior written sponsor approval.

ix. Equipment and Other Capital Expenditures

1. Special purpose equipment, which is used only for research, medical, scientific, or other technical activities, is allowable as a direct cost with such equipment having a per unit cost of \$5,000 or more requiring prior written approval.
2. General purpose equipment, which includes office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles, is not allowable as a direct cost except with the prior written approval of the agency.
3. Capital expenditures that materially increase the value or useful life of land, buildings, or equipment are unallowable as a direct cost except with the prior written approval of the agency.

x. Hospitality Charges

1. These include charges in excess of per diem.
2. These expenses are not normally allowable on a Sponsored Project and can only be charged to a Sponsored Project with prior written sponsor approval.

xi. Maintenance and Repair Costs

1. These expenses are allowable as direct costs as necessary to carry out the

1. Materials, supplies, and fabricated parts that are necessary to carry out a

