



## Policy on Allowable Costs Under Federal Grants

The Office of Faculty Research and Sponsored Programs provides oversight for Federal Grant Administration to ensure that all costs incurred under Federal Grants follow the regulations of 2 CFR §200, Subpart E - Cost Principles. The Grant Principal Investigator is required to become familiar with the Cost Principles defined in the Code of Federal Regulations: [Title 2](#) → [Subtitle A](#) → [Chapter II](#) → [Part 200](#).

This guidance dictates that costs must be allowable, allocable, reasonable and necessary. Detailed descriptions of these cost characteristics can be found in 2 CFR §200, Subpart E - Cost Principles sections:

<a href="#">§200.403</a>	Factors affecting allowability of costs.
<a href="#">§200.404</a>	Reasonable costs.
<a href="#">§200.405</a>	Allocable costs.
<a href="#">§200.406</a>	Applicable credits.

Sections 200.412 – 200.415 cover the Classification of Costs as Direct and Indirect (F&A); Sections 200.420 – 200.475 cover the General Provisions for Selected Items of Costs, including a listing of categories of costs that may not be allowed under a federal grant, unless specifically required by the Federal award.

The Grant Principal Investigator may seek further guidance from the Office of Faculty Research and Sponsored Programs. The Grant Principal Investigator will approve all payments charged directly to the unique grant cost center established in the general ledger for the federal award.

Examples of grant expense processing that requires approval of the Grant PI are:

- Initiation of purchase requisitions submitted online, in accordance with the University's online ordering processes, found on the University intranet, requiring approval when the purchase is in excess of \$500.
- Vendor Invoices and other check requests submitted directly to the accounts payable office that were not initiated via the online purchasing system.
- Student tuition credits requested for grant participants, submitted to the Financial Aid Office or Office of Student Accounts.
- Employee salary and stipend payments submitted to the payroll department.

Effective: March 1, 2017

Office of Faculty Research and Sponsored Programs