

FINANCIAL MEMORANDUM

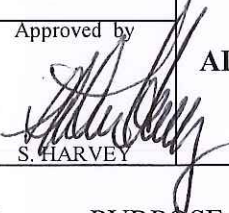
Memorandum No.

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Approved by


S. HARVEY

**ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI
CHARGING OFFICE SUPPLIES AND OTHER
ADMINISTRATIVE EXPENSES (OTHER THEN SALARIES)
TO FEDERAL AWARDS**

Date Issued/Amended
5/10/94, 6/23/11, 9/23/15

Replaces:

06/23/11

1. PURPOSE OF POLICY

Recent changes to Federal regulations contained in 2 CFR Chapter I, Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule, a.k.a. Uniform Guidance (UG) governing charges to grants and contracts, which became effective for all awards made on or after December 26, 2014, revises those limited instances where administrative type non-salary costs may be charged as a direct cost to grants and contracts awarded by Federal agencies. These limitations apply to both salary and non-salary costs. The School has issued a separate policy to deal with the treatment of clerical and administrative salaries. This policy is issued to describe the revised Federal cost principles pertaining to administrative expenses for non-salary cost items, and to set forth guidance on when such expenses may, or may not, be directly charged to Federal awards. This financial policy memorandum addresses: Criteria for Charging Office Supplies and Other Administrative Expenses (Other Than Salaries) to Federal Grants and Contracts. Specific regulations are contained in the Uniform Guidance, paragraph 200.413 Direct costs, sub- paragraph (c) and in Appendix III to Part 200 – Indirect (F&A) Costs Identification and Assignment and Rate Determination for Institutions of Higher Education (IHEs), Section B.6. Departmental Administration Expenses.

2. OBJECTIVE OF THE POLICY

In promulgating this policy, the School aims to ensure that it complies with the new provisions of the Uniform Guidance governing the allowability of administrative expenses as direct charges:

- by communicating the new Federal Rules;
- by providing guidance to faculty and staff in the application of these rules;
- by setting forth levels of responsibility for ensuring compliance with these rules.

3. EFFECTIVE DATE

This policy will be effective for all grants and contract awards (including continuation awards) and funding increments provided to the School by Federal agencies commencing on or after December 26, 2014.

4. APPLICABILITY

This policy governs every instance where any expenditure, or portion thereof, for office supplies, postage, memberships or similar administrative-type cost, is to be charged to a Federal grant or contract, whether awarded directly to Icahn Sinai School of Medicine at Mount Sinai as a prime recipient, or indirectly through a sub-agreement from another institution. It does not limit the support of such costs from non-federal awards or other funding sources; consult the policies of those agencies for such guidance.

5. FEDERAL REQUIREMENTS

Uniform Guidance, Paragraph 200.413 Direct costs, subparagraph (b), states in part that:

“If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also include extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations.”

Uniform Guidance, Appendix III to Part 200 – Indirect (F&A) Costs Identification and Assignment and Rate Determination for Institutions of Higher Education (IHEs), Section B.6. Departmental Administration Expenses, subsection b. (1) and (2), state in part that:

- “...special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or indirect (F&A) costs.”
- “Items such as office supplies, postage, local telephone costs, and memberships must normally be treated as indirect (F&A) costs.”

6. Policy

In accordance with the Uniform Guidance, items such as office supplies, postage, local telephone costs and memberships must normally be treated indirect (F&A) costs... There are, however, two major exceptions this policy:

- (a) the costs for office supplies, postage, memberships and similar costs relate specifically to the technical substance of the project.
- (b) the nature of the work performed under a particular project requires an unusually high level of such costs.

The principal investigator and the academic department are responsible for insuring that only those administrative costs which are allowable in accordance with this policy are charged to Federal grants and contracts.

7. Requirements for Charging These Costs Directly to Federal Grants and Contracts

1. Administrative costs such as telephone, copying, and office supplies are not normally charged as a direct cost to a sponsored project supported with Federal funds. There is, however, an exception to this policy that applies to both major projects and non-major projects. When the costs for office supplies, postage, memberships, and similar administrative costs meet the following criteria, the cost is allowable:

- The PI is able to show that these costs can be tracked, i.e., recorded so that they are directly associated or identified with the PI's sponsored project, and
- The cost is necessary to carry out the project's technical objectives, and
- The administrative support provided is above and beyond the normal support provided by the PI's department.

For example, although postage is normally treated as an indirect cost, a particular program may have a special need for an extraordinary amount of postage because of the mailing of hundreds of survey questionnaires. In this case, it would be appropriate to charge that program directly for the postage related to the questionnaires, since the postage for the questionnaires would constitute "unlike circumstances" compared to routine postage requirements.

The judgment as to whether a direct charge for these types of costs is appropriate should be based on the needs of the project; accordingly, such a judgment should be made by the PI.

The assumption that must be demonstrated is the determination that there exists an unlike purpose or circumstance defined as an activity or cost which is substantially greater in amount or different in purpose than the normal use. Cost Accounting Standard 9905.502 Consistency in allocating costs incurred for the same purpose by educational institutions addresses this issue defined as an unlike circumstance.

8. Questions about the Policy

Questions about the application of this policy should be addressed to the Director of Sponsored Projects Accounting within the School Finance Division.