

# Report on

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# RESEARCH COMPLIANCE

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News and Analysis for Colleges, Universities and Teaching Hospitals

## Direct Charging of Administrative and Clerical Costs: Part I

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This article explains the essential requirements contained in OMB Circular A-21 regarding the treatment of administrative and clerical costs, and refers to guidance issued by NIH and HHS on the topic. Part II will appear in the November 2008 RRC.

In 2005, the HHS Office of Inspector General announced that it would conduct “pilot” audits focusing on the direct charging of administrative and clerical costs to federal research grants and contracts held by universities. Thus far, the OIG has issued only two audit reports from this initiative, and neither report resulted in significant disallowances (see box, p. 7). Nonetheless, this compliance area deserves attention, because while it is well understood that administrative and clerical costs are normally treated as indirect costs under federal cost principles, there remains some misunderstanding as to when it is appropriate to charge such costs as direct costs of federal awards. (This article uses the more general term “indirect costs,” rather than the term “facilities and administrative” or “F&A” costs used throughout A-21.)

### A-21 Requirements for Direct Costs

Circular A-21 sets forth a few key requirements that apply to direct costs, and administrative costs must meet these requirements in order to be considered direct costs. The first requirement will be referred to in this article as the “specific identification” requirement. The second is the “consistency” requirement.

◆ **Specific Identification.** A-21 describes direct costs as “those costs that can be identified specifically with a particular 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.” A-21 at D.1. It is usually not possible to identify administrative salary costs, or non-salary administrative costs such as office supplies, with a specific project “relatively easily with a high degree of accuracy” because typically such costs “are incurred for common or joint objectives” — the very definition of indirect or F&A costs. A-21 at E.1. Nonetheless, A-21 makes clear that “[i]dentification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from F&A costs of sponsored agreements.” A-21 at D.2. This means that the fact that a particular cost is labeled “administrative” or “clerical” does not necessarily mean that it must be treated as an indirect cost.

For example, although the salary of a clerical staff person may by its nature usually be considered an indirect cost, if the clerical person’s effort relates to planning and coordinating a conference for a large number of participants, then his or her effort is specifically identifiable to that project; it is unlike routine administrative support that benefits many different projects or the general business of a department. Similarly, local telephone charges normally are considered indirect costs, but the costs associated with a dedicated 1-800 telephone number for research subjects enrolled in a study can be specifically identified with that particular project and may therefore be considered direct costs.

◆ **Consistency.** The second requirement to keep in mind when evaluating whether administrative costs may be treated as direct costs is the “consistency” requirement, which is a fundamental cost principle for educational institutions. A-21 provides that “[a]ll costs incurred for the same purpose, in like circumstances, are either direct costs only or F&A costs only with respect to final cost objectives.” A-21 at C.11.a. This requirement is reiterated in the circular’s discussion of direct costs. *Id.* at D.2 (“Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or F&A costs.”). This

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means that to the extent that administrative costs that are specifically identifiable with research are charged to sponsored research projects, administrative costs specifically identifiable with other functions (such as instruction) must in like circumstances be directly charged to those functions. Both OMB and NIH have expressed the consistency requirement as follows:

[C]are must be exercised to assure that costs incurred for the same purpose in like circumstances are consistently treated as direct costs for all activities. This should be accomplished through a "Direct Charge Equivalent" or other mechanism that assigns the costs directly to the appropriate activities. (OMB Clarification, "Direct Charging of Administrative and Clerical Salaries," July 13, 1994; *NIH Guide*, Vol. 23, No. 34, Sept. 23, 1994.)

Many universities employ some type of a "Direct Charge Equivalent" (DCE) in order to ensure that administrative costs are treated consistently when developing F&A cost pools. Without such a DCE, it is possible that research awards will be overcharged. For example, assume that a university has a system that enables it to "specifically identify" express mail charges with particular research projects, and to charge those costs directly to the awards. Assume also that express mail charges that are specifically identifiable to instruction are not directly allocated to instruction, but instead are left in a general departmental administration cost pool that is then allocated out partially to research, partially to instruction, and partially to other major functions of the university. In that case, research would be bearing as a direct cost all of the express mail charges specifically identifiable with research, but would also be bearing, through the indirect cost rate, a portion of the express mail charges specifically identified with instruction and other major functions.

A grantee can prevent this from happening by estimating the amount of direct non-research-related salary and non-salary administrative costs in each department (called the DCE), and then reducing the departmental administration cost pool by the amount of the DCE.

### **Distinguishing Salary/Non-Salary Costs**

Although the specific identification and consistency requirements apply to both salary and non-salary administrative costs, A-21 imposes additional specific requirements on the direct charging of administrative salary costs. As explained below, in order to be treated as direct costs, administrative salary charges must relate to a "major proj-

ect" exception and be explicitly budgeted as set forth in A-21.

It is commonly thought that the major project and budget requirements apply equally to salary and non-salary administrative costs, and many institutions have adopted policies that reflect this belief. While this approach may be easier to administer from a compliance standpoint because it applies one standard to both kinds of administrative costs, it is not technically required by A-21. In fact, under A-21, non-salary administrative costs are not subject to the major project or budget requirement, but must meet only the specific identification and consistency requirements of A-21.<sup>1</sup>

If institutions choose to take a stricter approach than what is required by A-21 and require that non-salary administrative costs be explicitly budgeted and charged directly only when specifically identifiable with a major project, they should recognize that by doing so they could be held to this higher standard by federal auditors, who routinely expect institutions to comply with their own policies.

One way to address this dilemma would be for institutions to note in their policy that, for reasons of administrative convenience, they are adopting a standard that goes beyond the requirements of A-21, but that does not necessarily mean that non-salary administrative charges would not be allowable direct costs if they pertain to grants that do not qualify as major projects and/or were not explicitly budgeted for in the grant application.

### **Direct Charging Salaries**

Sec. F.6.b(2) of A-21 provides that "[t]he salaries of administrative and clerical staff should normally be treated as F&A costs." The section goes on to say, however, that direct charging of such costs is allowable "where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity." Of course, the costs must also meet the specific identification and consistency standards described above.

◆ *The 'Major Project' Requirement.* A "major project" is defined as "a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments." Sec. F.6.b(2). Exhibit C to A-21 provides six "examples" of major projects "where direct charging of administrative or clerical staff salaries may be appropriate":

<sup>1</sup> "General purpose equipment," however, is subject to the budget requirement in that it is unallowable as a direct charge "except where approved in advance by the awarding agency." A-21 at Sec.J.18(b)(1). "General purpose equipment" refers to equipment that is not limited to research or technical activities, and includes items such as office equipment and furnishings, modular offices, telephone and information technology networks, and the like. Id. at J.18(a)(4).

(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 that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research field-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.

These examples can be grouped into three categories:

- The *first category*, represented by ex. #1 in Exhibit C, relates to programs that are inherently large and complex — such as General Clinical Research Centers, Primate Centers, Program Project grants, environmental research and engineering research centers, and the like.
- The *second category*, represented by examples #2, #3, #4 and #6 in Exhibit C, relates to projects that may not involve inherently large or complex programs, but that nevertheless have specific requirements that make it necessary to use unusual amounts or types of administrative or clerical services. Examples are projects that involve extensive data accumulation, analysis, and entry; projects that involve extensive travel and meeting arrangements for large numbers of conference participants; projects involving production of manuals, large reports, books, and monographs; projects involving project-specific database management or human or animal protocols; and the like.
- The *third category*, represented by ex. #5 in Exhibit C, relates to projects that are inaccessible to normal departmental administrative services, including research sites that are remote from campus. It should be noted that this category does not require a showing that the project requires an unusually high degree of administrative support. It is sufficient that the project not be supported by “normal departmental administrative services.”

This analysis of the six examples of “major projects” shows that the term is not an apt term. “Major project” implies “unusually large project,” and only one of the six examples (ex. #1) clearly fits that description. Yet it is commonly believed that in order to charge administrative salary costs directly to a federal grant in accordance with the major project exception, the grant must be for an especially “large” project. The analysis above shows that the common theme of these three categories is not so much that the projects are unusually large, but that the nature, location, or extent of the administrative or clerical services used by the projects in each category is such that the services would not be available through “normal departmental administrative services.”

A Program Project grant typically has an administrative core that is too extensive and specialized to be supported by normal departmental resources. But even a “normal” sized R01 involving production of a manual or large report, or a need for special graphics skills, or extensive data management requirements, could be a “major project,” because it ordinarily would not be able to obtain the necessary support from regular departmental administrative staff. A free-standing center or remote site, regardless of the size or complexity of its grants, might be a “major project” because normal departmental administrative support is unavailable, and the center or site therefore needs its own secretarial assistant to perform routine administrative tasks. In each case, the distinguishing feature is that the administrative need cannot be served by normal departmental staff support.

The fact that a particular administrative salary charge may relate to an employee who is also, apart from the grant, performing some normal departmental administrative services does not necessarily mean that the salary charge to the grant is not appropriate. The test in each case is not the job title of the employee or what the employee does during his or her other time, but whether the duties performed by the employee with respect to the federal grant are, by their nature or extent, over and above what the user of the services could reasonably expect from normal departmental resources.

The employee’s duties should generally be related to the aspect of the federal grant that qualifies it as a major project. This test is not always easy to apply, but it is required by the major project condition of A-21. For example, while it may seem routine for an administrative assistant to monitor expenses and handle financial reporting for a federal project, if the assistant is doing this for a large, multisite investigation that requires coordinating and monitoring the financial aspects of several different research sites and their subcontracts, then it is quite possible that the effort is “significantly greater than the routine

level” normally provided by the department and the associated administrative salary may be treated as a direct cost.

It should also be noted that the examples in Exhibit C are just that — examples. Exhibit C makes it clear that the examples are not exhaustive. There can be other circumstances in which the “major project” designation would be appropriate. There are certainly also situations in which administrative or salary costs may not be charged directly, even to a major project. For example, even if a federal grant qualifies as a major project because it requires making travel arrangements for a large number of participants for a conference, that does not necessarily mean that it would be appropriate to treat the salary costs of the principal investigator’s administrative assistant as direct costs, if the assistant is simply providing routine clerical support unrelated to organizing the conference.

◆ **The Budget Requirement.** A-21 states that in order to charge administrative or clerical salaries directly to a grant, the institution must have “explicitly” budgeted for such costs. OMB has explained the budgeting requirement by noting that “the special circumstances requiring direct charging of the services would need to be justified to the satisfaction of the awarding agency in the grant application or contract proposal.” July 13, 1994, OMB Clarification. Thus, the budget requirement provides funding agencies, and institutions for that matter, an opportunity to monitor at the pre-award phase whether the circumstances merit the direct charging of such costs.

The OMB “explicitly budgeted” requirement does not necessarily mean, however, that if a grantee later decides that the circumstances justify charging certain administrative salary costs directly to the grant, it may not do so because it failed to anticipate this need and identify it in the budget. NIH has issued important guidance that authorizes grantees to rebudget grant funds and charge administrative salary costs directly to a project without prior approval, provided that doing so is consistent with the principles and Exhibit C examples contained in A-21. NIH’s 1994 guidance on the subject of administrative and clerical salary costs provides as follows:

This revision also affects any postaward rebudgeting of funds for the purpose of charging administrative or clerical salaries. Where grant or cooperative agreement applications do not anticipate the need to directly charge administrative and clerical salaries, institutions may rebudget funds, *without awarding office prior approval*, to cover these costs when consistent with the criteria and examples described above. (NIH Guide, Vol. 23, No. 34, Sept. 23, 1994 (emphasis added).)

◆ **The Specific Identification Standard and Salary Charges.** As mentioned above, administrative costs must be specifically identified with the federal grant in question

in order to be treated as direct costs. There must be some indication that the administrative person in question dedicated specifically identifiable effort to the project. In other words, this person must provide more than just routine administrative support, such as monitoring expenses or preparing and filing progress reports, which are the kinds of activity that benefit common or joint departmental activities and therefore would generally be considered an indirect cost.

There are several ways in which it is possible to determine whether an individual’s effort is specifically identifiable with the major project in question. First, one would ordinarily expect to see the individual specifically identified in the project’s budget, along with a description of his or her duties in the budget justification pages. Granted, because of personnel substitutions and other changes that occur throughout the life of a project, the particular individual in question may not be identified by name in the budget pages, and this circumstance should not be viewed as dispositive. It is useful, however, to refer to a grant’s budget justification pages because they should include a description that helps to explain that this person’s effort is closely tied to the aspect of the project that causes it to be a major project, and unlike routine administrative support. When reviewing salary costs after they have been charged, the administrative person in question or the PI for the project could confirm what kinds of activities the individual has carried out.

Second, the budget pages (or salary distribution record) should confirm that the individual is providing more than a minimal amount of total effort to the project. As a possible rule of thumb, for example, if the support provided were 5% of total effort or less, this would suggest that further investigation is warranted to ensure that the effort provided is unlike the administrative support provided by the department for sponsored research generally. There may be circumstances where, despite the small percentage of effort, the support provided is nonetheless unlike normal departmental support or “significantly greater than the routine level” of departmental support. For example, if a clerical staff person dedicates three weeks exclusively to supporting a “major project” conference or production of a large series of manuscripts, this might amount to only about 5% of total effort over the year. Yet, the effort would still be greater than the routine level of support provided, and it would be relatively easy to assign the associated salary costs to the project with a high degree of accuracy, as A-21 requires, so the costs would be allowable.

◆ **Personnel Performing Technical Functions.** It is sometimes overlooked that A-21 F.6.b(2) does not apply to staff who are performing a technical function, even if they might typically be classified as clerical personnel. Sec. F.6.b(2) applies only to personnel who are providing “ad-

ministrative or clerical services." Neither the "major project" condition nor the budgeting provision of sec. F.6.b(2) applies to personnel performing technical functions, such as database management or manuscript technical editing.

Sec. F.6.b(1) recognizes that "salaries of technical staff, laboratory supplies (e.g., chemicals), telephone toll charges..." and other items "shall be treated as direct cost[s] wherever identifiable to a particular cost objective." Thus, if a person whose title is simply "administrative as-

sistant" performs clearly technical work, such as database management or training student fieldworkers who will be implementing surveys, then this person's effort qualifies as technical effort that is specifically identifiable with the project and appropriately treated as a direct cost. Accordingly, institutions may want to be sure that their policies on direct charging of administrative costs note this distinction so that technical costs are properly treated as direct charges. ✧

## Direct Charging of Administrative and Clerical Costs: Part II

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This compliance area deserves attention, because while it is well understood that administrative and clerical costs are normally treated as indirect costs under federal cost principles, there remains some misunderstanding as to when it is appropriate to charge such costs as direct costs of federal awards. Part I of this discussion covered background on the requirements under A-21, distinguishing salary vs. non-salary administrative costs, and direct charging administrative and clerical salaries. The discussion below addresses non-salary administrative costs and costs charged to training grants and modular grants.

### Charging Non-Salary Admin Costs

As mentioned in Part I, contrary to common perception, OMB Circular A-21 does not apply the "major project" condition to non-salary administrative costs, and does not require a showing that the project charged with non-salary administrative costs required an unusual degree of administrative and clerical support. The circular states only that, "Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs." A-21 at F.6.b.3 (emphasis added). Moreover, whereas administrative and clerical salary costs may ordinarily be charged directly to a federal project only if budgeted, there is no requirement that non-salary administrative costs be "explicitly budgeted." ("General purpose equipment," however, under A-21 is subject to the budget requirement in that it is unallowable as a direct charge "except where approved in advance by the awarding agency." See RRC, October 2008, p. 8.)

◆ **Specific Identification Standard.** Under A-21, administrative costs such as office supplies are "normally" treated as F&A costs because they typically represent the kinds of costs "that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an

instructional activity, or any other institutional activity." A-21 at E.1.

There are some cases, however, where a non-salary administrative cost can be "identified readily and specifically with a particular sponsored project," and in such cases, the cost may be charged directly. A-21 makes it clear that whether a particular cost can be "identified" with a particular sponsored project does not depend on the nature of the charge (e.g., administrative vs. technical): "Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from F&A costs of sponsored agreements." A-21 at D.2.

For example, it is clear that a Federal Express charge or a long-distance telephone charge is an administrative cost by its nature, but because such charges can be specifically identified with a particular project, they may be charged directly to the project. In contrast, items that are multi-purpose in nature, such as folders or CDs, generally cannot be allocated "relatively easily with a high degree of accuracy," as A-21 requires direct costs to be. A-21 at D.1. Although in most cases office supplies should be treated as indirect costs, it is also true that A-21 recognizes that where such costs can be specifically identified with a particular project relatively easily with a high degree of accuracy, they should be treated as direct costs.

For example, a Federal Express airbill will identify the shipper and the recipient, and if those two people are specifically identifiable with the sponsored award and if the material sent is specifically identifiable with the award, then the shipping charge may be treated as a direct cost.

In exceptional cases, circumstances may warrant treating even general office supplies as direct costs. For example, if a conference funded by a sponsored award requires hundreds of binders or CDs to be produced for participants, it may be possible to specifically identify those binders or CDs with the sponsored project. It is un-

likely the conference organizer would be able to go to the departmental store room to retrieve such a large quantity of a particular item, so the supplies would probably be specially ordered for dedicated use on that project. In addition, the invoices for these items may show that they were purchased by the person on the grant who was responsible for preparing the materials for the participants.

Of course, it is also possible that Federal Express airbills and office supply invoices will contain the names of general support staff, rather than individuals specifically dedicated to the project, because the department is organized to have clerical personnel handle administrative tasks. This should not preclude such costs from being treated as allowable direct charges, as long as they are nonetheless specifically identifiable with the project. In order to document how the charges are specifically identifiable, institutions may find it feasible to require departmental personnel to note contemporaneously on the actual airbill or invoice why it was charged directly to the project in question (e.g., "mailing samples to collaborating investigator").

While institutions may recognize non-salary administrative costs as direct costs whenever doing so is consistent with the principles outlined above, it is not always easy to do so, and the compliance risk associated with certain items may cause institutions to take a more conservative approach than would otherwise be necessary. A prime example of such "suspect" non-salary direct costs would be charges for laptops, cell phones, PDAs, or other relatively expensive equipment that may have considerable value for personal use or other office use. One way to minimize the risk of improper direct charging of this kind of equipment would be to require that the principal investigator demonstrate that the equipment is dedicated 100% to the project in question, and that he or she already has a laptop/PDA/cell phone for personal and general business use.

### **Charging Admin Costs to Training Grants**

Though grantees are not always aware of the option, NIH and HHS have granted institutions discretion to treat certain administrative charges as direct costs to training grants, even if such costs were not in the budget, as long as they are specifically identifiable to the unique functions and purposes of the training grant.<sup>1</sup> This is accomplished through a mechanism known as the "institutional allowance" (for fellowship awards), or the "training-related expenses" allowance (for institutional research training

awards) which provides funding to grantees to use at their discretion to defray some of the expenses associated with the training programs.

The *NIH Grants Policy Statement* (2003) provides that "NIH awards an institutional allowance to help support the costs of training" associated with the fellowship programs. See NIHGPS at p. 175. NIH explains that, "The institutional allowance is a fixed amount. Expenditures under institutional allowances are not subject to NIH prior-approval requirements, and the institution is not required to account for these expenditures on an actual cost basis." *Id.* According to the NIHGPS, grantee institutions may use the institutional allowance to "defray expenses for the individual fellow such as research supplies, equipment, travel to scientific meetings, and health insurance and to otherwise offset, insofar as possible, appropriate administrative costs of training. Funds are paid directly to and administered by the sponsoring institution." *Id.*

NIH also provides an allowance to offset "training-related expenses" associated with the institutional research training awards, as follows:

Funds are provided to defray costs such as staff salaries, consultant costs, equipment, research supplies, staff travel, and other expenses directly related to the training program. Funds are requested and awarded as a lump sum on the basis of the predetermined amount per predoctoral and postdoctoral trainee approved for support. (*NIH Grants Policy Statement* (2003) at 197.)

(The *HHS Grants Policy Statement* (January 2007 edition at II-111) provides a similar institutional allowance for training grants, though the exact terms may vary by operating division.)

NIH has expressly stated that such administrative costs, including administrative salaries, can be directly charged to a training grant even if they were not included in the approved grant application:

For example, administrative or clerical salaries not identified in the application could be charged to the Training Related Expenses associated with Institutional National Research Service Awards (T32) when the activity involves a large amount of tracking and completion of forms directly related to the purpose of the grant. (*NIH Guide*, Vol. 23, No. 34, Sept. 23, 1994)

<sup>1</sup> NIH training grants include fellowship awards F30, F31, F32, and F33 and institutional research training awards T32, T34, and T35. Collectively, such awards are known as the Ruth L. Kirschstein National Research Service Awards (Kirschstein-NRS or NRSA). The HHS training grants include Health Resources and Services Administration/Bureau of Health Professions (HRSA or BHP) grants to train health care professionals.

## Charging Admin Costs to Modular Grants

It may seem that it would not be appropriate to charge administrative salary costs directly to NIH modular grants, either because of the nature of the grants or because the costs would not be contained in the modular budget submission, or both. NIH modular grants provide a streamlined application and award process for R01 and other kinds of awards that do not exceed \$250,000 direct costs per year. Modular grant applications do not require a categorical breakdown of direct costs in the budget.

Because modular grants are by their nature relatively small, it might seem that a modular grant would never qualify as a major project. As discussed above, however, a research grant need not be particularly “large” in order to be considered a major project. Likewise, because of the minimal budget description requirements, it may seem that modular grants would not meet the “explicitly budgeted” requirement that A-21 has established for administrative salary costs. Neither assumption is accurate.

NIH issued guidance on this issue in Aug. 23, 2006 (see box, p. 7). That policy guidance contained a number of FAQs on submission of modular grant applications, including the following:

*13. How do we request funds for general administrative and clerical support?*

The *NIH Guide*, Volume 23, Number 34, September 23, 1994, <http://grants.nih.gov/grants/guide/notice-files/not94-276.html>, discussed the treatment of administrative and clerical salaries. If you plan to use grant funds to pay for clerical salaries and/or other administrative costs that are covered in the examples provided, you will not need NIH approval to charge those costs to the project. NIH has already determined these are acceptable direct costs charges. If you wish to charge those costs to an NIH supported project and they are not one of the examples provided in the NIH GUIDE, you will need to contact NIH prior to obligating grant funds to ensure the costs are allocable as a direct cost to the project.

This guidance makes it clear (a) that in appropriate circumstances administrative costs may be charged directly to modular grants; (b) that NIH has pre-approved the direct charging of certain administrative costs in its 1994 guide on the subject; and (c) that there is no requirement for a separate NIH approval of such costs, through the grant budget or otherwise. The 1994 NIH guide largely reiterates the major project categories contained in Exhibit C of A-21.

## Conclusion: Review Institutional Policies

This compliance area is complicated and frequently misunderstood. Even auditors do not always understand the intricacies of the standards set forth in A-21 and other federal guidance. For example, it is commonly thought that the major project exception applies to both salary and non-salary administrative charges, and that non-salary administrative costs must always be explicitly budgeted, yet, as the analysis above shows, neither perception is accurate.

Institutions should take a hard look at their policies and procedures to make sure they don't reflect any of these misunderstandings. There will often be very good reasons to be stricter than federal rules require, especially with difficult issues like laptops. If institutions choose to take a more conservative approach to the direct charging of administrative costs, however, they should make it clear they are doing so solely for administrative convenience, and not because they are required to do so by any federal rule or policy. ✧

### Links to Documents

- “Review of Administrative and Clerical Costs at the University of California, San Francisco, for the Period July 1, 2004 Through June 30, 2006” (A-09-07-00073, March 10, 2008)  
<http://oig.hhs.gov/oas/nih.asp>
- “Review of Administrative and Clerical Costs at Brandeis University for Fiscal Years 2004 and 2005” (A-01-06-01502, Sept. 5, 2007)  
<http://oig.hhs.gov/oas/nih.asp>
- *NIH Guide* (Vol. 23, No. 34, Sept. 23, 1994)  
<http://grants.nih.gov/grants/guide/notice-files/not94-276.html>
- *NIH Grants Policy Statement* (12/2003)  
[http://grants2.nih.gov/grants/policy/nihgps\\_2003/index.htm](http://grants2.nih.gov/grants/policy/nihgps_2003/index.htm)
- *HHS Grants Policy Statement* (01/2007)  
[www.ahrq.gov/fund/hhspolicy.htm](http://www.ahrq.gov/fund/hhspolicy.htm)
- Modular Research Grant Application Frequently Asked Questions (Aug. 23, 2006)  
[http://grants.nih.gov/grants/funding/modular/modular\\_faq\\_pub.htm#q13c](http://grants.nih.gov/grants/funding/modular/modular_faq_pub.htm#q13c))