University of Rochester Guidelines for Treatment of Computing Devices as Direct Costs on Sponsored Projects
December 2014

I. GUIDELINES STATEMENT

These guidelines reflect the University of Rochester's ("University") practices regarding directly charging computers to sponsored projects. These guidelines apply to all sponsors.

To qualify as a direct cost, a computing device must be allocable, allowable, reasonable and given consistent treatment.   Furthermore, the transaction must satisfy the additional criteria contained within these guidelines and be documented accordingly.

II. REASON FOR GUIDELINES

The University considers compliance and responsible stewardship as critical for continuance of the University's tradition of research excellence.

These University guidelines will assist to achieve consistent and prudent interpretation of the federal general principles and guidance with respect to the charging of computing devices.

III. ENTITIES AFFECTED BY THESE GUIDELINES

These guidelines apply to all University of Rochester schools and colleges. The guidelines also apply to all organizations to whom the University awards subcontracts using sponsored project funds.

IV. WHO SHOULD READ THESE GUIDELINES

Faculty members with responsibility for sponsored projects and all personnel to whom those faculty members delegate authority to authorize expenditures on sponsored projects need to read and understand these guidelines.

V. WEBSITE ADDRESS FOR THIS POLICY

http://www.rochester.edu/orpa/policies/index.html

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VI.   RELATED DOCUMENTS, FORMS AND TOOLS

For projects awarded pursuant to OMB Circular A-21: Office of Management and Budget Circular A-21 (2004 Revision) Section J.18.

For projects awarded pursuant to 2 CFR 200: Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)

VII.   CONTACTS

For clarification and interpretation of these guidelines, contact the following:

Associate Vice President, Office of Research and Project Administration [ORPA] (ext. 55373)

Assistant Controller, Office of Research Accounting and Costing Standards (ext. 51648)

Research Compliance Officer, ORPA (ext. 64069)

VIII.   DEFINITIONS

CLASP

CLASP (Continuous Learning for Administrators of Sponsored Programs) is a University classroom-based educational program consisting of basic and comprehensive instruction for sponsored projects compliance. All University administrators having functional responsibility on sponsored projects are required to complete CLASP training. Functional responsibility may be characterized by having an ability to originate, authorize, or approve transactions associated with sponsored projects; involvement with proposal preparation; or active review and monitoring of the financial activities within sponsored projects.

Computing devices

Computing devices are 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.

Sponsored Project

Refer to the following document:
http://www.rochester.edu/orpa/_assets/pdf/policy_DefSponsProg.pdf

Subcontract

A subcontract is a document written under the authority of a sponsored project that transfers the responsibility for a portion of the research to another organization.

IX. RESPONSIBILITIES

The Principal Investigator will provide their CLASP-certified administrator the rationale for:

- the budget justification section of the proposal that the use of the computing device is different from similar items provided by the department that are treated as Facilities and Administrative ("F&A" or "indirect") costs; and

- a memo of justification (addressing the same matters in the prior bullet point) if the need for a computing device arises during the life of the project but was not requested in the original proposal.

The CLASP-certified administrator will:

- Provide the memo of justification to ORPA if the sponsor requires prior approval of such costs and attach the memo to the procurement documentation (to be retained in the sponsored project file at the department).

ORPA will:

- Request sponsor approval for the computing device on behalf of the Principal Investigator if the sponsor requires approval of such costs.

X. PRINCIPLES

For sponsored projects subject to OMB Uniform Guidance:

Regarding computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of the federal award. The OMB Uniform Guidance defines direct costs as "costs that can be identified specifically with a particular cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy."

For sponsored projects subject to OMB Circular A-21

One condition for charging a computing device as a direct cost is that the "principal use" of the computing device is toward the project's activities. To support the allowability criteria of "principal use", a computing device must be used an average of approximately 95% for the programmatic conduct of the sponsored project.

The following conditions support the "95% primary use" criteria. The non-programmatic use of the equipment:

- is incidental and will never interfere with the needs of the project;
- is solely for the convenience of the research team(e.g. to respond to email); and
- is not for general administrative support activities such as procurement and financial accounting (as contrasted with documentation of scientific progress and related report preparation).

Regarding the allocation of the non-primary use component of a computing device, departments may choose to allocate more than 5% of the cost of a computing device to unrestricted funds as a conservative approach in recognition of research and other faculty responsibilities often being inextricably intermingled.

For sponsored projects subject to OMB Circular A-21 and OMB Uniform Guidance:

A computing device is a supply if the acquisition cost is less than $1,000, regardless of the length of its useful life.

If the cost of the computing device is $1,000 or greater, then it is treated as a capital expenditure.

Capital expenditures for **general purpose equipment** are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through agency.

Capital expenditures for **special purpose equipment** are allowable as direct costs, provided that items with a unit cost of $1,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

If a computing device is not special purpose equipment, the following criteria must be satisfied for a computing device to qualify as a direct capital expenditure for a sponsored project:

- The sponsor and specific award terms and conditions can not specifically prohibit the expenditure for the computing device (for example, the sponsor does not specifically take exception to a proposed computing device purchase as described in the budget justification section of a proposal); and

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- The computing device must be necessary for, and directly allocable to, the project. Note: The "primary use" criteria mentioned above must be satisfied for projects subject to OMB Circular A-21.

It is noteworthy that even if a sponsor does not take exception to a specific budget justification for a computing device purchase, the computing device purchase is still not an allowable cost if the purchase does not conform with the principles outlined in this section of the Guidelines.

Following are non-inclusive examples of situations whereby a computing device might qualify as a direct cost to a sponsored project:

- A computing device is functioning as, or in direct support of, scientific equipment and is required for collection and/or analysis of data for the sponsored project;

- A computing device is specifically needed to record data while the researchers are in the field at a remote location (such as an archeological site). In such situations, the computing device is used either exclusively or primarily for the project; and

- Training grant institutional allowance funds are used to purchase a computing device for a student supported on the training grant because the student needs the computing device to document their research.

Justification might exist for allocating the computing device among more than one project (for example, if the projects have overlapping aims.) If allocations to more than 3-4 projects are contemplated, however, it is less likely the computing device qualifies as a direct charge.

XI.   PROCEDURES / DOCUMENTATION

If the need for a qualifying computing device is known at the time of proposal preparation, the justification documentation is included in the proposal. The purpose and direct benefit to the project should be fully described, such as including an explanation of how the use of the computing device is different from similar items that are treated as F&A costs and how the project will be negatively impacted if the computing device is not purchased.

If the need for a computing device is identified subsequently—during the life of the project—and is believed to satisfy the criteria contained in these guidelines, a memo of justification needs to be attached to the procurement documentation that is retained in the project's file. The memo of justification should explain how the use of the computing device is different from similar items provided by the department that are treated as F&A

costs and how the project will be negatively impacted if the computing device is not purchased. If the sponsor requires prior approval of such costs, a memo of justification must be provided to ORPA and ORPA will request the sponsor's approval. Under these circumstances, the computing device cannot be treated as a direct cost to the project until the appropriate approval is obtained.

In no circumstance can a computing device be charged to a sponsored project if the request is specifically denied by the sponsor either through the budget approval process or during a specific approval request in the post-award phase.

Lack of documentation can jeopardize the allowability of the computing device as a direct charge to the project. If the cost is ultimately not allowed, it will need to be absorbed by the department's unrestricted resources.