Background

General purpose computers are provided to university research faculty, students, and staff through the base budget, charges for technology, and/or other non-sponsored sources of funding. University research faculty, staff, and students may also require computers and computer-related products (computers) specifically for the performance of externally funded research objectives.

Computers are an acceptable direct expense to Federally-funded sponsored projects in specific situations where the nature of the research requires additional computer needs. Non-Federal sponsored projects are subject to the terms and conditions of the sponsor. Computers charged to sponsored project(s) must be used exclusively or primarily (at least 95%) for that/those project(s). A computer that meets the direct allocation criteria may be allocated to one or more sponsored accounts unless any sponsor's terms and conditions prevent such an allocation. Such an allocation requires that computers be used primarily to conduct the research of each project. In cases where one of the accounts is not a sponsored account (i.e., not a 53) the computer cost will be segregated from the F&A pool through the use of a unique object code (6725).

Examples of circumstances where computer purchases meet the direct allocation criteria of A-21 may include computers that are:

- attached to a piece of equipment or controls scientific instruments
- required for extensive collection, storage, and/or analysis of information/data for the sponsored project
- needed to record data in the field such as at an archeological or other site that is geographically inaccessible to normal departmental administrative support
- develop computer code

In all cases, purchases must conform to the requirements of allowability, allocability and reasonableness as described in the office of Management and Budget’s (OMB) Circular A-21 in that the cost must be:

- Reasonable (i.e., meets the prudent businessman test);
- Necessary for and provide specific benefit to the project;
- Allocable (i.e., meets “unlike circumstances” criteria for direct allocation in A-21);
- Consistently treated in like circumstances as either a direct cost only or an indirect cost only;

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- Directly assigned to the activity with relative ease and a high degree of accuracy; and
- Conform to sponsor terms and conditions

Process Description

Computers are integral to the successful conduct of research and other externally-sponsored activities at Colorado State University. Because a computer could potentially be used for many different activities (research, instruction, outreach, administration), it may not easily be assigned to any one of these activities. Consequently, computer costs are normally a Facilities and Administrative (F&A) expense and are included in the University’s F&A rate calculation. Nevertheless, the use of computers specifically for individual research projects in many cases can be justified as directly benefitting those awards.

Direct allocation of computer costs requires justification at a level adequate to meet external audit scrutiny for projects funded by sponsors whose default funding of computing items is via F&A recovery (e.g., Federal sources). Principal Investigators (PIs) prepare adequate justification to support departures from normal cost treatment and provide this documentation to Sponsored Programs (SP). This justification will usually be included on the sponsor’s form at proposal development or in a memo accompanying the request to purchase in the Kuali Financial System (KFS).

Student recipients of certain Federal fellowship and training awards may have access to support funds provided under the award that can be used to purchase computer equipment. Please consult with Sponsored Programs personnel for guidance.

Purpose

To provide criteria for determining when allocation of the cost for computers is appropriate as a direct charge to sponsored projects.

Scope

This procedure applies to SP personnel in determining the allocability of computers as direct costs on sponsored projects.

Responsibilities

SP is responsible for approving the purchase of all computers on externally sponsored projects. OMB Circular A-21 is used as the basis for determining if computers and

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computer-related purchases are acceptable as direct charges (either in whole or in part) to any sponsored agreement. SP is expected to provide guidance on costs associated with sponsored agreements in a manner that maximizes the allowable flexibility for CSU’s researchers, is consistent with sponsor terms, Federal and other regulations, and meets best practices as understood from audits, comparative institutions, and tenets taught through professional research administration organizations.

PIs and departments are responsible for fully justifying computer purchases in proposal budgets and for attaching support documentation for the purchase transaction in KFS. SP suggests coordinating with the appropriate team before writing justifications for either proposals or purchases if there are questions.

Council of Research Associate Deans (CRAD) is responsible for facilitating communication between PIs and SP. The pertinent Research Associate Dean provides assistance when the sponsor or SP requires additional information to support the justification of a direct charge of computing equipment.

Definitions

None.

1.0 Guiding Principles

1.1 There are four OMB Circular A-21 criteria for approving any purchase using 53-XXXXX funds. This process addresses allocability and assumes that the allowability, reasonableness and consistency criteria have been or will be met.

1.2 OMB Circular C4a, “A cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if (1) it is incurred solely to advance the work under the sponsored agreement; (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in this Circular, is deemed to be assignable in part to sponsored projects.”

1.3 Often, computers are necessary “office purchases” as are phones, copy machines, and desks. The circular states, “Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs,” that is, these items are already accounted for in CSU’s negotiated F&A (indirect cost) rate and cannot be

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a direct charge to a sponsored agreement.

2.0 Evaluation Criteria for Justification to Direct Charge Computing Items to Sponsors Direct Using an Indirect Method as a Default

2.1 Computers which are purchased exclusively or primarily (95%) to advance the work of a sponsored project and justified as such, will be approved for purchase using a 53-XXXXX account. Ancillary use (5%) may not interfere with project work, is solely for convenience (e.g., occasional email correspondence unrelated to the project or instructional use unrelated to the project) and never exceeds an inconsequential amount/duration of time.

2.2 Subject to the guidelines in 2.1 above and assuming title vests with the University, computers purchased for the benefit of two or more sponsored projects and whose benefits to those projects can be approximated using a reasonable method, will be approved for purchase using 53-XXXXX accounts. The Department is responsible for providing SP with documentation which supports the need and benefit to the projects and will be responsible for keeping such documentation for audit purposes. In cases where direct charging can be justified (i.e., used exclusively or primarily (at least 95%) for that/those project[s]) and the PI does not wish to charge the entire amount of the computer to the sponsored project(s), the PI may allocate the expense across 53-XXXXX and non-53-XXXXX accounts using object code 6725 for the non-53XXXXX accounts rather than establishing a cost share account.

2.3 Computers that are purchased for general needs such as e-mail, web browsing, accessing CSU administrative systems, preparing proposals, etc. do not meet Federal costing standards (described above). Consequently, they cannot be approved for direct allocation to a sponsored project.

Computers which are used both to perform programmatic work and support administrative functions will not be approved for purchase using a Federally-sponsored 5-3XXXXX account unless the administrative functions are required to complete the project, (e.g., testing in one or more real-world environments.)

Computers intended to support administrative functions are to be purchased using a non-sponsored source of funding (e.g., gift, RA/RSP, E&G, charges for technology). Researchers should be referred to their department and/or college business officer for more information in this regard.

2.4 There are unique exceptions to these decisions when there is a “Major Project” using criteria in Exhibit C of OMB circular A-21. However, those criteria are very specialized

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and unique to large projects and therefore will be addressed during the proposal planning phase.

### 3.0 Proposal Process

3.1 Computer purchases should be fully justified in proposal budgets and budget justifications so that PI’s can have an early decision on the acceptability of any potential purchase using a 53-XXXXX account. If, due to the proposal deadline, there is not time to change or correct a budget justification, the PI will be notified that the lack of documentation could put into question the allowability of the purchase on the sponsored project. Additional documentation of the computer purchase should be provided to SP prior to the start of the award and/or direct charging the sponsored agreement.

3.2 All justifications will be evaluated using the criteria established at 2.0 above.

3.3 A sponsor award based on a proposal that includes the direct charging of computing equipment does not necessarily indicate approval of the purchase. Terms and conditions of the award generally require the University to adhere to all applicable cost accounting standards regardless of the budget included in an award. Consequently, an award at full funding does not constitute specific sponsor approval of a computer or computer-related purchase if the purchase does not meet Federal costing standards. Documentation supporting the charge should be submitted per 4.0.

### 4.0 Purchase Process

4.1 KFS automatically routes all requisitions for computers or computer related products to SP as an “approver.” Therefore, it is necessary for the requestor to provide a clear justification in KFS in order for SP to approve the purchase. In many cases the purchase justification will be the same as the one provided with the proposal. If the justification does not meet the criteria established at 2.0, the PI or initiator may be contacted for a more specific justification or the purchase will be denied.

4.2 All justifications will be evaluated using the criteria established at 2.0 above.