Background

The Boston College Office for Sponsored Programs provides administration and support for sponsored programs. Sponsored programs, or the term sponsored awards, may be used in this document interchangeably and mean any agreement, contract, or grant that is funded by a source other than Boston College. Activities related to sponsored programs must comply with Boston College’s policies and procedures, the sponsor’s terms and conditions, and Federal regulations. Federal regulations include the Code of Federal Register (CFR) Vol. 78 No. 248 issued December 26, 2013, and Vol. 79 No. 244 issued December 19, 2014, also known as the Uniform Guidance and which contains the requirements set forth by the Office of Management and Budget (OMB) and the implementation plans of Federal agencies. The effective date for most parts of the Uniform Guidance is on or after December 26, 2014.

Purpose

The purpose of this policy is to identify allowable and unallowable costs for sponsored awards.

Scope

This policy is applicable to all sponsored awards and must be followed by schools, departments, centers, institutes, and personnel of Boston College involved with sponsored awards.

Effective Date

The effective date of this policy is December 26, 2014.

Definitions

Allowable Costs are charges for goods or services that are permitted on a sponsored award, agreement, contract, or grant. In other words, these costs are in compliance with Boston College’s policies and procedures, the sponsor’s terms and conditions, and Federal regulations, and therefore the allowable costs may be paid from the sponsor’s funds. Allowability also includes the concepts that costs must be: (a) necessary and reasonable for performance of the sponsored award; allocable to the sponsored award; (b) in compliance with the sponsor’s terms and conditions; (c) consistent with policies and procedures that apply uniformly to both Federally-financed and other activities at Boston College; (d) accorded consistent treatment (for example, a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost; (e) in accordance with generally accepted accounting principles (GAAP); (f) only charged.
once (for example, the cost must not also be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period, and (g) adequately documented.

**Allocable Costs:** A cost is allocable to a particular award if the goods or services [the costs] involved are chargeable or assignable to that award in accordance with relative benefits received. This standard is met if the cost: 1) is incurred specifically for the award, 2) benefits both the award and other work of Boston College and can be distributed in proportions that may be approximated using reasonable methods; and 3) is necessary to the overall operation of Boston College and is assignable in part to the award. See also OSP website for Cost Allocation Methodologies Guide.

**Direct Costs** are those costs that can be identified specifically with a particular final 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. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

**Indirect Costs / Facilities & Administrative Costs (F&A)** are costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities.”

**Overdraft/ Cost Overruns** are charges that exceed the sponsor’s funding amount. These costs should be removed from the sponsored award and charged to a non-sponsored chart string via a cost transfer; see Cost Transfer Policy.

**Reasonable Costs:** A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Consideration must be given to: (a) whether the cost is generally recognized as ordinary and necessary for the proper and efficient performance of the award, (b) sound business practices, arm’s-length bargaining, Federal, State, and other laws and regulations, and terms and conditions of the award, (c) market prices for comparable goods or services for the geographic area, (d) whether the individuals concerned acted with prudence in the circumstances, and (e) whether Boston College deviates from its established practices and policies regarding the incurrence of the costs.

**Sponsored awards** or the term sponsored programs, may be used in this document interchangeably and mean any agreement, contract, or grant that is funded by a source other than Boston College.
Unallowable Costs are expenditures on sponsored award that are not in compliance with Boston College policy, Federal regulations, or specific sponsor terms and conditions. Costs that are deemed unallowable must be removed from the sponsored award via a cost transfer; see Cost Transfer Policy.

Allowable and Unallowable Costs Policy Details

It is the policy of Boston College that all costs charged to a sponsored program must comply with Boston College’s policies and procedures, the sponsor’s terms and conditions, and Federal regulations. At no time should unallowable costs be charged to a sponsored award. Proper accounting for unallowable costs is required to maintain the integrity of the Boston College’s Facilities and Administrative (F&A) Cost Proposal and compliance with Federal regulations.

All costs charged to sponsored awards must be:

- allowable
- allocable
- reasonable

Below is a partial list of specific costs that have been identified as unallowable on Federal awards. This list is not all-inclusive and for further details regarding the Federal requirements, please review the Uniform Guidance, General Provisions for Selected Items of Cost § 200.420 – 200.475.

- Advertising costs including promotional items and memorabilia e.g. models, gifts, and souvenirs (only specific types of advertising costs are allowable)
- Alcoholic beverages
- Alumni/ae activities
- Bad debts
- Commencement and convocation costs
- Contributions and donations
- Entertainment
- Fines and penalties
- Fundraising
- Goods or services for personal use of employees
- Lobbying
- Membership in any country club or social or dining club or organization
- Moving costs if employee resigns within 12 months
- Salary costs in excess of employee’s Boston College base pay

Please note that the list above should not be considered all-inclusive.
Costs Allowable Under Special Circumstances:

Administrative and Clerical Costs

Salary costs of administrative and clerical staff should normally be treated as F&A (indirect) costs. Boston College’s practice is that salaries associated with routine services such as preparing proposals, making routine travel arrangements and typing reports should not be charged as direct costs, even when there is a direct benefit to the project.

However, direct charging of administrative and clerical salaries may be appropriate where the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support. Generally these are large “center” type projects with significant funding and the administrative and clerical support should have been budgeted in the proposal (and approved when awarded).

Boston College allows direct charging of administrative and clerical salaries when there is specific sponsor approval and/or if the administrative and clerical salaries were specifically budgeted (and approved) in the proposal. Boston College will not allow re-budgeting to administrative and clerical salaries otherwise.

Direct charging of administrative and clerical salaries may be appropriate if all the following conditions are met:

1. integral to a project or activity;
2. individuals can be specifically identified;
3. such costs are explicitly included in the budget or have prior written approval of the agency; and
4. the costs are not also recovered as indirect costs.

Cell Phones / Telephone Calls:

Cell phone expenses are usually considered “local telephone costs” and generally not included in the budget. If, however, a cell phone is necessary to maintain contact at remote sites for logistical or safety reasons it may be directly charged. Telephone lines are generally considered multi-purpose and not allowable as a direct cost. The cellphone and/or telephone line cost must be clearly identified in the proposed budget and approved by the sponsor to be considered allowable.

- If a cell phone is considered allowable one must adhere to the [Boston College Cell Phone Policy](#) (effective January 1, 2009).
- Local telephone costs used to conduct routine business of the project may not be included in the budget and/or incurred on the project.
• Telephone lines including handsets and data lines may only be charged directly if required to:
  ○ Conduct surveys
  ○ Maintain contact with project activities conducted at remote locations

Long Distance and/or International Calls may be charged if the charge can be specifically identified and if the calls are related solely to the management of the project.

Dues and Memberships

Dues and Memberships in professional and scientific organizations may not be included in the budget or directly charged to an award unless:
  • The due/membership is the only means of obtaining a specific journal or periodical directly related to the project
  • The membership is required to attend and/or present at a conference which is part of the sponsored project
  • Sponsor approval is obtained

Office Supplies

Office supplies that are normally used in the general administrative support of a project may not be included in the budget or charged to the award because supplies are general nature they cannot be identified with a specific project with a high degree of accuracy.

Office supplies that are used for project-specific activities outlined in the proposal may be included in the budget and charged to the project. Because many items of office supplies are used for both general administrative support and project-specific activities, it is important that these items, when included in the budget, be justified in terms of their relevance to the methods used in conducting the project.

Termination and Severance Costs

Boston College does not allow any employee termination costs on sponsored awards. These costs include, but are not limited to, severance pay, vacation pay-out, and other related costs. These costs must be charged 100% to a non-sponsored funding source such as a department, school, or Dean’s account.
Pre-paid Costs

Pre-paid costs (costs requested by vendor to be paid in advance of delivery of goods or services) are not allowed to be directly charged to sponsored awards. However, there may be special circumstances that should be discussed with OSP, and upon its approval, the costs may be charged to an OSP holding account temporarily. If you are working with a vendor that requires pre-payment for all or a portion of the expense please discuss the expense with OSP prior to purchasing from or contracting with the vendor. After the goods or services have been evidenced as delivered, OSP will then re-classify the expense to the sponsored award.

Note: An employee’s pre-paid travel costs should be handled through a travel advance; see Boston College’s Travel Expense Reimbursement Policy.

Computing Devices

Computing devices means 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. Computing devices may be charged as direct costs on a sponsored award if the devices are essential and allocable to the performance of the sponsored award. Computing devices need not be solely dedicated to the sponsored award.

Examples of computers that may be charged as direct costs:

- A computer is physically attached to another piece of scientific equipment and/or is required for collection and analysis of information/data
- A laptop is needed to record data in field research
- A computer used to store and access a large scientific database

In order to purchase a computing device on a sponsored award, the OSP Information Technology Device Justification Questionnaire is required to be completed and submitted to OSP prior to purchase.

Note: The OSP Information Technology Device Justification Questionnaire does not need to be completed if the computing device was clearly identified in the proposed/awarded budget. Please attach the detailed budget justification to the purchase documentation.

Publication and Printing Costs

Publication and printing costs are allowable as direct costs on sponsored awards. As OSP is on a cash basis of accounting for sponsored awards, it is required that the costs be incurred and paid prior to the award’s closeout. The cost must be incurred and paid 15 days prior to the final
reporting and invoicing due date(s). This will allow OSP 15 days to complete the final reporting and invoicing requirements. Please notify OSP if you anticipate incurring publication costs during the closeout period of the sponsored award.

Procedures/Guidelines for Monitoring Sponsored Awards

Below are guidelines for monitoring costs/expenses on sponsored awards. Activities related to sponsored programs must comply with Boston College’s policies and procedures, the sponsor’s terms and conditions, and Federal regulations. At no time should expenses exceed the awarded amount unless pre-approval has been granted.

Regular monitoring of sponsored awards helps to:

- Confirm the availability of funds to complete the project;
- Ensure costs are consistent with the project schedule;
- Discover any errors in the budget, encumbrances or actual expenditures that need to be corrected;
- Avoid over-spending; and
- Verify cost transfers/labor redistributions have been completed in a timely manner.

PeopleSoft

Boston College has implemented the PeopleSoft Financials Commitment Control module which requires, for certain accounts, that budget funds be available in order to process a voucher, requisition, or expense report. This system control significantly minimizes the ability to overspend in these accounts.

Accounts which are not budget controlled by this module and are able to overrun are most salary accounts, fringe accounts, and the indirect cost account. Therefore, it is the responsibility of the award’s Principal Investigator (PI), Departments, and OSP to monitor these accounts more frequently.

Reports Available for Monitoring

Below are some of the available reports for monitoring activity on sponsored awards:

- BCGMR001 ACR Report – Budget /Accounting Comparison Report for Grants
- BCGMR006 Grant Balance Summary Report
- BCGMR004 TDR for Projects/Grants
There are also many on-line queries available to view activity on sponsored awards such as:

- BC_GM_BUD_ACCTD_GRANTS
- BC_GM_TDR_ACTUALS_BY_PROJECT

For further information, please review the OSP website links:
ACR for Grants Instructions
TDR for Grants Instructions
Grant Balance Summary Available Instruction

Review and Approval of Expenses

One key factor in financial management is making sure that spending is in compliance with the Federal regulations, sponsor’s terms and conditions, and Boston College Policy. To minimize risk of non-compliance all vouchers, expense reports and requisitions greater than or equal to $1,000 of sponsored funding will workflow to OSP for review and approval prior to payment. In addition, OSP completes a post-review of all Boston College Purchasing Card (P-card) expenses greater than $1,000 on all sponsored awards.

Budget Transfers

Many sponsors restrict re-budgeting in/out of certain accounts and/or restrict the amount that can be re-budgeted without obtaining prior sponsor approval. Departments initiate the budget transfer and the PeopleSoft system will workflow the budget transfer to OSP for review and approval for any of the following conditions:

- All Fund 120 budget transfers
- Amount > absolute value of $2,000
- One or more of the following accounts are used:
  - Salaries = 50000-59999 range
  - Fringe = 70011-70013 range
  - F&A = account 70130
  - Equipment = 65200-65250 range
  - Sub-award accounts = 64420- 64430 range
  - Foreign Travel = account 68903
  - Tuition Remission & Aid = 61010-62060 range
  - OSP Budget Only = account 64325
  - Recharge Accounts = 67200-67299 range
  - Participant Costs account = 68200

For further information, please review the OSP website links:

- Budget Transfer Checklist
- Step by Step PG Budget Transfer
- OSP Budget Transfers Guidelines for Attachments
- OSP Budget Transfers Error and Denial Guide
Contacts

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your area’s OSP Liaison (OSP Staff).

NOTE: Boston College will delay implementation of the Uniform Guidance Procurement Standards sections (2 CFR §200.317 through §200.326) for the one-year grace period granted by the Uniform Guidance dated December 19, 2014. During the grace period, Boston College will continue to adhere to the OMB’s Circular A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations (11/19/1993) (further amended 09/30/1999).