

**Institutional Handbook of Operating Procedures
Policy 04.05.02**

Section: Fiscal Policies	Responsible Vice President: Office of the Chief Financial Officer
Subject: Cost Accounting	Responsible Entity: Grants & Contracts Accounting and Research Services

I. Title

Consistent Treatment of Costs

II. Policy

This document provides the general guidelines for the consistent treatment of costs for all UTMB departments. This policy and the related procedures must follow the related procedures defined in 2CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. More detailed explanations, procedures, and a listing of the major expense items can be found in the UTMB costing procedures at the following URL address, <http://research.utmb.edu/>. Final determination on cost will be made by Research Services or Grants and Contracts Accounting.

III. Non-Federal Sponsored Agreements

All project-related costs may be directly charged to non-federal sponsored agreements if the awarding sponsor has approved them. Non-federal agreements have been determined to be unlike circumstances.

IV. Federally-Sponsored Agreements

The following chart, not all-inclusive, depicts activities/costs that might be charged to federally sponsored agreements.

Examples of Direct Cost: Activities and Costs that may be direct charged if the costs can be identified with a particular sponsored project and if approved by the awarding agency.

- Approved travel costs
- Conducting a telephone survey required specifically by a project
- Delivery/ Courier Costs
- Developing materials for publication or presentation related specifically to a project
- Equipment Costs
- Insurance
- Interest Costs of Project Equipment
- Long Distance Toll Charges
- Maintenance & Repair Cost
- Material Costs
- Photocopy Costs (not including Administrative Photocopies)

Examples of Indirect Cost (F&A Cost): Cost that are generally not charged directly to federally sponsored programs

- General Departmental Administration
 - Accounting & budgeting activities
 - Administrative and Clerical Salaries
 - Filing
 - Local telephone & telephone equipment
 - Memberships
 - Office Supplies
 - Personnel activities
 - Photocopy costs
 - Postage
 - Processing and tracking routing purchase orders

Printing and Publication (allow up to 90 days after the end date of the project) related specifically to a project
 Project Salaries (including administrative and clerical salaries when justified as integral to the project, specifically identified)
 Project specific programming
 Project specific programming
 Remodeling costs
 Required Insurance Cost
 Specific allowable advertising costs
 Specific Public Relations Costs
 Specific Subscription Costs
 Specific Subscriptions
 Student salaries
 Supplies (including computing devices)

- Processing vouchers
 - Routine telephone answering
 - Routine travel planning
 Contract and grant administration
 Correcting and organizing data (non-project related)
 Equipment Depreciation
 General Operation & Maintenance Costs
 Grant Proposal Costs
 Lab Coats
 Maintaining databases
 Newsletter/brochure preparation
 Routine data entry
 Utilities

V. Definitions

Direct Costs: Costs that can be specifically allocated to a particular sponsored project, and instructional activity, patient care activity, or any other institutional activity, or that can be assigned to such activities relatively easily with a high degree of accuracy. For a cost to be charged directly to an activity there must be a direct benefit to the activity.

Indirect (F&A) Costs: Costs that are ordinary and routine, incurred for common or joint objectives, and cannot be readily and specifically identified with a specific activity. These costs are allocated to the direct activities using the indirect cost rate.

Consistent Treatment: Charging all costs incurred for the same purpose, in like circumstances, as either direct costs only or indirect costs only. Any cost charged as a direct cost to federal projects must also be direct charged to other institutional activities. If a cost is identified as an indirect cost, it may be charged as a direct cost only in certain specific circumstances where the characteristics of the cost would unfairly burden the indirect costs. Direct costs that are allocated to sponsored projects or activities must be allocated using a reasonable method that is consistently followed. All departments must treat like costs in the same way.

VI. Relevant Federal and State Statutes

[2CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

VII. Dates Approved or Amended

<i>Originated: 7/20/1998</i>	
<i>Reviewed with Changes</i>	<i>Reviewed without Changes</i>
10/16/2011	02/29/2003
3/22/2016	02/01/2019

VIII. Contact Information
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