

GUIDELINES ON ALLOWABILITY OF EXPENSES CHARGED TO INDIRECT COST VIA FEDERAL FUNDED SPONSORED PROJECTS

Federal regulations provide detailed guidance on the cost accounting treatment of costs as direct or indirect (F&A) costs (referred to as “recovered F&A costs” at NAU), as well as set forth allowability and allocability principles for selected cost items. These “cost principles” are described and codified at 45 CFR 75 Subpart E.

In short, indirect cost (IDC) funds can be used for research related expenses that are generally not permitted as direct costs on federally funded sponsored grants.

Examples of Allowable IDC research related expenses are:

- alteration/renovation of research space or facilities;
- costs of preparing proposals;
- publication fees (e.g., open access fees)
- general office equipment (i.e. computers, fax machines, etc.) used for research related purposes¹
- international fees; banking fees (international research fees)
- local telephone;
- office supplies;
- photocopying;
- postage;
- seed projects for future research proposals;
- research/lab meetings
- student travel to research conferences;
- faculty travel related to future research projects
- administrative and clerical salaries²

¹ When not specifically unallowable by the sponsoring agency or per the terms of the sponsored award.

² Salaries of administrative and clerical staff can be charged directly to the sponsored award if all of the following conditions are met: (1) administrative or clerical services are integral to a project or activity; (2) individuals involved can be specifically identified with the project or activity; (3) such costs are explicitly included in the budget; and (4) the costs are not also recovered as indirect costs. Such charges must also meet the criteria for allowable costs described in 45 CFR 75.403.

Examples of Unallowable IDC expenses are:

- **Faculty salary (compensation)³**
- **Faculty travel for current funded research⁴**
- **Student support that involves work directly related to the federal sponsored project⁵**
- **Student field trips unrelated to sponsored research**
- **Personal/Departmental invitation subscription service (e.g., Evite) expenses**
- **Faculty and staff entertainment**
- **Textbooks, including e-books purchased for students**
- **Meal and lodging expenses unrelated to student travel conference attendance**
- **Meal and lodging expenses unrelated to faculty travel for future research projects**
- **Food, refreshment, and catering expenses for school or dept. open house events and retreats**
- **Guest speaker fees and entertainment (travel, meals)**
- **Personal gift expenses (e.g., student award gift)**
- **Sporting event purchases for faculty or students**
- **Office equipment unrelated to alteration/renovation of research/lab space (e.g. standing desks)**

As with all charges, costs must be reasonable, allocable, consistently treated, and conform to the limitations and exclusions as contained in the terms and conditions of the sponsored project award. Please see 45 CFR 75.403 for more information on allowable costs. Please also be advised NAU CMP 400 policy address the uses of local (2400) funds, which must be taken into consideration when expending from this funding source.

³ Meaning the salary of faculty performing sponsored project related work should be treated as direct costs, and thus charged as “direct” costs to the sponsored project.

⁴ Meaning travel for current funded sponsored research should be charged directly (as direct costs) to the sponsored project. IDC funds can be used for future research travel.

⁵ Meaning support of students (including graduate students) who are directly working on the grant should be treated as direct costs and thus charged as “direct” costs to the sponsored project.