

## **Cost Items that Require Prior Written Approvals**

The cost items in the chart below each require prior written approval in order to be either direct-charged to a federally-funded award, or to be committed and used as cost sharing or matching for a federally funded award. *(Note: Prior Approvals are also required for certain actions related to use and disposition of property and for certain programmatic changes. Details are listed in separate sections of this documentation.)*

For each of the costs listed in the table below the Office of Sponsored Projects (OSP) will use the following criteria when reviewing and approving such costs:

### **Budget Details for Direct charges or for Cost Sharing/Matching charges:**

Any sponsor-specific rules or instructions for obtaining prior approval during the proposal and formal award process must have been followed. In the absence of such, OSP will look for the following within the approved budget:

- The item must be clearly identified and labeled, using the federal cost description terminology in the table below (to the extent possible).
- The same process should be used by any sub-recipients who wish to direct charge or use the costs for cost sharing or matching for their portion of the award.

### **Re-budgeting procedures:**

After an award has been made, if the PI decides that an item requiring prior written approval is needed to carry out the project, a formal request for approval needs to be processed. The request should follow applicable sponsor and institutional procedures for re-budgeting and approval must be received and provided to the Office of Sponsored Projects prior to any such costs being charged to the sponsored award.

### **Non-federal funds:**

Costs listed in the chart below may be directly charged to non-federally funded awards without prior written approval, if needed for the project (it must otherwise meet the applicable criteria of a direct and allowable cost). Exceptions would be for non-federal awards that are used as matching for a federally funded award or where the sponsor imposes restrictions or specifically disallows such costs.

<b>Item (per listing in 2 CFR 200.407)</b>	<b>Described in detail in 2 CFR section:</b>	<b>Prior approval details/other comments for Federally funded accounts</b>	<b>Federal agency variations - TBD</b>
<b>Unrecovered Indirect Costs</b> – the use of unrecovered indirect costs (including indirect costs on cost sharing or matching direct costs) as Cost Sharing or Matching	200.306 (c)	<p>Prior approval of the Federal awarding agency.</p> <p>Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity’s approved negotiated indirect cost rate.</p>	
Use of <b>Program Income</b> to meet cost sharing or matching requirements of the award	200.307 (e) (3)	<p>Prior approval of the Federal awarding agency.</p>	
<b>Transfer</b> of funds budgeted for participant support costs to other categories of expense.	200.308 (c) (5)  <i>Federal awarding agency has the option to waive.</i>	<p>Prior approval of the Federal awarding agency.</p> <p>Participant support costs are defined in 200.75</p>	
<b>Subawards</b>  The subawarding, contracting out or transferring of any of the work of the Federal award that was NOT described and funded in the approved award	200.308 (c) (6)  <i>Federal awarding agency has the option to waive.</i>	<p>Recipients must request prior approvals from the Federal awarding agency.</p> <p>Applies to all non-construction awards, but does not apply to the acquisition of supplies, material, equipment or general support services (vendor relationships).</p>	
<b>Changes</b> in approved <b>cost-sharing or matching</b> provided by the non-Federal entity	200.308 (c) (7)  <i>Federal awarding agency has the option to waive.</i>	<p>Prior approval of the Federal awarding agency.</p> <p>Applies to all non-construction awards.</p>	
Need for <b>additional federal funds</b> to complete the project	200.308 (c) (8)	<p>Must be reported and prior approval requested.</p>	

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<b>Pre Award Costs</b> incurred more than 90 days prior to award	200.308 (d) (1)	Expenses <u>more than 90</u> calendar days prior to the award date require prior approval of the Federal awarding agency.	
	Also 200.458 for situations where 90 day waiver is not applicable.	Prior approval for project costs incurred <u>equal to or less than 90</u> calendar days prior to award MAY be waived at the Federal agency's discretion. The waiver is typically applied automatically to awards that support <u>research</u> . If the rare case that such waiver is not applicable, then 200.458 applies and all pre award costs must have prior approval.	
Issuance of <b>fixed amount subaward agreements</b> – up to the Simplified Acquisition Threshold (currently \$150,000)	200.332	<p>Prior written approval from the Federal awarding agency. In addition the sub-awards must also meet the requirements for fixed amount awards in 200.201(b).</p> <p>Implies that sub-awards above the Simplified Acquisition Threshold are NOT allowed to be issued as fixed amount.</p>	
<b>Administrative and Clerical Salaries</b>	200.413 (c)(3)	<p>Such costs must be explicitly included in the budget or have the prior written approval of the Federal awarding agency.</p> <p>In addition, the costs must be integral to and specifically identifiable with a project. See details regarding K-State's benchmarks for allowability in the section of this manual entitled "Additional Guidance for Specific Costs".</p>	

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<b>Faculty salary- excess of proportionate share of pay</b> - any amount that exceeds the proportionate share of the Institutional Base Salary (IBS) for the period during which the faculty member worked on the award.	200.430 (h)(2)	Must have prior approval by the Federal awarding agency.  IBS is defined as the annual compensation paid for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities.	
<b>Intra-institutional consulting by faculty</b> where charges for such work represent <b>additional compensation</b> above the Institutional Base Salary (IBS).	200.430 (h) (3)	Must be specifically provided for in the Federal award or approved in writing by the Federal awarding agency.  The consulting must be "unusual" as defined in the same section and the allowability conditions for Extra Service Pay in 200.430 (h) (4) must be met.	
Costs that might otherwise be considered <b>Entertainment Costs</b> that have a programmatic purpose for the specific project at hand.	200.438	Must be authorized in the approved budget for the Federal award or have written approval of the Federal awarding agency.	

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR section:	Prior approval details/other comments for Federally funded accounts	Federal agency variations - TBD
Capital Expenditures for <b>GENERAL PURPOSE equipment, buildings, and land.</b>	200.439 (b) (1)	<p>Unallowable as direct charges except with the prior written approval of the Federal awarding agency or pass-through entity.</p> <p>General Purpose equipment is defined in 200.48 as not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment and motor vehicles.</p>	
Capital expenditures for <b>SPECIAL PURPOSE equipment.</b>	200.439 (b) (2)	<p>Allowable as direct costs, provided items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.</p> <p>Special purpose equipment is defined in 200.89 as that which is used only for research, medical, scientific, or other technical activities. Examples include microscopes, x-ray machines, surgical instruments and spectrometers.</p>	
<b>Capital Improvements</b> Capital Expenditures for improvements to equipment, buildings, or land that materially increase their value or useful life	200.439 (b) (3)	Unallowable as direct charges except with the prior written approval of the Federal awarding agency or pass-through entity.	

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<b>Fluctuations in Exchange Rates</b> requiring a need for additional Federal funding or require a significant reduction in scope.	200.440	Prior approval from the Federal awarding agency is required.  Approval is subject to availability of federal funding. The nonfederal entity must review local currency gains prior to the expiration date of the Federal award and provide adequate source documentation.	
<b>Fines, penalties, damages, other settlements</b> resulting from violations, alleged violations, or failure to comply with Federal, state, tribal, local, or foreign laws and regulations.	200.441	Prior written approval of the Federal awarding agency is required, except when incurred as a result of compliance with specific provisions of the Federal award.	
<b>Fund raising costs</b> for purposes of meeting the Federal program objectives	200.442 (a)	Allowable with prior written approval from the Federal awarding agency.	
Costs of <b>housing, housing allowances and personal living expenses</b>	200.445 (b)	Allowable only as direct costs, regardless of tax treatment for the employee, and only if approved in advance by the Federal awarding agency.	
<b>Memberships</b> Cost of membership in any civic or community organization	200.454 (c)	Allowable with prior approval by the Federal awarding agency or pass-through entity.	
Cost of <b>establishment or reorganization of an organization</b>	200.455	Unallowable except with prior approval of the Federal awarding agency.	

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<b>Participant support costs</b>	200.456  <i>Also see 200.308 (c) (5), listed above, for re- budgeting of these costs</i>	Allowable with the prior approval of the Federal awarding agency.  Defined in 200.75 as direct costs for items such as stipends or travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects	
<b>Pre-award costs</b>	200.458,  <i>See also 200.308 (d) (1) for waiver of approval for costs incurred up to 90 days prior.</i>	Allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.	
Special facilities <b>(building) rearrangement and alteration</b> costs incurred specifically for a Federal award	200.462 (a)	Allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity.	
<b>Selling and marketing</b> costs for any products or services	200.467	Allowable as direct costs with prior approval by the Federal awarding agency when necessary for the performance of the federal award.	
<b>Foreign Value Added Tax (VAT)</b> – specifically the refund made by a foreign government under a Federal award that has not expired	200.470 (b) (c)	Use of a refund that is credited back to the federal award for approved activities under the Federal award is allowable with prior approval of the Federal awarding agency.	