

UNIVERSITY OF NEW HAMPSHIRE OFFICE OF SPONSORED RESEARCH

Supplies Charged Directly To Federally-Sponsored Grants, Contacts And Other Agreements

Effective Date: October 5, 1998

Definition: Supplies are non-expendable items costing less than \$1000 and expendable items used to support the administrative, instructional, research, and public service activities of the institution. Examples of non-expendable supplies are calculators, office furniture, file cabinets, books, and computer software and peripherals when not purchased as part of a system. Examples of expendable supplies are paper, pencils, notebooks, markers, floppy diskettes, and laboratory chemicals.

Policy: In accordance with OMB Circulars A-21 and A-110, all supplies charged to a federally-supported* grant, contract, or other agreement must be clearly essential to advance the work on the project supported by that agreement. Supply items must meet all of the following criteria in order to be allowable as direct charges:

Reasonable: The supply must be necessary for the performance of the sponsored agreement, the cost of the supply must conform to all applicable government requirements, and the cost must be consistent with institutional policies.

Allocable: The supply must be used solely to advance the work under the sponsored agreement during the funded period of the agreement; if the supply benefits more than one project or activity, the cost must be allocated proportionately to each one according to the degree of benefit.

Consistent: The cost of the supply item must be treated consistently as either a direct or indirect cost in like circumstances throughout the institution.

Limitations: The supply item must conform to limitations imposed by the sponsor's policies and the agreement itself.

* "Federally-supported" refers to all federal funds, including those received through the State of New Hampshire, other institutions, or other entities.

The cost of supplies from stock or services rendered by specialized institutional facilities or other operations (such as departmental copiers) may be charged directly to sponsored agreements provided the above criteria are met and the costs conform to USNH policy "Establishing a Recharge Center Rate."

Items typically considered to be office, administrative, departmental, or general supplies (such as paper, pencils, notebooks, file cabinets) are normally charged **IND**irectly to sponsored agreements through the institution's federally-negotiated facilities and administrative (F&A) cost rate. However, in extraordinary circumstances, a supply item may be charged directly to the sponsored agreement if:

- 1) it is essential to the project's programmatic or technical purpose,
- 2) can be explicitly identified with the project,
- 3) has been approved by the Office of Sponsored Research, AND
- 4) has not been specifically disapproved (or has been explicitly approved) by the sponsor.

Examples: It is allowable to directly charge a sponsored agreement for the cost of paper and envelopes for a project requiring data collection through a mail survey. Paper, pencils, and similar supplies may be allowable direct charges to a workshop or conference grant. Supplies for an administrative office specifically funded as such by the sponsor may be allowable direct charges.

Ref:	OMB Circular A-110: Subpart C, ___27	(Allowable costs.)
	OMB Circular A-21: C. 2.	(Factors affecting allowability of costs.)
	C. 3.	(Reasonable costs.)
	C. 4.	(Allocable costs.)
	C. 11.	(Consistency in allocating costs incurred for the same purpose.)
	D. 1.	(Direct Costs, General.)
	D. 2.	(Application to sponsored agreements.)
	F. 6. b.	(Departmental administration expenses.)
	A-21 Appendix A, CAS 9905.502	(Consistency in Allocating Costs Incurred for the Same Purpose by Educational Institutions)
	USNH Policy on Unallowable Costs	

Procedures:

PROPOSAL REVIEW AND SUBMISSION

1. Specific reference to supply items must be made at the time of proposal. The items must be identified and justified in the budget justification section of the proposal.
2. In those extraordinary circumstances in which program-specific office, administrative, departmental, or general supply items are being proposed, the project director must identify these items separately from other program supplies and provide in the proposal a detailed justification for their use on the project.

3. At the time of proposal, the Office of Sponsored Research (OSR) Grant and Contract Administrator (GCA) responsible for the project director's area will review the proposed supply items against the necessary criteria, determine whether institutional consistency would be maintained should the proposal be funded, and determine the adequacy of the written justification.
4. When the GCA determines that all requirements can be met, s/he will authorize submission of the proposal to the prospective sponsor.

AWARD ADMINISTRATION

1. When OSR receives the award document, the GCA will review it for any disallowances. Given no supplies disallowances by the sponsor, OSR will presume sponsor approval of the supply items to be charged directly to the sponsored agreement.
2. Should there be specific supply item disallowances or a total supply budget reduction, the GCA will clarify with the sponsor and project director the sponsor's intent. The GCA will then determine and document by memo, to the project director and award file in OSR, the approval or disapproval of any supply items.
3. When the GCA establishes the award account, approved supplies will be budgeted under object code 4300, "Sponsored Programs Supplies." Where program-specific office, departmental, administrative or general supplies are part of an approved budget under the extraordinary circumstances referred to in this Policy, object code 4120 will be used for these items.
4. A copy of the approved project budget and justification, along with OSR's Sponsored Programs Fund Authorization (SPFA) and copy of the award document, will be provided to the project director and the Business Service Center (BSC) that will initiate account expenses on behalf of the project director. If the project director or BSC staff questions the appropriateness of a potential expense, s/he should contact the responsible OSR GCA for guidance and a decision. The project director and BSC staff are responsible for ensuring that only appropriate and approved supply items are charged to the sponsored agreement.
5. If a project director wishes to rebudget funds to object codes 4120 - 4299, s/he must contact the appropriate OSR GCA and provide a written or e-mailed justification of why the change is programmatically necessary and how the criteria of this policy will be met. The GCA will review the request and take appropriate action. In some cases, sponsor approval may be necessary.