

VERMONT TECH

Manual of Policy and Procedures

<i>Title:</i> Charging for Administrative and Program Expenses	<i>Number:</i> T 505	<i>Page(s):</i> 3
	<i>Date:</i> November 7, 2013	

PURPOSE

This policy reflects 2 CFR 220 which establishes the principle that administrative expenses (salaries of clerical and administrative personnel, supplies and other expenses) should normally be treated as Facilities and Administrative (F&A) or indirect costs. The policy also reflects the 2 CFR 220 circumstances where it is appropriate to charge administrative expenses directly to sponsored agreements. In particular, institutions of higher education may charge directly those administrative costs that are above what would normally be provided "where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity." Program expenses (salaries of program staff, development of training and other program expenses) shall be treated as direct costs wherever identifiable to a particular sponsored agreement.

The policy addresses the 2 CFR 220 instruction that special care should be exercised to ensure that costs incurred for the same purpose in like or similar circumstances are treated consistently as either direct or indirect costs.

This policy does not apply to non-federally-funded sponsored projects. Administrative expenses that directly benefit such awards can and should be charged directly to those awards. However, the policy does apply if the non-federal sponsor receives federal funding for the project, specifically adopts 2 CFR 220 guidelines, or has its own policies restricting administrative charges.

STATEMENT OF POLICY

- I. Departments shall specifically charge administrative expenses to the benefiting award when the criteria above are met. These expenses shall be charged to the appropriate expenditure type.
 - a. A method of accounting for time, or percent of effort, is required in order to identify the benefit of the administrative and clerical personnel effort to the federal sponsored agreement. This requirement shall be met by using the College's time and effort (T&E) report.
 - b. A method of accounting for supplies and expenses is required in order to identify the benefit of the supply or expense to the federal sponsored agreement. Clear

justifications at the time of the charge and quarterly certification of expenses by the grant project director are needed to meet this requirement.

- c. Administrative expenses may not be distributed or rotated among sponsored agreements. Departments shall not use any type of pooled allocation method to charge administrative expenses to federal sponsored agreements except from a service center with approved rates, or as described in the following paragraph.
 - d. If an individual cost specifically benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If an individual cost specifically benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the cost may be allocated to benefited projects on a reasonable basis. This requires a methodology, documented at the time the cost is incurred, that allocates costs based on some common characteristic such as head count, square feet, or some other criteria that reflects the benefit received by the projects. The criteria shall be consistently applied regardless of the projects' available funding.
- II. Program expenses shall be charged directly to sponsored projects if the expense can be specifically identified and provides program benefit as described in the project's scope of work. The project need not be major, as defined in this policy, for program costs to be charged directly. Direct charging of these costs may be accomplished through specific identification of the costs to the sponsored project or through service centers or specialized service facilities, as appropriate under the circumstances. Examples of such qualifying expenses include the following:
- (1) Salaries of Directors and program staff, and related fringe benefits.
 - (2) Educational supplies.
 - (3) Telephone toll charges for calls related to the scope of work.
 - (4) Non-administrative computer costs.
 - (5) Travel costs related to the scope of work.
 - (6) Specialized shop costs.
 - (7) Specialized safety supplies, training, and services.
- a. The above expenses shall be charged using the appropriate expenditure type. Note: General administrative supplies and expenses used by program personnel (but not specifically required to accomplish the scope of work) are administrative - not program - expenses and should be coded accordingly.

PROCEDURES

Vermont Technical College's policy incorporates 2 CFR 220 requirements for direct charging of administrative and technical expenses. 2 CFR 220 Section F .6.b. establishes the principle that administrative expenses should normally be treated as Facilities and Administrative (F&A) indirect costs, but that charging these costs directly to sponsored agreements may be appropriate where a major project or activity explicitly budgets for

administrative and clerical services and the costs involved can be specifically identified with the project or activity. The revised policy also incorporates the 2 CFR 220 definition and examples of major project/activity.

Vermont Technical College's policy does not apply to non-federal sponsored projects. Administrative expenses that directly benefit such awards can and should be charged to those awards. However, the policy does apply if the non-federal sponsor receives federal funding for the project, specifically adopts 2 CFR 220 guidelines, or has its own policies restricting administrative charges.

POLICY MODIFICATION HISTORY

The following dates reflect chronological changes made to this policy which are henceforth considered depreciated.

- a) October 30, 2013
- b) November 7, 2013

Signed By:  Patricia Moulton President
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