

UCI ADMINISTRATIVE POLICIES & PROCEDURES

RESEARCH AND SPONSORED ACTIVITIES

Sponsored Projects

Section 483-1: Budgeting and Charging Administrative Expenses to Sponsored Projects

Responsible Office: Office of Research Administration

Issued: June 1, 2005

Revised:

References

- [OMB Circular A-21, \(2 CFR, Part 220\) Cost Principles for Educational Institutions](#)
- Federal Sponsor Policies Implementing OMB A-21
- [University of California Contract and Grant Manual, Chapter 7](#)

Background and Purpose

As a recipient of Federal funds, UCI is required to propose, account for, and report costs in a consistent manner and in accordance with the federal regulations and University policies referenced above. OMB Circular A-21 (2 CFR, Part 220) requires that administrative expenses shall normally be treated as Facilities and Administrative (F&A) costs. However, administrative expenses may be charged directly to sponsored projects when certain special circumstances apply.

The purpose of this policy is to address when it is appropriate to budget and charge administrative expenses to sponsored projects, as well as how to document and justify such costs.

Applicability and Effective Date

This policy is applicable to all extramural sponsored projects (federal and non-federal) and is effective immediately. The issuance date of this policy is June 1, 2005.

Definitions

Administrative expenses include salaries and related benefits of those employees who perform administrative/clerical (non-technical) activities, and other non-salary administrative expenses incurred to support a project. Please refer to [Administrative/Clerical Salaries – Special Guidance](#) and [Non-Salary Administrative Expenses – Special Guidance](#) for a list of the most common, routine administrative expenses.

Special Circumstance exists when a project requires an extensive amount of administrative/clerical personnel support, or non-salary administrative expenses that are

significantly greater than the routine level of support that is provided to every UCI sponsored project.

Major Project, as defined in OMB Circular A-21 and used in this policy, is a project that requires an extensive amount of administrative/clerical personnel support, which is significantly greater than the routine level of such services provided by academic departments.

Unlike Circumstance exists when the scope of the project requires non-salary administrative expenses that are significantly greater than the routine level of support provided to every UCI sponsored project.

Policy Statement

A. Administrative/Clerical Salaries

In accordance with the [Guidelines for Direct Charging Sponsored Projects](#), personnel costs associated with carrying out common, routine administrative/clerical activities are considered F&A costs and should not be charged to sponsored projects.

The nature of a sponsored project may involve special circumstances that necessitate administrative/clerical personnel support that is significantly greater than the routine level of support provided to every project. In such instances, administrative/clerical personnel expenses may be charged directly to the sponsored project provided that:

1. the sponsored project satisfies the Major Project criteria; and
2. the administrative/clerical activities of the individuals whose salary and related benefits comprise such expenses can be specifically identified (i.e., with a high degree of accuracy) with the sponsored project; and
3. the administering unit maintains documentation that explains and supports items 1 and 2 of this section A.

B. Non-Salary Administrative Expenses

In accordance with the [Guidelines for Direct Charging Sponsored Projects](#), non-salary administrative expenses are considered F&A costs and should not be charged to sponsored projects.

The nature of a sponsored project may involve special circumstances that necessitate non-salary administrative expenses that are significantly greater than the routine level of support provided to every project. In such instances, non-salary administrative expenses may be charged directly to the sponsored project provided that:

1. the sponsored project satisfies the Unlike Circumstance criteria; and
2. the non-salary administrative expenses can be specifically identified (i.e., with a high degree of accuracy) with the sponsored project; and

3. the administering unit maintains documentation that explains and supports items 1 and 2 of this section B.

C. Justifying and Documenting Administrative Expenses

When an administrative expense is charged to a sponsored award as a direct cost, such an expense must be justified and documented in accordance with the [Guidelines for Justifying and Documenting Administrative Expenses](#).

D. Sponsor Approval of Administrative Expenses

Sponsor approval does not constitute sufficient justification, under this policy or federal regulations, for charging an administrative expense as a direct cost in the absence of any provision noted in sections A or B above.

Authority and Responsibility

Principal Investigators are responsible for:

- following the [Guidelines for Direct Charging Sponsored Projects](#) in the costing of proposed projects and the charging of expenses to extramural awards;
- following the [Guidelines for Justifying and Documenting Administrative Expenses](#) in the costing of proposed projects and the charging of administrative expenses to extramural awards;
- identifying and documenting special circumstances related to sponsored projects (proposed and awarded);
- certifying that a sponsored project meets the criteria of Major Project and/or Unlike Circumstance;
- approving administrative expenses on sponsored projects;
- documenting and certifying administrative/clerical personnel effort on Personnel Activity Reports;
- providing university and extramural sponsor representatives access to extramural award financial and administrative records; and
- complying with this policy.

By signing the UCI Administrative Approval form, Principal Investigators accept and acknowledge these responsibilities.

Department Administrators are responsible for:

- assisting Principal Investigators with fulfilling the responsibilities noted above;

- assisting department chairs, directors, deans and vice chancellors with fulfilling the responsibilities noted below; and
- complying with this policy.

Department Chairs, Organized Research Unit (ORU) Directors, and Campus Center Directors are responsible for:

- certifying that a sponsored project meets the criteria of Major Project and/or Unlike Circumstance; and
- ensuring that the academic and staff personnel of the department, ORU or Campus Center comply with this policy, the [Guidelines for Direct Charging Sponsored Projects](#), and the [Guidelines for Justifying and Documenting Administrative Expenses](#).

Deans and Vice Chancellors are responsible for:

- certifying that a sponsored project meets the criteria of Major Project and/or Unlike Circumstance; and
- ensuring that the academic and staff personnel of the school or coordinating point comply with this policy, the [Guidelines for Direct Charging Sponsored Projects](#), and the [Guidelines for Justifying and Documenting Administrative Expenses](#).

The **Office of Research Administration** is responsible for:

- reviewing regulations and sponsor policies to verify costing regulations;
- providing advice to principal investigators, department administrators, chairs, directors, deans and vice chancellors regarding federal regulations and sponsor policies related to costing principles and practices;
- review proposals for compliance with federal regulations, sponsor policies and University policy regarding costing principles and practices;
- negotiating with sponsors regarding the allowability and allocability of administrative expenses contained in proposal budgets or charged to extramural awards; and
- promoting compliance with this policy.

Accounting and Fiscal Services (Contract and Grant Accounting) is responsible for:

- providing advice to principal investigators, department administrators, chairs, directors and deans, regarding campus policy and practices related to charging of administrative expenses to extramural awards;
- reporting extramural award expenditures to sponsors; and
- promoting compliance with this policy.