

Accounting for Administrative or Clerical Services for Major Programs and Projects

Position Paper Prepared by Statewide Finance

The intent of this report is to provide clear information that will enable university staff to determine how to account for administrative or clerical services for major projects and programs. In addition, this document provides examples of major projects and describes when administrative or clerical services might be outside the routine or normal level of support provided by academic or research department administration.

Proposal coordinators and grant administrators will have to consider information that pertains to a specific proposal and these guidelines when determining that a sponsored project should be designated as a major project or program. The Pre-Award and Post-award offices should document the formal approval of this designation in their files.

Routine Administrative or Clerical Support

All sponsored projects receive a baseline level of routine administrative or clerical support for their sponsored projects. Expenses are incurred by departments to support normal core operations of the unit. Costs include salaries and benefits of clerical and administrative positions that perform a broad range of baseline general support activities including secretarial assistance, procurement of materials and services, general accounting and bookkeeping, proposal preparation for new awards, payroll and human resource tasks. It also includes routine office supplies, postage for mailings that do not require special handling, local recurring telephone costs, office and general equipment, non-project specific repair and maintenance costs. These routine baseline academic or research support costs are normally included in the department administrative pools used to develop the F&A rate applied to sponsored projects to reimburse the university for at least a portion of those costs.

Criteria for Determining When Administrative or Clerical Support Costs can be Considered Direct Costs

As previously stated, administration and clerical services are normally charged as F&A costs. However, these costs may be charged as direct costs if the purpose and circumstances for which the costs are incurred are different. The size, nature, and complexity of sponsored projects, although not the final determining factors, are important considerations in determining circumstances where department administrative and clerical expenses may be considered as direct and appropriately charged to sponsored projects. Due to the unique requirements of each sponsored agreement, research, instruction, or other institutional activity, the existence of unlike circumstances is evaluated on a case by

case basis. Direct charging of department administration or clerical services costs may be appropriate on federally sponsored agreements where:

1. The services are required by the project scope,
2. The individuals or cost can be accurately and specifically identified with the project or activity with relative ease, and
3. The approved project budget clearly describes the need for the services. This is not required if an agency permits rebudgeting for these items and conditions 1 and 2 are met.

Other key factors considered in determining when such items may be charged as direct costs include:

1. The specific type and nature of the services required are extensive and go significantly beyond the normal departmental baseline support, or
2. The nature of the work performed is functionally different from the general business activities of clerical and administrative personnel such as clerical positions performing surveys.

Units should complete the attached Request for Exemption to Direct Charge Costs Normally Treated as Indirect Costs form to receive designation as a major project or program from their MAU's Provost and Chief Financial Officer or authorized designees. The request must demonstrate that the proposal substantially satisfies the criteria and key factors listed above in order for administrative or clerical administrative support costs to be included in the project budget. The Provost and the Chief Financial Officer or authorized designees should consider all factors in their review and approval process and ensure that the criteria are consistently applied to all programs and projects submitted for review and approval. The approval must be received prior to proposal submission.

Major Program and Project

A major program or project involves an activity that requires administrative or clerical support in excess of the normal baseline support provided by an academic or research departmental support unit. These costs are not incurred for the same purpose or circumstance as the common, routine departmental support costs. When these costs are charged as direct costs, they will not be included in the facilities and administrative (F&A) cost pool when developing the F&A rates.

Although not exhaustive, the following are examples of major programs and projects where it may be appropriate to charge F&A costs as direct costs:

- Large, complex programs such as General Clinical Research Centers, Primate Centers,

Program Projects, environmental research centers, engineering research centers, and other grants and contracts that require assembling and managing teams of investigators from a number of institutions.

- Projects involving extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies and clinical trials).
- Projects whose principal focus is the preparation and production of manuals, large reports or books, and monographs (excluding routine progress and technical reports).
- Projects that require making extensive travel and meeting arrangements for large numbers of participants (such as conferences and seminars).
- Projects that are geographically inaccessible to normal departmental administrative services (such as research vessels, radio astronomy projects, and other research field sites that are remote from campus).
- Individual projects requiring project-specific database management; individualized graphs or manuscript preparation; human or animal protocol, other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.

In order to identify those sponsored projects within the Banner system that have been identified as major programs/projects or activities, the user defined data value of MAJOR-PROG should be selected in the Banner Grant Maintenance Form, FRAGRNT, for all grants that have received the 'major program' designation on the CAS Exemption form.

Accounting for Administrative Support Costs for Major Programs or Projects

Administrative or clerical services support costs that will be charged directly to a sponsored project because they meet the previous criteria are not considered routine department support costs and must be accounted for correctly to ensure that they are treated appropriately for management reporting purposes and future F&A rate development.

These costs are considered an integral part of the major program activity costs. They are considered direct program support costs and should be accounted for using the same program code as the major activity. In addition, the F&A rate applied to the major program other direct costs will be applied to these direct expenses.

Example

An organized research project has received the “major project” designation from the chief financial officer at the campus. In the proposal development process, include the support costs with the other organized research costs and apply the organized research F&A rate to the total research costs. The award document is received and the department prepares their budget forms to get a grant set up in Banner Finance. The program support costs must be accounted for using an organization code (org) with an organized research program code. In addition, the organized research rate should be used to recover F&A costs under the grant. The support costs are included with the other organized research costs under a single organized research org unless the department needs to segregate the costs for internal management purposes.

Administrative or Clerical Services for Non-major Programs and Projects

Administrative or clerical services may be charged as direct costs to non-federal programs or projects that do not receive the “major project” designation when not expressly prohibited by the sponsor. This is technically noncompliant with OMB Circular A-21; however, federally sponsored projects are not adversely impacted financially by this practice. Administrative and clerical services costs in these cases must be reviewed and if material should be accounted for separately as other sponsored activity (OSA) regardless of the type of primary project activity i.e. sponsored training, organized research, or other sponsored activities. See Statewide Accounting Advisory Report 2006-2 to review the materiality criteria and guidance on accounting for multiple activities.

**University of Alaska
Request for CAS Exemption to
Direct Charge Costs Normally Treated as Indirect Costs**

Proposal Number: _____

Principal Investigator: _____

Sponsoring Agency: _____

NOTE: CAS exemption is **REQUIRED** to direct charge administrative and clerical salaries and other administrative-type expenses to a sponsored project. In addition to meeting the definition of exceptional circumstances, costs must be explicitly described in the project budget, specifically identifiable to a particular sponsored project, be reasonable, allowable and allocable.

SECTION I. EXCEPTIONAL CIRCUMSTANCES

Major project or activity designation:

The nature of the work performed under the sponsored project requires an extensive amount of administrative and/or clerical support and goods/services that are significantly greater than the routine level provided by the research or academic department. Check all boxes below that apply, as appropriate.

- Project is a **large, complex program** (such as Clinical Research Center, program projects environmental research & engineering research center & project that entails assembling & managing teams of investigators from a number of institutions).
- Project involves **extensive data accumulation**, analysis & data entry, surveying, tabulation, cataloging, searching literature, & reporting, such as epidemiological studies & clinical records
- Project requires **making travel & meeting arrangements** for large numbers of participants (such as conferences and seminars).
- Project principal focus is the **preparation and production of manuals** and large reports, books and monographs (excluding routine progress & technical reports).
- Project is **geographically inaccessible** to normal departmental administrative services (such as seagoing research vessels, radio astronomy projects, & other research field sites that are remote from campus).
- Individual projects requiring **project specific database management; individualized graphics or manuscript preparation; human or animal protocols;** and **multiple project-related investigator coordination and communications.**

Other circumstances:

- Nature of the work performed** by the administrative/clerical staff **is different** than the work performed by the administrative/clerical staff in an academic or research support office for other sponsored projects.
- Non-federal project:** The project or activity is not funded with federal or federal pass thru funds.

SECTION II. TYPES OF COSTS

(Check all boxes that apply, as applicable and complete information in Section III/IV)

- Administrative and Clerical salaries**
- Other Expenses**
 - Postage**
 - Local Telephone** (Project related long distance charges do not require a CAS exemption.)

 - Office Supplies**
 - Data Processing/Computer Supplies** (Research/lab supplies necessary for the research project do not require a CAS exemption)
 - General Purpose Software:** (Project required technical computer software does not require a CAS exemption)
 - Memberships**
 - Subscriptions**

SECTION III. DESCRIPTION/EXPLANATION OF ADMINISTRATIVE & CLERICAL SALARIES

- A. Provide FTE required for administrative & clerical duties and describe their responsibilities.

- B. Explain why the services provided to the project by the administrative/clerical staff are significantly greater than the routine level of such services provided by the research or academic unit support office.

- C. Are these costs explicitly described in proposed sponsoring agency budget? YES NO

SECTION IV. DESCRIPTION/EXPLANATION OF OTHER EXPENSES

- A. For each item checked in section II, describe each item being requested, the quantity and amounts.

- B. Explain why such items are significantly greater than the routine level of such items provided by the research or academic support unit.

- C. Are these costs in sponsoring agency budget? YES NO

SECTION V. REQUIRED ENDORSEMENTS

Principal Investigator's Signature

Date

Department Chair/Center Director's Signature

Date

College Dean's Signature

Date

Prepared By: _____

Date

Phone / Email _____

SECTION VI. REQUIRED APPROVALS

APPROVED DISAPPROVED

MAU Provost or Designee

Date

APPROVED DISAPPROVED

MAU Chief Financial Officer (CFO) or Designee

Date

If approved by MAU Provost & CFO, CAS Exemption requires SW Controller Approval

APPROVED DISAPPROVED

SW Controller

Date