CSU OSP Standard Operating Procedure for Allocating Computer and Computer-Related Products as Direct Costs to Sponsored Projects

Process Description
Since the use of computers and computer-related products are most often not limited to a specific project and are considered general purpose items under Office of Management and Budget (OMB) Circular A-21, they are typically not allocable as a direct charge to a sponsored project; they should normally be purchased using departmental funds. In some instances however a direct charge may be justifiable.

Purpose
To provide criteria for when allocation of the cost for computer and computer related products is appropriate as a direct charge to sponsored projects.

Scope
This procedure applies to Sponsored Programs (SP) personnel and Principal Investigators (PI) in determining the allocability of computer and computer-related products as direct costs on sponsored projects.

Responsibilities
Sponsored Programs (SP) is responsible for approving the purchase of all computers and computer-related products on sponsored projects. The University uses OMB Circular A-21 as the basis for determining if computers and computer-related purchases are acceptable as direct charges (either in whole or in part) to any sponsored agreement.

Principal Investigators (PIs) and departments are responsible for fully justifying computer and computer-related purchases in proposal budgets and for providing support for the purchase transaction in the Kuali Financial System (KFS.) PIs and departments will provide to SP all required justifications in support of computer and computer-related products. SP suggests coordinating with the appropriate team before writing justifications for either proposals or purchases if there are questions.

Definitions
None.

1.0 Background
1.1 There are four OMB Circular A-21 criteria for approving any purchase using 53-XXX funds. This process addresses allocability and assumes that the allowability, reasonableness and consistency criteria have been or will be met.

1.2 OMB Circular C4a, “A cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if (1) it is incurred solely to advance the work under the sponsored agreement; (2) it benefits both the
sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in this Circular, is deemed to be assignable in part to sponsored projects.” (Bold added)

1.3 Often, computers and computer-related products are necessary “office purchases” as are phones, copy machines, and desks. The circular states “Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs,” that is, these items are already accounted for in CSU’s negotiated F&A (indirect rate) and cannot be a direct charge to a sponsored agreement.

2.0 Evaluation Criteria

2.1 Computers or computer-related products which are purchased “solely to advance the work” (e.g., perform programmatic work and cannot be used to perform administrative functions such as e-mail, web browsing, accessing CSU administrative systems, etc.) of a sponsored project and justified as such, will be approved for purchase using a 53-XXXXX account.

2.2 Subject to the guidelines in 2.1 above and assuming title vests with the University, computers or computer-related products purchased for the benefit of two or more sponsored projects and whose benefits to those projects can be approximated using a reasonable method, will be approved for purchase using 53-XXXXX accounts. The Department is responsible for providing SP with documentation which supports the need and benefit to the projects and will be responsible for keeping such documentation for audit purposes.

2.3 Computers and computer-related products that are purchased for the use of a PI or any other person for the purpose of the user possessing, replacing or upgrading, even if there is some use for sponsored project activities will not be approved for purchase using a sponsored project.

2.4 Computers and computer-related purchases that are purchased for general computing needs will not be approved for purchase using a sponsored project.

2.5 There are unique exceptions to these decisions when there is a “Major Project” using criteria in Exhibit C of OMB circular A-21. However, those criteria are very specialized and unique to large projects and therefore will be addressed during the proposal planning phase. Unique exceptions to the above criteria may also be available where the project is funded using non-federal sources.
3.0 **Proposal Process**

3.1 Computers or computer-related purchases should be fully justified in proposal budgets so that PI’s can have an early decision on the acceptability of any potential purchase using a 53-XXXXX account. If, due to the proposal deadline, there is not time to change or correct a budget justification, the PI will be notified that, if awarded, the computer and computer-related purchases have to be further justified or not allowed to be direct charged to the sponsored agreement.

3.2 All justifications will be evaluated using the criteria established at 2.0 above.

4.0 **Purchase Process**

4.1 The Kuali system (KFS) automatically routes all requisitions for computers or computer related products to SP as an “approver.” Therefore, it is necessary for the requestor to provide a strong justification in the Kuali system in order for SP to approve the purchase. If the justification does not meet the criteria established at 2.0, the PI or initiator may be contacted for a more specific justification or the purchase will be denied.

4.2 All justifications will be evaluated using the criteria established at 2.0 above.