



Tuesday Tips is a new outreach effort by OGCA. The idea behind *Tuesday Tips* is to convey tips, tricks and other helpful information around the area of research administration. Our goal is to post on (almost every) Tuesdays. If there is something you would like to see covered on *Tuesday Tips*, email: UAF-GCReATE@alaska.edu. For more Tips visit [OGCA website](#).

Cost Principles

UAF and its PIs are jointly responsible for stewardship of sponsored research funds in compliance with federal cost principles established by the Office of Management & Budget (OMB). Prior to December 26, 2014, these principles were described in OMB Circular A-21 and incorporated into university policies and procedures for administering research awards.

The new Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 ("Uniform Guidance"), replaced several OMB circulars, including A-21. UA/UAF has adjusted policies and practices, at both the system and campus levels, to conform to the Uniform Guidance.

Adherence to all cost principles is required to properly and appropriately account for the expenses of conducting research at UAF. The consequences of failing to comply with costing principles may range from disallowance of specific incurred costs to termination of the award to federal sanctions, depending on the particular cost and circumstances in question.

Allowable Costs

The key concept of cost principles is “allowability.” For a cost to be allowable on a specific sponsored award, it must meet all three of the following criteria:

- *Reasonable*. It is necessary for the performance of the project and the cost is what a “prudent person” would pay for the particular goods or services obtained.
- *Allocable*. The project that pays the cost is the project that benefits from it. Expenses shared across multiple projects benefit all projects proportionately, when benefit can be clearly allocated, or reasonably, when proportionate value cannot be readily determined due to the inter-relationship of the work involved.
- *Consistently treated*. The university consistently designates that type of cost as either direct or indirect when incurred for the same purpose in like circumstances.

Additionally, the cost must not be explicitly excluded by federal guidelines or the terms and conditions of the award. Some expenses that may directly benefit a project may be prohibited by the award sponsor and, thus, are not allowable on the award.

Additional information can be found at: [Managing Your Award](#)