OMB Circulars and Allowable Costs

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The Plan for Today’s Presentation:

- You will:
  - Understand the basic differences in the OMB Circulars and why they are important
  - Have a better understanding of how to use the Circulars
  - Understand what questions can, and should, be asked
  - Have fun!
Basic Research Administration Principles:

- Expenditures must be:
  - Allocable: the expenditure is able to be charged to a sponsored agreement.
  - Reasonable: a cost is reasonable if the cost is consistent with established Federal and institutional policies.
  - Consistent: the educational institution must treat “like” expenditures the same.
  - Allowable: the expenditure must conform to the OMB policies as well as those of the sponsor, state, and educational institution.
Office of Management and Budget (OMB) Circulars

• The OMB is under the Executive Branch of the government.

• Georgia State University as an educational institution is subject to all principles in the OMB Circulars A-21, A-110, and A-133.
Circular A-21

- Directly from A-21: “establishes the principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.”
- Basically, A-21 is the resource for determining allowable costs on federal funds.
Circular A-110

- Directly from A-110: “sets forth the standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.”
- Basically, A-110 policies establish the requirements for managing federal funds.
- [http://www.whitehouse.gov/omb/circulars_a110](http://www.whitehouse.gov/omb/circulars_a110)
Circular A-133

- Directly from A-133, “sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.”
- Basically, A-133 establishes the standards for audits.
- [http://www.whitehouse.gov/sites/default/files/omb/circulars/a133/a133.pdf](http://www.whitehouse.gov/sites/default/files/omb/circulars/a133/a133.pdf)
Determining Allowable Costs

- The answer is always,
Determining Allowable Costs

- The answer is always, It Depends!
Determining Allowable Costs (continued)

- Suggestions for questions to ask:
  - Was it included in the approved proposal budget justification?
  - How is it directly related to the grant/award?
  - How does the research benefit?
  - Does it change the Scope of Work?
  - Do you have approval from the sponsor?
    - Yes? Provide documentation
    - No? Get it – if necessary.
Scenario’s

- Break up into small groups of at least two people each.
- Each group take a mini guide for the OMB A-21 and OMB A-110.
- Each group will be distributed one scenario.
- For each scenario:
  - Determine which circular is relevant to your scenario
  - Locate the reference number in the circular
  - Answer the questions completely. NOTE: You will need to answer as the PI in some of the scenarios
Discussion of Scenarios

- Each group will share for discussion
  - Your scenario
  - The circular and reference number
  - Answers to the questions and how you determined the answer
- NOTE: All professor names are fictional and are not based on actual individuals.
Example Scenario

- Prof. Smithson is a professor with an NIH grant who wants to purchase alcohol and charge it to her grant.

- Is it allowable?

- What questions should be asked?
Scenario 1

- Prof. Jones is presenting at a conference in Chicago on work from her NSF grant. She wants to fly first/business class and charge it to the grant. Is it allowable according to the circular?

- Is it allowable at GSU?

- What are the questions you asked Prof. Jones to determine your answer?
Scenario 2

- Prof. Smith is in the Computer Science Department and has requested that you order a laptop computer and charge it to his NIH grant. Is it allowable according to the circular?

- What questions did you ask Prof. Smith?

- Based on Prof. Smith’s answers, is it allowable?
Scenario 3

- Prof. Brown is going to submit a proposal to the USDA. He has told you that he realizes it is not a grant but he is not sure if it is a cooperative agreement or a contract.

- What questions do you ask him to determine which is the appropriate award instrument?

- According to his answers, it is a cooperative agreement or a contract?
Scenario 4

- Prof. Schwartz is the PI on a NSF Center grant. There is 30% mandatory cost share.

- Can Prof. Schwartz’s state funded salary be used for cost share? If yes, can it be used for anything else?

- What are some other categories which can be used to fulfill the cost share obligation?
Scenario 5

- Dr. Jefferson is a Research Scientist with a 12-month appointment in the Psychology Department. She has been asked to do 2 weeks of evaluation work on a sponsored project in the Sociology Department. The PI in Sociology has promised to pay her “extra compensation” for the 2 weeks in the summer. Is it allowable according to the circular?

- Why or why not?

- What questions did you ask to determine your answer?
Scenario 6

- Prof. Short has an NIH grant and has 2 summer months at a cost of $20,000 committed to the project. Prof. Short has decided to hire a Post-Doc to perform some of the research on the grant. She will reduce her committed effort by 1 month to $10,000.

- Is prior approval needed from the sponsor?

- Why or why not?
Scenario 7

- Prof. Wang has a NSF grant with a REU (Research Education for Undergraduates) component. He has decided to take all of the REU summer participants to the “World of Coke” one Saturday afternoon.

- Are the tickets an allowable cost?

- Is the transportation to the “World of Coke” allowable?

- What questions did you ask Prof. Wang to determine the allowability?
Scenario 8

- Prof. Yang has an NIH grant that has reached its term date, the final report has been submitted, and all expenditures are final.

- What type of records must be retained and for how long?

- Which office would you and/or Prof. Yang work with regarding record retention?
Scenario 9

- Prof. Lee has an NIH grant with multiple sub-award recipients. In the second year of the project, she wants to invite all the Co-PI’s along with their students and researchers to Atlanta to participate in a meeting where they will each present the work they accomplished in Year 1. The meeting will take place at a local hotel where a hotel conference room will be rented. Additionally, coffee breaks, lunches, and dinner will be provided for the duration of the meeting. Is the hotel cost allowable?

- Are the food expenses allowable?

- What questions did you ask Prof. Lee to determine the allowability?
References

- URSA: “Direct Costs Charging Policy on Sponsored Projects: http://www.gsu.edu/research/budget_management.html#allowable
• Questions?

• Thank you for your time and attention!