



**POLICY**

• Retrieval Number:	11,002
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• Applicable Area:	OSP Pre-Award and Post-Award Personnel
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OFFICE OF SPONSORED PROGRAMS

SUBJECT: CHARGING COMPUTING AND ELECTRONIC DEVICES AS DIRECT COSTS TO A SPONSORED AWARD

**Purpose:**

To provide guidance regarding the purchase of basic computing and electronic devices on an externally sponsored project.

**Reason for this Guidance:**

The reason for this guidance is to ensure the proper treatment of computing and electronic devices under Uniform Guidance (2 CFR 200). Under Uniform Guidance, the rules and requirements surrounding the purchase of computing and electronic devices on federal grants has changed.

The Uniform Guidance defines computing devices as follows:

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. (2 CFR §200.20)

*CMU will use the above definition when referencing computing and electronic devices.*

Computing and electronic devices may be considered Supplies or Equipment. Uniform Guidance defines Supplies as follows:

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.  
(2 CFR §200.94)

Examples of computing and electronic devices that are allowable when they are essential for the project include:

**Computers** - Including, but not limited to, desktop computers and laptop computers.

**Electronic Devices** - Including, but not limited to, tablets, iPads, printers, and external hard drives. Smart phones and cell phones generally cannot be purchased; specific agency guidelines should be reviewed with the Office of Research and Graduate Studies (ORGS) to determine allowability.

This list is not all-inclusive but represents the most common computing and electronic devices on sponsored awards. Questionable items should be discussed with ORGS prior to being purchased.

The circumstances surrounding a computer/electronic device purchase plays a major role in determining whether to treat as an allowable expense on a sponsored project. For example, a computer necessary for the overall administration of a sponsored project would generally be considered an indirect cost expense – part of the normal wherewithal the institution can reasonably be expected to provide for research staff. Purchasing computers to control and monitor scientific equipment, however, represents a different circumstance or use of that equipment and would typically be allowable.

**Federal Guidance:**

The Uniform Guidance, 2 CFR §200.453, part (c), states:

In the specific case of computing devices, charging as direct costs is allowable for devices that are **essential** and **allocable**, but not solely dedicated, to the performance of a federal award.

**Treatment of Computing and Electronic Devices during Proposal Development:**

Principal Investigators are strongly encouraged to include any needed computing and electronic devices in the proposal budget including justification on how each computing and electronic device is essential and allocable to the performance of the award. Inclusion in the budget and budget justification is intended to enable the sponsor to review and concur with the need for the computing and electronic device. Written justification and/or approval is meant to prevent questions regarding the allowability of costs in the event of an audit.

A strong justification explains:

1. A clear description of the device.
2. The cost of the device(s).
3. Why the device is necessary to conduct the project; and
4. How the device will facilitate the project goals as stated in the proposal.

The ORGS Pre-Award Research Officer assigned to the proposal will assist in developing such justification.

If a computing device will not be used solely for an externally sponsored project, then only the costs associated with the estimated percentage of use dedicated to the externally sponsored project should be requested in the proposal budget. ORGS and Grant Accounting will use the following criteria to determine whether or not a computing and electronic device is essential and allocable:

1. The need has been included in the original proposal and completely justified as to the reason it is being included in the project budget.
2. It has been approved by the sponsor as part of the budget and award process.
3. The device is necessary for the performance of the project.
4. The project will be negatively impacted by not purchasing the computer or electronic device.
5. The purchase must represent good stewardship of sponsor funds and the stated objectives of the project.
6. The costs are reasonable and directly benefit the project.
7. The purchase is within the allowable guidelines and regulations per the sponsor and program.

#### **Non-Federal Sponsors:**

The guidance for non-Federal sponsors is similar but may be more flexible. The written sponsor guidelines may also restrict the direct charging of computing and electronic devices. It is important to be familiar with the program guidelines, terms and conditions. Principal investigators are recommended to include a justification for the purchase of computing and electronic devices with non-Federal funding.

#### **Modular Budgets:**

Not all proposals include detailed budgets; some sponsors allow the use of modular budgets. In the case of modular budgets, the PI is expected to provide a written justification for a computing and electronic device. This justification should be provided to ORGS and Grant Accounting for review to determine whether or not a computing and electronic device is essential and allocable to the sponsored project.

#### **Treatment of Computing and Electronic Devices during an Award:**

If computing and electronic devices are included in the proposal and the proposal budget, are in alignment with the all-sponsor guidelines, university guidelines, federal and state laws, and regulations for those projects, and are appropriately justified in the narrative/budget narrative as described on page 2, and the sponsor has approved the proposal with no changes to the budget, the PI need not take any other action. ORGS and Grant Accounting staff will consider the expense to be approved by the agency and, therefore, allowable.

ORGS and Grant Accounting acknowledges that not every cost can be anticipated at the time of proposal preparation. If the need for a computing and electronic device arises during

the conduct of the project, the PI will need to contact ORGS prior to purchasing the device to confirm allowability. If the cost is deemed to be allowable, the PI must provide a written justification for the computing and electronic device. The justification will need to address the criteria 3 - 6 outlined under “Treatment of Computing and Electronic Devices during Proposal Development.”

Computing and electronic device purchases during the final months of an award raise audit concerns. The basis for this concern is that the cost of the computing and electronic device may not be justified in terms of the full benefit of the sponsored award. Computing and electronic devices may not be purchased simply to use an obligated balance remaining at the end of the project.

**Ownership of Computing and Electronic Devices:**

When a computing and electronic device is purchased with sponsor or university funds as a supply, the device becomes Central Michigan University (CMU) property. The device should be retained by the department; and after the end of the award, the device should be made available for other ongoing research activities. When the device is no longer needed for research or other CMU activities, it should be disposed of in accordance with CMU policies.