



## QUICK REFERENCE GUIDE FOR COST PRINCIPLES RELATING TO GRANTS/CONTRACTS

**The Principle Investigator is responsible for the proper fiscal stewardship of his/her grant.**

### Direct Costs:

(See OMB Circular A-21)

- Expenses must be specifically identified with a particular project – Charge it where you used it!
- Must be allocable (i.e., costs must be charged in proportion to their benefit to a particular project).
- Must be reasonable (i.e., charging costs to a particular project must be conservative and reflect the actions of a “prudent person”).
- Costs normally included in the institution’s research F&A cost rate CANNOT be directly charged to a federal grant, e.g., administrative staff or office supplies, except certain projects such as large, complex programs. (As identified in exhibit C of OMB Circular A-21)
- Must be timely (cost transfers should occur as soon as discovered, but no later than 90 days after original charge was incurred).
- Must conform to any Limitations or Exclusions in the Sponsored Agreement.
- NOTE: See OMB Circular A-21, Section J, for a list of selected items of cost, which cannot be charged to grants.

### Effort Certification:

This section applies only to those required to provide effort certifications, specifically those charged to Sponsored Activities.

- Each professional employee must review and sign their own time and effort report, certifying to 100 percent of their effort.
- Non-professional employees effort certification are signed by either the employee or department designee with suitable means of verification of the staff member’s effort.
- Certify how time was actually spent, not how payroll was distributed.
- For NIH grants, Federal approval is required for changes in effort of 25% or more.
- Effort reports should capture all School of Medicine compensated activities.
- Effort Certification is NOT based on a 35-hour workweek; rather, it should capture all hours expended on University activities.

### Compliance Check:

#### Questions to Consider:

- Have I lived up to my fiscal stewardship responsibilities through diligent oversight of my sponsored research?
- How would this transaction be perceived if it were reported in the newspaper?

NYU SoM  
Code of Ethical Conduct Hotline (877) 360-7626

NYU SoM Compliance web site  
[www.med.nyu.edu/compliance](http://www.med.nyu.edu/compliance)

### External Resources:

OMB Circulars  
<http://www.whitehouse.gov/omb/circulars>  
(Includes A-21, A-110, A-133)

NIH Grants Policy Statement  
[http://www.nih.gov/grants/policy/nihgps/nih\\_gps.pdf](http://www.nih.gov/grants/policy/nihgps/nih_gps.pdf)

### Cost Sharing:

- Definition: specific portion of the project or program costs, which are not funded by the sponsor; cost sharing cannot come from another Federal project.
- Cost sharing must be in compliance with the institution’s cost sharing policy.
- Unallowable costs CANNOT be included in the portion of costs shared by the University (See OMB Circular A-21 Sec. J).
- Costs benefiting another project CANNOT be included as cost sharing, i.e., costs benefiting Project A CANNOT be included as part of the costs that are shared by the University on Project B.

#### NOTE:

OMB Circular A-110, Subpart C. 23, discusses the requirements for cost sharing.

### Cost Transfers:

- Must comply with the principles of direct costs.
- Project funds are NOT interchangeable.
- Transfers are a means of correcting errors NOT managing project funds.
- Must be supported with a full, detailed explanation – not just what was done but why the transfer was necessary.
- Costs allocable to several projects CANNOT generally be charged solely to a single project.
- Costs not allocable to a project CANNOT be transferred to that project, even temporarily.
- Must be made timely, within 90 days of the original charge, or will require additional explanation, justification and documentation for lateness.