



Allowability of Costs on Sponsored Awards

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Purpose & Scope:

Colorado Mesa University (CMU) is committed to the responsible and compliant management of sponsored awards. This policy outlines the principles and guidelines governing the allowability of costs incurred on sponsored awards in accordance with [Uniform Guidance \(2 CFR Part 200\)](#) and applies to all faculty, staff, and students involved in the management and administration of sponsored awards.

Principles of Allowability

Conformance with Uniform Guidance: Costs charged to sponsored awards must adhere to the principles outlined in [Uniform Guidance \(2 CFR §200.405\)](#). Allowable costs must meet the following criteria:

- **Necessary:** Costs must be necessary for the performance of the sponsored award and must benefit the project directly.
- **Reasonable:** Costs must be reasonable in nature and amount, considering the circumstances and market conditions prevailing and the time the cost was incurred.
- **Allocable:** Costs must be allocable to the sponsored award, meaning they can be assigned directly to the project based on a reasonable and consistent methodology.
- **Consistently Treated:** Costs must be treated consistently across all projects to avoid duplication or inappropriate allocation.
- **Conform to Applicable Policies:** Costs must also conform to CMU's financial and administrative policies, as well as any specific terms and conditions of the sponsored award.

Direct & Indirect Costs: Costs must be classified as either direct or indirect costs in accordance with the cost principles specified in Uniform Guidance.

Cost Reasonableness: Costs must be justified as necessary for the successful execution of the project. Expenses that are extravagant or unrelated to the project's goals are not allowable and will be allocated to the faculty member's department or another appropriate fund connected to the project.

Determining Allowability

The determination of allowability follows a structure chain of authority to ensure meticulous evaluation of costs. Initially, the responsibility rests with the Principal Investigator (PI). Each PI must know the budget for their project and the general cost principles for their project's scope of work: allocable, reasonable, necessary, and consistent. Each purchase or purchase request is reviewed by the Post-Award Financial Specialist to provide a secondary layer of allowability



oversight. If the Post-Award Finance Specialist deems an expense unallowable, and the PI disagrees with the decision, the Director of the Office of Sponsored Programs will be consulted to review the expenses. The Office of Sponsored Programs holds authority in the final determination of allowability and allocability.

Prior Approvals

Certain costs may require prior approval from the sponsoring agency. CMU personnel are responsible for obtaining necessary approvals in compliance with the sponsor's terms and conditions. Any exceptions to allowability must be clearly documented and approved in accordance with sponsor and university policies.

Training & Education

CMU will provide training and education resources to personnel involved in sponsored awards to promote understanding and compliance with this policy and Uniform Guidance.