



# Policy Brief

Last Revised: 8/28/2024

## 7.39 Allocation Methodology for Sponsored Programs

**Administering Department:** Office of Research Administration/Research Grants & Contracts

### Scope:

#### Summary

This policy is intended to provide guidance for the allocation of costs that benefit two or more projects or activities. Allocations are necessary when assigning recurring or direct costs to sponsored projects and must be done so in alignment with relative benefit. Costs should also be assigned with a relatively high degree of accuracy. Compliance under this policy is required by 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and federal regulations pertaining to Cost Accounting Standards (CAS).

#### Applicability

This policy applies to all Principal Investigators (PIs) and research administrators who are responsible for the administration of sponsored programs at Emory University.

### How to Comply with the Policy

Uniform guidance Subpart E 200.405 (d) Allocable Costs mandates that it is necessary to validate proportional benefit of costs when a cost benefits two or more projects.

Costs may be assigned to an applicable project or activity based on one of the following:

- **Direct Charge:** determined in relation to its benefit to the project or activity. Most often this cost is associated with benefitting a single project.
- **Allocation:** Direct cost is not easily determined or measurable across several funding sources. A reasonable approximation is used to measure proportional benefit distributed by direct cost typically by percentage with supporting documentation.
- **Distribution:** Direct cost is still easily measured and determined across several benefitting projects or activities. Under the distribution method, the cost of one costing object is moved and added to other costing objects.
- **Recharge:** Direct cost is based on actual costs and usage after costs are already incurred.

Validation of allocation methodology is necessary to establish basic requirements for any cost assigned by an allocation Standards for these methodologies are detailed in the full policy.

### Noncompliance with the Policy

Once determined, documentation sufficient to support the expenditures as well as retention of documentation in the Research Administration Services (RAS) units and/or departments in accordance with federal regulations, sponsor's terms and conditions and University record retention policy is required. Noncompliance with federal



regulations may result in expenditures being considered unallowable. A full list of unallowable practices is detailed in the full policy.