



# Policy Brief

Last Revised: 8/20/2024

## 7.45 Cost Principles for Federal and Non-Federal Sponsored Programs

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

**Scope:**

**Summary**  
 This policy is intended to provide guidance on the appropriate budgeting and expenditure application of sponsored program funding whether the primary source is from federal or non-federal sources. This includes but is not limited to research, training, instructional or other purposes.

**Applicability**  
 This policy applies to all Principal Investigators (PIs) and research administrators who are responsible for the administration of sponsored programs, including all federally funded grants and cooperative agreements and cost reimbursable contracts under the Federal Acquisition Regulations (FAR) at Emory University.

### How to Comply with the Policy

This policy details the guidelines for the classification of expenses. Expenditures for application to sponsored programs generally fall into three major classifications:

- **Direct:** Identified as having been incurred specifically to meet the needs of a particular sponsored project with a high degree of accuracy.
- **Indirect (aka facilities and administrative costs (F&A), or overhead costs):** These costs are incurred for a common or joint purpose benefitting more than one cost objective and are not readily assignable to cost objectives specifically benefited without effort disproportionate to any results achieved.
- **Unallowable:** These costs may not be charged to a federal award or utilized as cost sharing as a direct charge.

Criteria for maintaining financial integrity that these costs must adhere to are outlined in the full policy.

#### Cost Principles

Guidance outlined in the full policy on proper stewardship and responsibilities for managing all Federal and Non-Federal awards are based on interpretations of existing federal regulations and Emory University polices and is required for all federal awards and associated cost share, if required.

### Noncompliance with the Policy

Noncompliance with the policy could result in costs being deemed unallowable. Costs identified as unallowable must immediately be returned to the federal government, and Research Administration Services (RAS) units and/or departments are responsible for coordinating with Research Grants and Contracts along with the Office of Finance to ensure direct and indirect related funds to unallowable expenditures are returned or offset on identified awards.