

# North Dakota State University

## Policy Manual

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### SECTION 812

#### ALLOWABLE COST POLICIES – MISCELLANEOUS

SOURCE: NDSU President

1. **ADVERTISING COSTS.** The term advertising costs means the costs of advertising media, such as magazines, newspapers, radio and television programs, direct mail, and exhibits.

Advertising costs for the recruitment of personnel required for the performance of obligations under the sponsored agreement, the procurement of goods and services for the performance of the sponsored agreement, the disposal of scrap or surplus materials acquired in the performance of the agreement, and other specific purposes necessary to meet the requirement of the sponsored agreement are allowable as direct charges to an agreement.

The dates of the advertisement must correspond to the dates of the agreement to be charged.

If an advertisement benefits more than one sponsored agreement, the cost of the advertisement should be allocated between all agreements benefited.

The Accounts Payable Voucher should include the dates of the advertisement and the content of the ad if the information is not clearly provided on the invoice from the vendor.

- 1.1 On federal funds, the only allowable public relations costs are those specifically required by sponsored agreements.

Costs of promotional items and memorabilia including models, gifts and souvenirs are unallowable.

2. **COMMENCEMENT AND CONVOCATION COSTS.** These costs are not allowable as direct charges to sponsored agreements.

3. **COMMUNICATION COSTS.** Costs incurred for long distance telephone calls and facsimiles are allowable on sponsored agreements. If personal calls are made by an individual within a department, the cost of the call must not be allocated to any sponsored agreement.

- 3.1 Local telephone costs, which include purchase, installation, and monthly line charges, should normally be charged to a source other than the federal program. This also applies to the cost of pagers, cellular telephone, and facsimile lines, except where required by the projects' scope of work and approved by the sponsor in the project budget.

- 3.2 Postage should normally be charged to a source other than the federal program, unless the expense can be shown to be a significant part of the project or activity, and the expense is for the sole direct technical benefit of the project. Postage for routine correspondence, including correspondence with the sponsoring agency should not be direct charged to the project.

4. **CONTINGENCY PROVISIONS.** Contributions to a contingency fund or any similar provision are unallowable against sponsored agreements.

5. ENTERTAINMENT COSTS. Costs incurred for amusement, social activities, entertainment, and any items relating, such as meals, lodging, rentals, transportation, and gratuities are unallowable.
6. MEALS AND MEETINGS. The costs incurred in hosting official guests are allowable provided the expense incurred has a direct benefit on the agreement being charged. No alcoholic beverages may be reimbursed.

6.1 Costs of meetings and conferences, when the primary purpose is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, and other items incidental to such meetings or conferences.

The request for reimbursement should include names of all attendees, date(s) of meeting, and purpose(s) of the meeting.

7. FINES AND PENALTIES. Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the contracting officer or equivalent.

Late fees and penalties resulting from failure to pay an invoice in a timely manner are also unallowable against sponsored agreements.

8. INSURANCE AND INDEMNIFICATION. Costs of insurance required or approved and maintained for a specific sponsored agreement are allowable.

If an agency requires the institution to provide a specified amount of liability insurance during the life of the agreement, the sponsored agreement should be directly charged for the cost of the insurance coverage.

9. INTEREST, FUND RAISING, AND INVESTMENTS. Costs incurred for interest on borrowed capital or temporary use of endowment funds are unallowable.

Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.

10. MAINTENANCE AND REPAIR COSTS. Cost incurred for necessary maintenance, repair or upkeep of property which neither add to permanent value nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

11. MATERIAL COSTS. Costs incurred for the purchase of materials, supplies, and fabricated parts directly or indirectly sponsored agreement are allowable.

If the materials used were taken from stockrooms not recognized as specialized cost centers of the University, the cost of the materials charged should be substantiated by referencing the original purchase transaction for verification of the cost charged.

12. MEMBERSHIPS, SUBSCRIPTIONS, AND PROFESSIONAL ACTIVITY COSTS. Costs of the institution's membership in business, technical, and professional organizations are allowable. The cost of individuals' memberships, which are incurred primarily to represent the institution in business, technical, and professional organizations are allowable.

Costs of the institution's subscriptions to business, professional, and technical periodicals are allowable. If the subscription is in the name of an individual, the cost is still allowable provided the subscription is received at an on-campus address.

The cost of such memberships, subscriptions, and professional activity costs should be allocated among all activities benefiting from the expense.

When a membership, subscription, or professional activity cost is incurred solely for the benefit of one project, that fact should be explained on the Request for Payment so that clarification is given to the charge.

The dates of the membership, subscription, or professional activity cost should correspond to the effective dates of the agreement. This is not to say that an annual membership for the calendar year may only be charged to a agreement running on the calendar year, but that some benefit from the membership should be recognized during the effective dates of the agreement.

NOTE: Under federal agreements, the above mentioned memberships are allowable only if approved in the budget. Memberships in civic or community organizations are unallowable.

13. OFFICE SUPPLIES: For grant funding received from federal sources, general purpose office supplies are not normally allowable as direct costs. These costs are considered to be part of University overhead and are to be treated as F & A (facilities and administrative costs). Any direct charges need to be budgeted for and approved by the sponsor.

14. PROFESSIONAL SERVICES OR CONSULTANT COSTS. This section applies only to non-employees of North Dakota State University. See Section 805, Compensation for Personal Services, for rules applying to employees.

Costs of professional services rendered by the members of a particular profession who are not employees of the institution are allowable when reasonable in relation to the services rendered.

Certain agencies require prior approval for the use of consultants and/or limit the amount of consultant payments. Contact the Office of Grant and Contract Accounting for assistance.

14.1 When submitting an Accounts Payable Voucher for professional services, the following information should be provided:

- 1) the name of the consulting firm or individual consultant;
- 2) the nature of the services rendered and their relevance to the sponsored activity, if not apparent from the nature of the work performed;
- 3) the date the services were performed;
- 4) the basis for calculating the fee paid; e.g., rate per day or hour worked or rate per unit of service rendered; and
- 5) a certification statement from the Principal Investigator as follows:  
"I HAVE REVIEWED AND APPROVED THE WORK PERFORMED BY (name). I FOUND THE WORK TO BE SATISFACTORY AND IN ACCORDANCE WITH THE ESTABLISHED POLICIES OF THE SPONSORED AGREEMENT."

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Signed Principal Investigator

The University will not issue payment for services until the actual work has been performed.

15. **PROPOSAL COSTS.** Proposal costs are the costs of preparing bids or proposals, including the development of data necessary to support the institution's bids or proposals and the cost of mailing the information to the agency. These costs are to be treated as indirect costs only. They are unallowable as direct charges to a sponsored agreement.
16. **PUBLIC INFORMATION SERVICES COSTS.** Cost of news releases pertaining to specific research or scientific accomplishment are allowable, when they result from performance of sponsored agreements.
17. **REARRANGEMENT AND ALTERATION COSTS.** Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency.
18. **RENTAL COSTS OF BUILDINGS AND EQUIPMENT.** Rental costs under "sale and lease back" arrangements are allowable only up to the amount that would be allowed if the institution continued to own the property.

Rental costs under "less-than-arms-length" leases are allowable only up to the amount that would be allowed if the institution owned the property.

The Accounts Payable Voucher should state the period of time the rental costs are covering and the cost of the item if it were being purchased instead of being leased.

19. **SCHOLARSHIP AND STUDENT AID COSTS.** Costs of scholarships, fellowships, and other programs of student aid are allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency.

All scholarship and student aid costs should be reported to the Financial Aids Office to be included with the student's financial support records.

20. **STUDENT ACTIVITY COSTS.** Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the sponsored agreement.
21. **SPECIALIZED SERVICE FACILITIES.** The costs of institutional services involving the use of highly complex or specialized facilities such as electronic computers and analysis laboratories are allowable, provided the charge for the service meets the following conditions:
  - A. the cost of each service normally shall consist of both its direct costs and its allocable share of indirect costs with deductions for appropriate income;
  - B. the cost of such institutional services will be charged directly to users, including sponsored agreements based on actual use of the services and a schedule of rates that does not discriminate between federally and non-federally supported activities of the institution.
- 21.1 Departments operating a specialized service facility must establish a system of tracking all costs incurred in operating the facility. The costs involved in operating the facility should be allocated among the various services performed by the facility. The Controller's Office and Office of Grant and Contract Accounting are available to assist with establishing a system for tracking costs and establishing rates for such facilities.

21.2 Activities funded by external grants or contracts shall be subject to a charge for the use of University computer facilities. The charges will be based on the actual costs of operation of such facilities.

All proposals with activities that require computer use shall include a budget item for the amount of estimated use. Current rates may be obtained from the service provider.

Funded proposals of this nature are communicated to the service provider to establish a unique user account number for charges.

Basing rate charges upon the going rate of other commercial or private enterprises is not an acceptable method of establishing verifiable rates. The rates charged must correspond to the costs of operating the facility.

Rates charged for specialized service facilities which are not based upon a costing method as described above, will be unallowable against federally sponsored agreements.

22. LOBBYING. Costs of lobbying activities to influence legislative activity are unallowable. This includes travel costs involved in visiting legislators when the primary purpose of the visit is to seek assistance in securing federal funds. Costs involved in hosting receptions for legislators are also unallowable.

23. HONORARIA. Honoraria are unallowable if the primary intent of the cost is to confer distinction on, or to symbolized respect, esteem, or admiration for, the recipient.

Honoraria that constitute a payment for services rendered, such as a speaker's fee are allowable. These costs should be called "Speaker Fees" as opposed to Honoraria when submitting the Accounts Payable Voucher.

23.1 The Accounts Payable Voucher should include the following:

- A. the name of the individual speaking;
- B. the nature of the service provided;
- C. the date the service was performed; and
- D. the basis for calculating the fee paid.

24. MOVING COSTS. Moving costs incurred by new or relocating employees may not be charged to federal funds without specific approval from the awarding agency.

25. PARTICIPANT SUPPORT COSTS National Science Foundation (NSF). The NSF participant support costs budget category is to be used for direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of, participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects. Participant support allowances may not be paid to individuals receiving compensation from other federal sources while participating in the NSF project.

Amounts allocated in the participant support cost budget category on NSF awards are restricted and may not be reallocated to other budget categories without the written approval of the NSF Program Officer. The participant support cost budget category is also excluded from the indirect

cost calculation, but an administrative allowance of 25% of the participant stipend only may be permitted.

To track and manage participant support activity, a separate grant award project which is not coded to incur indirect cost, must be established for any awards containing a participant support cost budget allocation.

Because the participant support cost budget category is restricted and may not be re-allocated to other budget categories, any unexpended balance left in a participant support sub project at the end of the project period will become a de-obligated balance and will not be used to offset expenses in the parent project or any other sub project.

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HISTORY:

New	July 1990
Amended	April 1992
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