

Cost Principles Policy

Responsible Office: Cost Analysis

Effective Date: November 1, 2013

Last Revision: March 31, 2015

Purpose:

Federal regulations applicable to sponsored research at colleges and universities (OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule – 2 CFR Chapter I, Chapter II, Part 200, et al. (i.e., the [Uniform Guidance](#)), and the Cost Accounting Standards Board (CASB)) identify cost accounting policies that must be followed to receive federal awards. These regulations emphasized increased enforcement of the regulations concerning expenses that may be paid with federal grant funds.

The purpose of these standards is to govern costs and determine if those costs are reasonable, allocable, or allowable based on the requirements of the award. The standards also require consistent treatment of costs to assure that the same types of costs, or costs incurred in like circumstances, are not charged to federally sponsored agreements both as direct costs and as indirect costs.

Policy:

The University of Florida is committed to following the cost principles outlined by the Uniform Guidance.

It is the responsibility of individual investigators, department heads, and other administrators to understand and follow the regulations as described in the Uniform Guidance.

To ensure that only items that are actually used in direct pursuit of the funded programs and that items normally included in the University's Facilities and Administrative rate are not also recovered as direct charges, the University of Florida requires:

- Consistency in estimating, accumulating, and reporting costs.
- Consistency in allocating costs incurred for the same purpose.
- Proper treatment of unallowable costs.
- Consistency in the accounting periods used for cost accounting.

In exceptional circumstances, the University may approve expenditures to be direct charged that are normally recovered through the Facilities and Administrative cost recovery. For details on the processes related to developing proposal budgets, managing expenditures, and seeking appropriate exceptions, see the Cost Principles Directives and Procedures.