HARVARD UNIVERSITY FINANCIAL POLICY

Responsible Office: Office for Sponsored Programs
Effective Date: December 26, 2014
Revision Date: July 1, 2017

Direct Charging of Administrative and Clerical Salaries to Federal Awards

Policy Statement

Harvard University requires that faculty and staff authorizing expenditures on federal awards comply with the federal requirement that administrative or clerical salaries should only be directly charged if they meet all required criteria. This policy provides guidance on administrative and clerical personnel that specifically support, and are integral to, achieving the scientific aims and objectives of the federally funded projects. [1]

Reason for Policy

Harvard University must comply with the federal regulations in the Cost Accounting Standards (CAS) and the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200, (Uniform Guidance). CAS 9905.502 requires that universities classify costs consistently as either *direct* costs of projects or *indirect* costs benefiting multiple activities and states "All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to final cost objectives." The Uniform Guidance part 200.413(c) states that "the salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs."

Given these federal regulations, Harvard normally treats administrative and clerical salaries as indirect costs. However, the Uniform Guidance provides criteria that, if met, can justify inclusion of administrative and clerical salaries as direct charges on federal awards. Therefore, administrative and clerical salaries should be included as direct charges on federal awards ONLY when they meet the following Uniform Guidance criteria:

1. Administrative or clerical services are integral to a project or activity;
2. An individual or specific role can be specifically identified with the project or activity; AND
3. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency.[2]

[1] Note that technical-salaried employees performing scientific or technical work necessary to meet the goals of the project (e.g., research assistants) are excluded from this policy.
[2] Note that some agency approval requirements may vary. Please refer to the agency requirements and sponsored

Administrative and clerical salaries charged improperly to federal awards result in unallowable costs, requiring reimbursement to the government and, depending on severity, additional penalties for Harvard University.

Who Must Comply

All Principal Investigators (PIs) and administrators at Harvard University within all schools, units, divisions, University- wide initiatives, and centers who are involved with the administration and conduct of federally-funded sponsored awards must comply with this policy.

Procedures

The determination that administrative and clerical salaries ("admin salaries") may be included in a federal proposal and charged to an award cannot be based solely on the discretion of an individual PI or department/local level managing unit. The submitting office and/or school/tub-level official must review, verify, and approve to ensure that the request for admin salaries on a federal award meets the conditions of the Uniform Guidance and this policy. All relevant documentation of approved admin salaries must be included in the Grants Management Application Suite (GMAS). *See Appendix A for detailed procedures*.

Roles and Responsibilities

All Harvard faculty and staff are responsible for monitoring the expenditures throughout the lifecycle of the award in order to ensure that administrative and clerical salaries are charged only to awards for which such salaries have been approved in accordance with this policy.

The PI and department/local level managing unit are responsible for the following:

- Determining all criteria have been met before including admin salaries in a federal proposal budget
- Notifying school/tub level/submitting office of the need to direct charge admin salaries
- Flagging Administrative Salaries approval in GMAS during proposal preparation
- Documenting the request for direct-charged admin salaries in the budget and budget justification with sufficient detail to describe the necessary benefit to the project
- Ensuring that only approved admin salaries are direct-charged to awards on which those particular admin salaries have been approved
- Identifying and removing any unapproved admin charges during routine reviews of financial activity on all federal awards for which they are responsible
- Working with submitting office to obtain sponsor approval, as required, when it is determined that the direct charging of admin salaries is appropriate and was not included in the original

award. For example, NIH states "prior approval is not required unless additional funds are requested for such a position or the incurrence of such cost constitutes a change of scope".

budget

- Working with school/tub-level official to respond to requests for review of admin salaries directly charged to federal awards

The school/tub-level research administration officials are responsible for the following:

- Providing guidance to the PI and department staff about admin salaries on proposal budgets

Submitting office (Office for Sponsored Programs (OSP) or Sponsored Programs Administration (SPA)) are responsible for the following:

- Reviewing GMAS to determine if admin salaries were included in the budget at the proposal stage
- Reviewing requests and proposals for direct charging of admin salaries to ensure they meet the required criteria
- Ensuring sponsor approval is received prior to initiating award or approving newly added admin salaries (e.g., award includes budget with administrative salaries or other written approval is received)
- Updating GMAS approvals when admin salaries are added during award

OSP Research Finance is responsible for the following:

- Reviewing and obtaining confirmation from departments/local level managing unit that admin salaries charged to the federal award are allowable, included in GMAS, and prior approval was obtained from OSP/SPA and the federal agency as applicable in the sponsored award terms
- Coordinating with department/local level managing unit to clarify potential issues, remove unallowable admin salaries, and resolve with school/tub-level officials when necessary

Definitions

Administrative and Clerical Salaries ("admin salaries") – salaries for non-technical supporting services that generally benefit departmental, institute, or center activities or objectives, including functions such as clerical support, financial management, procurement of materials and services, budget and planning, and personnel management

Related Resources

Procedures for Direct Charging of Administrative Salaries to Federal Awards

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

CAS 9905.502 Consistency in allocating costs incurred for the same purpose by educational institutions

Disclosure Statements for Harvard University, Harvard Medical School, and the Harvard School of Public Health

Revision History

April 25, 2014 Changed itemized budget and justification requirement to a recommendation, added

	review responsibility to the Operations and Policy Committee, moved FAQs to the Guidelines for Direct Charging of Administrative Salaries to Federal Award (Appendix A).
July 1, 2014	Added federal requirements from Uniform Guidance 2CFR200 section 200.413. Added criteria that direct-charged admin salaries must meet the definition of unlike purpose and circumstance and must be required to meet scientific objectives
July 28, 2015	Revised the conditions of the procedures section for clarity based on school feedback.
July 1, 2017	Stated that relevant documentation of approved admin salaries must be included in GMAS (Procedures). Revised footnote 1 and added new footnote 2. Removed detailed procedures in lieu of the separate Procedures document. Added flagging admin salaries approval in GMAS during proposal preparation responsibility to PI/Departments. Moved Operations and Policy Committee and school/tub-level responsibility to review quarterly data on the direct charged admin salaries to OSP Research Finance. Added new roles and responsibilities for OSP Research Finance. Renamed Procedures (formerly “Guidelines”). Removed unused or already clarified definitions.