

Computer Purchases on Federal and Federal Pass-Through Funds

Background

Computers are generally used for various activities such as instruction, research, administration, email and personal use. It is important to ensure their allowabiity and allocability as a direct cost to sponsored projects before the purchase has been made. Computer purchases being charged to federal funds should be:

- Essential for the purpose of carrying out a specific aim of the funded project.
- Above and beyond what is normally provided by the department for academic use, and
- Charged to the grant in some reasonable projection related to how much it is used for that funded project

The federal government is sensitive to computer purchases on federal awards. Thus computer purchases must be justified adequately and documented when charged to federal projects.

Computers are viewed as “general use” business items and should not be charged directly to a federal award unless justified for a specific research/sponsored program purpose. The term “computer” encompasses all information technology devises including high-end mainframes, minicomputers, personal computers, tablets, notebooks, iPads, docking stations and other peripheral devices, regardless of whether the item meets the \$5,000 capital equipment threshold. Other computer related equipment includes printers, scanners, bar code readers, and connectivity devices (routers, modems, etc.).

To learn more about the Federal regulations governing equipment, please refer to the following Uniform Guidance section: [2 CFR 200.453\(c\)](#).

Budget Justifications

Purchases of computers on federal funds should be driven by the need for the computer to conduct the research project. This should be included in the budget justification and the benefit should be easy to discern. The programmatic personnel on the project should be able to describe why the computer is essential to the project.

Budget Justification Example 1

Three laptop computers (\$1,000 each) are requested. Research personnel (GRA’s and RA’s) will take these laptops to the field to record data during interviews with human subjects, assist with statistical analysis, and facilitate communications among research project personnel through the 12-month survey period.

Budget Justification Example 2

Laptop (\$989) needed for project for dedicated observations and travel between the telescope in Chile and Purdue.

Budget Justification Example 3

This project will require extensive word processing, record keeping, and maintenance of large data bases and data analysis. For this reason, we request 2 IBM compatible Pentium II-level workstations (\$1,400 each), which each include CPU, color monitor, graphics card, keyboard, CDROM drive and a minimum 4 gigabyte hard drive.

Budget Justification Example 4

A total of \$9,000 is requested in the first year for computers with another \$3,000 in year two and \$3,000 in year three. These funds are for computers needed to run the Peiometrix THz-TDS system, as well as laboratory computers and laptops that will be needed for detector testing and especially detector control at the Advanced Photon Source experiment.

Computer Purchase Review (Federal Funds)

Computer purchases must satisfy the following criteria to be allowable as a direct cost on a federally sponsored program:

- The computer must be essential for project activities and must provide benefit to the project
- It must be allowable to the project and the sponsor must permit the use of funds for this purchase
- It must be allocable.
 - The computer is to support the project's programmatic activities, and it would not have been purchased other than to support the goals of the project
 - If the computer is also to be used for general administrative or instructional purposes, the cost must be allocated based on the estimated use
 - A computer may be allocated (distribute the cost) to one or more sponsored projects – there should be documentation that supports the allocation

Refer to Cost Account Standards (CAS) [Classification of Cost Items](#) – Computing Devices for further information.

Backup Documentation

Backup documentation should include answers to the following questions:

- Was the need to purchase the computer documented adequately in the budget justification?
- If not properly justified in the proposal, supporting documentation of the specific need for the computer should be obtained and filed with the purchase request. Retain a copy of the documentation in the Business Office electronic file. As a best practice, attach documentation including date and individual providing the justification to the Ariba requisition.
- For purchases late in a project, is the benefit and need for the computer explained?

Hints & Reminders

The following hints and reminders will help with the review of potential computer purchases.

- During the proposal preparation process, if it is determined a computer will be necessary for the project the computer should be budgeted and included in the budget justification. The justification must describe how the computer directly benefits the project. In the case of module budgets, this justification should be retained internally within the Coeus development module when provided.
- Receipt of a new award does not automatically mean that a computer can be purchased to support the project. The computer should be essential to the project. Justification of the item must occur prior to the purchase, and it is recommended that this occur within the proposal.
- If the cost of the item will be split amongst several accounts, ensure there is documentation supporting the cost allocation. Federal guidance allows flexibility in allocating the cost “on any reasonable basis”.
- Computer purchases in the final months of a project period raise audit concerns. What is the benefit to the sponsored project? Obtain documentation and keep for audit purposes. All charges to a project, particularly in the last 90 days of the project period, must be allowable and allocable as a direct cost, and be reasonable and necessary for the conduct of remaining project activities. If the computer is expected to be used beyond the project expiration date, the cost should not be allocated 100% to the expiring project unless continuation funding from that same sponsor is expected.
- Purchases to just use remaining funds at the end of a project are not appropriate.

Roles & Responsibilities

Many individuals involved in the purchase of computers play a part in ensuring the purchase is appropriate. Below is a listing of these roles and responsibilities.

- Principal Investigators/Faculty
 - Anticipate computer costs and ensure they are included in the original budget, budget justification and proposal sent to the sponsor.
 - Responsible for understanding the costing principles.
 - Determines the benefit of the computer purchase for the project.
 - Identify situations where the computer will not be used 100% on the project and indicate the cost distribution based on the intended use.
- Sponsored Program Services – Pre Award
 - Determine if computers or related devices are expected to be purchased with project funds. If so, ensure they are identified and justified adequately in the budget and budget justification. If justification is not required by the sponsor, upload justification (if provided) within the Coeus development module for reference in the event of an award.
- Business Office Personnel
 - Ensure that the computer was included in the budget and budget justification
 - If not included, then determine if approval is needed and prepare justification with information provided by the researcher. Attach document to the requisition.

- Determine if the purchase is being made in the last 90 days of the project. If so, obtain documentation on how the computer will benefit the project so near the end of the project and include with the purchase request. Keep documentation for audit purposes.
- Sponsored Program Services – Post Award
 - Respond to questions regarding computer purchases, costing principles and/or sponsor policy guidelines
 - Review transactions when preparing financial reports, closing accounts and when conducting other regular reviews to verify the charges are appropriately documented and allowable.
 - As appropriate, request sponsor prior approval for computer devices not justified in the proposal.

Computer Purchase Samples

Example 1

After a federal project started, there is a major malfunction of a computer used by a secretary that provides some support to the PI of the project. The computer is over 4 years old and it needs to be replaced. What would you do when the request to buy a new computer had the entire cost indicated to be charged to the federal project?

- *Was there a computer budgeted and justified in the proposal of the federal project?*
- *Since the computer is assigned to a secretary the computer is being used for general administrative and or instructional purposes also, it's likely 100% allocation to this grant would not be justified.*
- *Only in the case of a large complex project where the unlike circumstances have been documented would it be appropriate to allocate any portion to the grant. Otherwise, the computer used by the secretary would be an unallowable charge to the grant.*
- *Does the computer need sponsor approval?*

Example 2

A three year project was recently funded for \$12,000,000. There is a request for an initial purchase of 4 computers and a printer. The budget justification included \$100,000 for computers/printers. The justification included \$2,500 per person for computers and \$25,000 for printers. What would you do?

- *Determine if these computers were the ones included in the original budget. If yes, OK to purchase.*
- *If they are additional computers not budgeted ask why the computers are necessary, will they be used 100% on the project and if so obtain supporting documentation of the specific need for the additional computers.*
- *Do additional computers not budgeted need sponsor approval?*

Example 3

A 2 year project is within 3 months of ending and the PI needs to purchase a computer to present results at upcoming seminars and a conference. What questions would you ask? What would make this an allowable and allocable charge to the project?

- *Determine if computer was in original budget. If not, have it explained why the need wasn't identified in proposal and document the specific need. Based on sponsor guidelines, request prior approval of purchase of computer if needed.*
- *Will the computer be used on other activities? If so obtain documentation that supports the allocation.*
- *If the computer is to be used only on this project is it expected to be used beyond the project expiration date? The cost should not be allocated 100% to the expiring project unless continuation funding from the same sponsor is expected.*
- *Check the grant available balance to make sure not just using up unexpended funds. If the computer was not budgeted does it need sponsor approval?*

Example 4

An NIH project just began 2 months ago and there is a request for a computer to be purchased entirely with project funds. The budget and budget justification did not include a computer. There were computer supplies mentioned. What would you do?

- *Because computer supplies were budgeted, there was intent for computers to be used on the project. Have it explained why a computer wasn't in original budget and obtain documentation of the specific need of the computer and how it will benefit project.*
- *Will the computer be used 100% on the project? If not obtain documentation that supports the cost allocation of the computer. Does the computer need sponsor approval?*

Example 5

There is a request in late July 2021 for an Apple Mac Book Pro with an estimated cost of \$2,200. The cost distribution is equally distributed to 3 different federal projects. Project A ends 3/31/2023, Project B ends 8/31/2021, and Project C ends 7/31/2022. What questions do you ask before processing the request? (Assume its December 2021.)

- *Is there a computer budgeted on each of the 3 projects? If not budgeted obtain documentation that supports the specific need of the computer and the cost allocation on each project. Is sponsor approval required on any of the projects?*
- *Since Project B ends in less than 90 days why is it being charged the same amount of cost as the other two projects which run one or two years longer?*
- *Check available balance on grant B to ensure not just using up remaining unexpended funds.*