**Computer Purchase Review on Federal and Federal Pass through Funds**

**QUICK REFERENCE SHEET**

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**WHY?**

- Computers are generally used for various activities such as instruction, research, administration, email and personal use. It is important to ensure their allowability and allocability as a direct cost to sponsored projects.
- 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.

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**WHAT ARE COMPUTER PURCHASES?**

- The term “computer” encompasses all information technology devices 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.)

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**WHAT CRITERIA MUST BE SATISFIED FOR A COMPUTER TO BE PURCHASED AS A DIRECT COST ON A PROJECT?**

- It must be necessary for and provide benefit to the project.
  - The computer must be essential for project activities
- It must be allowable.
  - The sponsor permits the use of funds for this purpose.
- 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.
- It must be reasonable.
  - There must be an informed, prudent decision regarding the cost, utility, and value of the computer to the sponsored project
- It must be non-personal in nature.

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**WHAT DOCUMENTATION IS NEEDED?**

- 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 file. As a best practice, attach documentation including date and individual providing the justification to the Ariba requisition.
**HELPFUL HINTS AND IMPORTANT REMINDERS**

- 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 modular 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 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.

**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 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.