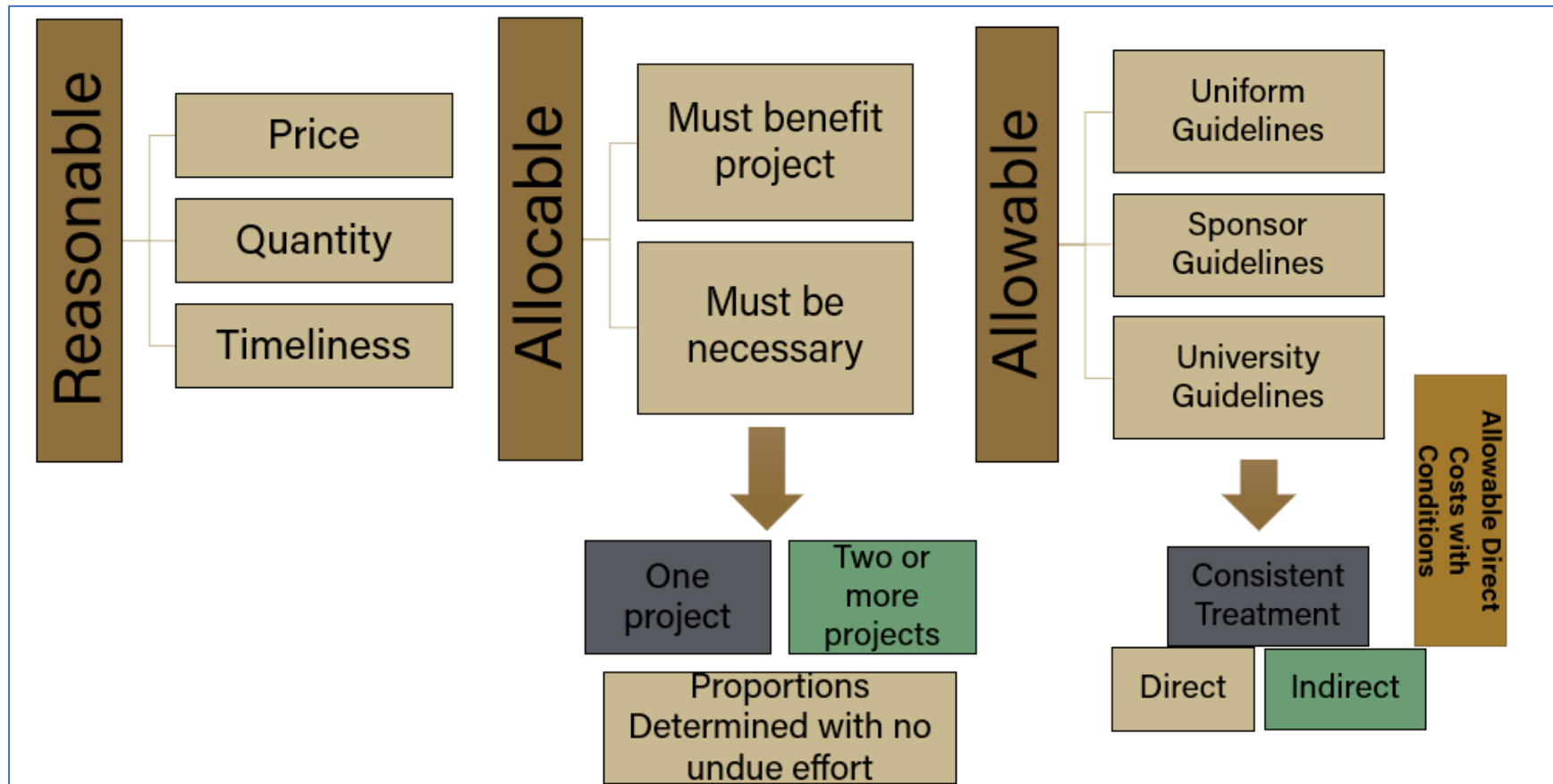


Determining Chargeability of Costs to a Sponsored Program

There are three main considerations related to the chargeability of costs to a sponsored program: Are they Reasonable? Are they Allocable? Are they Allowable? Below are definitions and examples of these factors.



Reasonable

Reasonable

Price

Quantity

Timeliness

- Are the prices and quantities requested appropriate under the circumstances?
- Is the timing appropriate?

Allocable = benefits the project

Allocable to two or more projects:
If a cost benefits two or more projects it may be charged directly **IF** proportional benefit can be determined without undue effort or cost.

Allocation method is relatively easy with a high degree of accuracy

Relatively Easy:

- Quick: Does not take much time
- Easy: Most people can understand the allocation method
- Cheap: Benefit to project is clear and obvious, thus making identification method relatively inexpensive

High Degree of Accuracy:

- One-to-one relationship to project
- Clear and objective measure
 - number of items consumed
 - usage logs
- Individual investigator estimates and certifies in the procurement source documentation
- For costs that benefit multiple projects, the Investigators estimate proposed usage by project using an allocation based on:
 - Time used or expended (usage logs)
 - Materials or units produced (an output measure)

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Allowable



Resources

[CAS Guidelines - Cost Accounting Standards - Managerial Accounting Services - Purdue University](#)