



UNIVERSITY OF  
NOTRE DAME

Research & Sponsored  
Programs Accounting

Research & Sponsored Programs  
Accounting Policy  
**Information Technology  
Equipment Purchases**  
on  
**Sponsored Projects**

Responsible Executive: Controller  
Responsible Department: RSPA  
Review Date: May 2015

## POLICY STATEMENT

In general, personal computers and other electronic devices are not an allowable direct cost on a sponsored program. As a recipient of Federal Funds, the University of Notre Dame is required to adopt costing policies in conformance with Federal rules and regulations. The University's cost accounting practices are declared in the required filing of its Disclosure Statement (called the DS-2) with the audit agency of the US Department of Health and Human Services. The DS-2 defines costs that can be directly charged to sponsored programs as being allowable, allocable, reasonable, and consistently applied. Costs that support sponsored research on an indirect basis are also defined. Additional applicable Federal guidance in this area is provided by [2 CFR 220, Appendix A](#) (formerly OMB Circular A-21), as well as [2 CFR 215](#), (formerly OMB Circular A-110). This policy is intended to help the Principal Investigator ("PI") and their staff understand the appropriate costing treatment of personal computers and other electronic devices in the context of existing University policy as well as emerging Federal agency guidance. (Over time, the cost of personal computers and electronic devices has decreased and often does not reach the equipment threshold (unit acquisition cost of \$5,000 or more) for classification as a capital asset.) However, regardless of the dollar value of the expenditure for any equipment, the acquisition of computing and electronic devices must still meet the criteria of allowability, allocability, reasonableness, and consistent application such that the equipment can clearly be shown to directly benefit the achievement of required sponsored research objectives. The Federal government, through audits of universities and presentations at professional meetings such as the Federal Demonstration Partnership ("FDP") and the Council of Governmental Relations ("COGR"), has consistently informed the research community it does not consider personal computers and electronic devices to be an appropriate direct cost to sponsored projects. In summary, general purpose computing support is considered to be an administrative cost covered by the University's Facilities and Administrative ("F&A") reimbursement and is also supported by [2 CFR 220, Appendix A J18a\(4\)](#).

Because computers and electronic devices are generally used for many different activities, such as instruction, research, administration, in addition to potential personal use, the basic presumption is these devices do not meet the criteria for allowing the direct charging of their acquisition to a sponsored project (see University policy on [Direct Charging of Administrative Costs](#)).

In all cases, purchases must conform to the cost principles for educational institutions described in [2 CFR 220, Appendix A](#) (formerly OMB Circular A-21). Costing guidelines specify that charges for computers and laptops, as with all other expenditures directly charged to externally sponsored awards, must meet the following conditions:

- They must be necessary for and provide benefit to the project
  - The computer must be essential for project activities and its use should be sufficiently tracked during the life of the project

- They must be allowable
  - The computers/laptops are functioning as or in direct support of specialized scientific equipment.
  - The computer is specifically identifiable to the grant as an "unlike circumstance". (See reference below).
- They must be directly allocable
  - The principal use of the computer must be directly allocable to the purpose, goals, and activities of the funded projects.
  - If a computer is directly charged to a project and is used other than incidentally for general administrative purposes (see above), some sharing of the cost is required.
  - A computer may be allocated to one or more sponsored projects unless the sponsor's terms and conditions prevent such an allocation. Such an allocation requires that the computer be used primarily to conduct the research of each project.
- They must be reasonable
  - There must be an informed, prudent decision regarding the cost, utility, and value to the project.
- They must be non-personal in nature

### **Unlike Circumstances**

In some cases, however, the use of personal computers and electronic devices specifically required for individual research projects can be justified as directly benefitting the sponsored activity. In specific situations, the purchase of personal computers and electronic devices can be an allowable direct charge to externally funded projects when the conduct of the research requires a computer, e.g., the computer is attached to a piece of equipment and is required for collection or analysis of data for the project or the computer is specifically needed to record data while in the field, such as an archeological site. In such situations, the computer or electronic device must be used either exclusively or predominantly for the project. The use of a computer to store non-sponsored projects information or for use outside of the lab or office where the research is conducted (except for field work) is likely to raise the question during an audit of the allowability of the device on a sponsored project.

### **Documentation of Unlike Circumstances**

In order to minimize disallowed costs through audit findings, personal computers and electronic devices with a unit cost of less than \$5,000 will not be allowed as an approved expenditure on research funds unless unlike circumstances have been documented. That is, the need has been included in the original proposal and completely justified as to the reason it is being included, the purpose and benefit to the project have been fully described and it has been made clear the project will be negatively impacted by not purchasing the computer. In addition, these items must be included in the approved proposal or subsequently approved by the sponsor.

To provide evidence of unlike circumstances, the PI must document in the proposal that the use of the computer is beyond the normal and customary use and application of computers in the day-to-day operations of the laboratory, how the computer directly benefits the project and how it is different from similar items provided by the department that are treated as F&A costs. The lack of documentation will likely call into question the allowability of the purchase on the sponsored project. Once the sponsor has agreed to the proposal, the University will allow the direct expense to the project. If the need for a personal computer or electronic device develops during the project and was not requested in the original budget the PI, with the assistance of their Post-Award Financial ("PAF") administrator, must

provide documentation of unlike circumstances to Research and Sponsored Programs Accounting ("RSPA") for review and approval. The criteria described in the paragraph immediately above must be addressed when the request is made of RSPA. If necessary, sponsor approval may also be required.

### ***Purchase of Personal Computers and Laptops with a Unit Acquisition Cost of \$5,000 or More on Sponsored Projects***

Computers and electronic devices with a unit cost of \$5,000 or more are considered capital equipment and are allowable as direct costs to Federal grants and contracts, provided that the equipment purchase conforms to all of the costing principles previously described in this policy. The primary determinant of allowability is the requirement that the equipment is necessary to fulfill the objectives of the sponsored project; the dollar value is not sufficient in and of itself to permit allocation to an award.

#### **Examples of Specific Sponsor Guidance**

Specific guidance varies by sponsor. Some Federal agencies further restrict the allowability of computers. As supplementary guidance, excerpted below are policy statements regarding laptop computers from several Federal agencies that fund research at Notre Dame:

#### **NIH Grants Policy Statement**

Direct Costs and Facilities and Administrative Costs Project costs consist of the allowable direct costs directly related to the performance of the grant plus the allocable portion of the allowable F&A costs of the organization, less applicable credits (as described below and in the cost principles). A direct cost is any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity.

Several recently awarded NIH grants to other Universities have specifically disallowed the purchase of computers in the Notice of Award, citing: "This award does not include funds for the support of computers, and printers as requested in the application. In accordance with [2 CFR 220](#) Appendix A (Formerly OMB Circular A-21), these costs are considered unallowable as direct costs, but, if appropriate, may be charged to the project as F&A costs."

#### **NSF Proposal and Award Policies and Procedures Guide**

General Purpose Equipment: Expenditures for general purpose equipment are unallowable unless the equipment is **primarily or exclusively** used in the actual conduct of the research.

#### **NASA Guidebook for Proposers**

General purpose equipment (i.e., personal computers and/or commercial software) is not allowable as a direct cost unless specifically approved by the NASA Award Officer. Any general purpose equipment purchase requested to be made as a direct charge under this award must include the equipment description, an explanation of how it will be used in the conduct of the research proposed, and a written certification that the equipment will be used **exclusively** for the proposed research activities. **The need for general purpose items that typically can be used for research and non-research purposes should be explained.** Purchase of Personal Computers and/or Software: Such items are usually considered by NASA to be general purpose equipment that must be purchased from general, organizational overhead budgets and not directly from the proposal budget unless it can

be demonstrated that such items are to be **used uniquely and only for the proposed research.**

In addition, please refer to [Computer Purchase FAQs for guidance.](#)