

UNIVERSITY RULE

15.01.01.M1 Treatment of Costs for Sponsored Agreements

Approved October 13, 1997

Revised June 6, 2001

[Supplements System Policy 15.01 and System Regulation 15.01.01](#)

1. GENERAL

- 1.1. Sponsored agreements are administered by the Department of Contract Administration. In compliance with Office of Management and Budget (OMB) Circular A-21, all costs must be given consistent treatment through application of generally accepted accounting principles. These principles require that the same types of costs, incurred for the same purpose, in like circumstances be treated the same.
- 1.2. Allowable direct costs for sponsored agreements are subject to general tests of allowability. General tests include reasonableness, allocability, consistency, conformity, and timeliness. Sponsored Projects General Tests of Allowability guidelines are available from the Department of Contract Administration at <http://finance.tamu.edu/contracts/ProjAdmin/ProcedureManual/ch5.htm>.

2. CONSISTENT TREATMENT OF DIRECT COSTS

- 2.1. Direct costs are those costs, which can be specifically identified or assigned to a particular sponsored agreement or activity, with a high degree of accuracy. For the purpose of consistent application of the treatment of costs, sponsored agreements are administered in accordance with OMB Circular A-21, without regard to funding source.
- 2.2. Direct costs are separately identified in the Financial Accounting Management System (FAMIS) by object codes and are listed in the Texas A&M University Sponsored Agreements Consistent Treatment of Costs Table. The cost table is a guideline in determining allowability and is available from the Department of Contract Administration at <http://finance.tamu.edu/contracts/ProjAdmin/a21costsrev.htm>.

3. CONSISTENT TREATMENT OF FACILITIES AND ADMINISTRATIVE COSTS (F&A COSTS)

- 3.1. F&A Costs are costs that are incurred for common or joint objectives. These costs cannot be identified readily or specifically with a particular sponsored agreement. For the purpose of consistent application of the treatment of F&A Costs, sponsored agreements are administered in accordance with OMB Circular A-21, without regard

to funding source.

- 3.2. F&A Costs are separately identified in the Financial Accounting Management System (FAMIS) by object codes and are listed in the Texas A&M University Sponsored Agreements Consistent treatment of Costs Table. The cost table is a guideline in determining allowabilty and is available from the Department of Contract Administration at <http://finance.tamu.edu/contracts/ProjAdmin/a21costsrev.htm>.

4. CONSISTENT TREATMENT OF UNALLOWABLE COSTS

- 4.1. Unallowable costs for sponsored agreements are identified in accordance with OMB Circular A-21 and Cost Accounting Standard 505 (CAS 505). These costs are separately identified in the Financial Accounting Management Information System (FAMIS) by object codes and are listed in the Texas A&M University Sponsored Agreements Consistent Treatment of Costs Table, available from the Department of Contract Administration at <http://finance.tamu.edu/contracts/ProjAdmin/a21costsrev.htm>.
- 4.2. Sponsored agreements are also subject to any other restrictions or limitations further imposed by a sponsor or defined within the approved budget. In absence of reference to specific rules or regulatory guidelines for application to an individual agreement, federal guidelines will be administered. Any exceptions to general policy will be considered on a project-by-project basis, only with written approval by a sponsor.

OFFICE OF RESPONSIBILITY: [Department of Contract Administration](#)

Contact Manager of Grants and Contracts Financial Administration, 845-0097.