UMCES Guidance
Purchasing computers and supplies on sponsored projects

Definitions

Computing devices - machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.

Equipment - tangible property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds $5,000.

General-purpose equipment - equipment that is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, **information technology equipment and systems**, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

Special-purpose equipment - equipment that is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Supplies - all tangible personal property other than those described in Equipment. A computing device is a supply if the acquisition cost is less $5,000, regardless of the length of its useful life.

Some basic points

1. Broadly, all purchases on sponsored projects must meet the following general criteria in order to be allowable direct costs:

   (a) **Necessary** for the performance of that particular project;

   (b) **Reasonable** using the logic of what a prudent person would purchase;

   (c) **Allocable** to that particular project in proportion with use of the item in that project;

   (d) **Allowable** under the regulations governing that project.

2. Research equipment, including computers, is allowable but must be approved by the sponsor. This often occurs when sponsors approve the budget but some require separate written permission. The requirement is specific to the award so check the guidelines carefully.

3. General purpose equipment, including computers, are those items not limited to research or scientific activities and are <u>not</u> allowable as a direct cost without specific sponsor permission.

4. General purpose materials and supplies (such as paper, pencils, general purpose tools, and furniture) are <u>not</u> allowable as direct costs.

5. General purpose computers and supplies are considered to be costs covered under indirect costs.

6. Materials and supplies used for the performance of a sponsored project may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a sponsored project.

7. <u>These principles apply to all sponsored projects regardless of the source of the funds</u>. In order to accept Federal awards, UMCES must apply the cost principles consistently to all sponsored projects.

Updated Regulations

According to the recently issued **Uniform Guidance,** computing devices may be charged directly to an award, provided that they are essential and allocable (but not necessarily solely dedicated) to the project. This is a change from the previous federal regulations that stipulated that no incidental non-project work was permitted on the device. **However, if your award was issued prior to December 26, 2014, you are still bound by the more restrictive regulations. Contact your business office for clarification if you are not sure which rules apply to your funds.**

Points to Remember:

- Computing devices may not be purchased for reasons of convenience or preference. In order for computing devices to be allowable, the project must not have reasonable access to other devices or equipment that can achieve the same purpose.

- Any items purchased for use by more than one project are to be allocated among those projects. If a computing device will be used on three awards, the price of the device must be split and a portion of the cost allocated to each project.

- Computer purchases under $5k are considered supplies and will not require additional justification in your proposal budget. However, they must still be allowable, essential to the research, and allocable.

- **Auditors presume that any item purchased that sounds like a general purpose item is exactly that and unallowable as a direct cost. The key to defending the cost of any item that may be questioned is to document the special need, and to document at the time of purchase. Work closely with your business office to be sure your purchases are adequately documented.**

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