CAS Tutorial

Research Costing Compliance
Understanding the Duke University Approval Process for Clerical and Administrative Costs

Duke University requires prior approval by the Office of Research Administration (SOM/SON) or the Office of Research Support (Campus) before certain items may be charged to federal awards.

These include:

- Administrative and Clerical Salaries
- Telecommunications -- Local Telephone Service (Including phone equipment such as telephones, cell phones, pagers, fax machines, and line charges)
- Postage (Including U.S. Postal Service, Federal Express, UPS)
- Dues and Memberships
- Office Supplies/Computer Supplies
- Subscriptions, Books, and Periodicals
- General Purpose Equipment
  Non-research equipment which may be used for general office purposes such as desktop computers, laptop computers, printers, scanners, fax machines, copy machines, and furniture

These types of costs are generally known as Clerical/Administrative costs. Since federal Cost Accounting Standards (see OMB Circular A-21) reference these costs, many universities simply refer to them as **CAS**.

**Key point:** these types of costs are generally NOT allowable as direct costs on federal awards. They are only allowable when approved by the university, and may still be subject to external audit disallowance.
OMB Circular A-21 states that clerical salaries and administrative costs are generally not allowed to be directly charged to federal awards.

These regulations allow for exceptions only under specific circumstances:

- These costs must be necessary and directly allocable to the project, and
  - Administrative salaries may only be directly charged if the project meets the federal definition of “major project.”
  - Non-salary items must be used in a manner that is “unlike” or “beyond normal” the way this item is normally used at Duke University (for example, extremely large amounts of paper and postage to conduct a research survey are different than the normal purchase of paper for general office operations).

All clerical and administrative charges should be justified at the time of award, and approved through Duke University’s internal review process prior to incurring a CAS-related expense.

- The internal review process utilizes the Direct Cost Exception Form (https://finance.duke.edu/research/forms-resources/forms/index.php#casi), which must be completed and submitted to the appropriate pre-award office.

- If charges are made without prior approval, they must immediately be justified through the use of the Exception Form. Unapproved charges must be removed.

Reference: 200.360 Charging Clerical and/or Administrative Expenses to Federally Funded Projects
Reference: Duke University Policy on Directly Charging Clerical and/or Administrative Costs to Federal Awards
Understanding the Duke University Approval Process for Clerical and Administrative Costs

Key Concepts

- **Administrative/clerical salary**
  - Generally these types of costs should be included in the budget submitted to the sponsor.
  - Only allowable if the project meets the definition of being a “major project” according to OMB Circular A-21.
  - The project description on the form should address why this is considered a “major project”.
  - The duties described should be directly related to the reason the project is considered “major”.
  - These duties should be necessary in order for the project to be successful.
  - For example, administrative support for coordination of a conference for a larger number of participants.

- **Non-salary items**
  - Items must be necessary to the project, and be allowable by all other standards.
  - The use of the items must be “unlike” the way that they are commonly used as basic operations for general support at Duke University.
    - For example, very large numbers of reams of paper and postage for a national survey.
    - The paper is necessary for the research to meet its stated goals; the paper can be directly allocated to the project.
  - Project does not need to meet the definition of a “major” project.

Generally, non-salary items must meet the definition and standard of “unlike” circumstances. A project does not have to meet the standard of a major project for a non-salary administrative cost to be allowable; however, unlike circumstances are more likely to occur in major projects.
Examples of “Major Projects”

• Large, complex programs that entail assembling and managing teams of investigators
  Examples: General Clinical Research Centers, Primate Centers, Program Projects, Environmental or Engineering Research Centers

• Projects involving extensive research data accumulation, analysis/entry, surveying, tabulation, cataloging, reporting
  Examples: Epidemiological Studies, Clinical Trials.

• Projects whose principal focus is preparation and production of manuals, reports, books
  Excludes: routine progress and technical reports

• Individual projects requiring project-specific database management or individualized manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications

• Projects which require extensive travel or meeting arrangements
  Examples: conference or seminar awards

• Projects that are geographically inaccessible to normal department administrative services
  Example: remote field sites

Note: These examples are not exhaustive, nor are they always appropriate as instances when assessment of administrative/clerical salaries would be allowed.
Examples of circumstances when CAS-related costs *may* be allowable
Administrative and Clerical Salaries

It may be appropriate to charge administrative and clerical salaries to a federal award under the following circumstances:

- A **major project** (as defined in OMB A-21 Exhibit C) or activity explicitly budgeted for administrative or clerical services; **and**
- Employees involved can be specifically identified with the project or activity; **and**
- The work performed is necessary for the successful conduct of the project.

For example: An administrative secretary provides dedicated support to a major project through extensive data entry, extensive travel arrangements for multiple faculty to multiple project sites.

The activities described are beyond the normal duties and scope of work of a departmental secretary.

The **Direct Cost Exception form** should document how many faculty and sites, and describe how extensive the data entry and travel arrangement duties are in terms that can be effectively measured. *(For example, coordination of travel for fifteen faculty over a three-year period, with six trips per year; managing two coordination conferences for faculty from seven separate projects sites; data entry of survey records for over 500 subjects x three separate surveys, updated every other month)*
Telecommunications Costs

It may be appropriate to charge local telephone/communications and related equipment costs to a federal award under the following circumstances:

- A pager may be necessary for a clinical trial in order to allow the study coordinator to remain in immediate contact with the PI for the safety of research subjects.
- A fax machine and line may be justifiable if it is dedicated to the project and is necessary to ensure confidentiality of transmitted research subjects’ information.
- Monthly telephone line charges may be justifiable if the telephone line is fully dedicated to the project and used for no other purposes. Examples, research subjects’ phone-in responses; dedicated line for freezer alarm.

Postage/Shipping

Postage costs which include U.S. Postal Service, Federal Express, and UPS should normally be treated as F&A costs per OMB Circular A-21 F.6.b.3.

It may be appropriate to charge such costs to a federal award under the following circumstances:

- Costs of shipping biological samples in dry ice to a collaborator may be allowable as direct costs due to “unlike” circumstances.
- Costs associated with mailings involving data collection/survey costs, also may be allowable as direct costs due to “unlike” circumstances.

Conversely, cost of sending the proposal or proposal revisions or related correspondence to the funding agency is not allowable as a direct cost on a sponsored project.

Section J.34. Proposal Costs specifies that costs of preparing proposals should normally be treated as F&A costs. No “unlike” circumstance exists.
Dues and Memberships
Dues and membership fees should **normally not** be directly charged to a federal award.

It **may** be appropriate to charge such costs to a federal award under the following circumstances:

- The RFP under which application was made requires investigator attendance at a specific meeting. Meeting attendance requires the individual to hold a current membership.

Office Supplies/Computer Supplies
Office and Computer supply costs should **normally** be treated as F&A costs.

Supplies such as paper, envelopes, pens, staples, CDs, ink cartridges, etc. are **normally not** allowable as direct costs.

It **may** be appropriate to charge such costs to a federal award under the following circumstances:

- A large epidemiological survey project may require paper, envelopes, etc. to produce and mail surveys to study participants.
- An outreach project may require paper and pens as part of the training component defined within the scope of the project.
Subscriptions, Books and Periodicals

Subscriptions, Books, and Periodical costs should normally not be charged directly to a federal award. It may be appropriate to charge such costs to a federal award under the following circumstances:

- An outreach project may require specific books as part of the training component to be available for use and reference at traveling training sites defined within the scope of the project.
- However, subscriptions or books specifically purchased for a general laboratory reference library would not be allowable. If the journal/book is available in the library, it may not be charged to a federal project.

General Purpose Equipment

It may be appropriate to charge such costs to a federal award under the following circumstances:

- For example, a desktop computer might be necessary, dedicated, and justifiable for a project that requires large amounts of statistical or data analysis, is dedicated solely to the project, and similar resources are not available.
- A laptop computer might be necessary, dedicated, and justifiable for a study of microbial contamination in which data will be collected in a remote location and entered into a database using the laptop in a remote location as samples are collected and analyzed on site.
- Refer to the policy on purchase of computers on federal awards for further information.
Duke University’s Process for Charging Clerical and Administrative Costs to Federal Awards
The Process for Charging Clerical and Administrative Costs to Federal Awards

- For new awards, a CAS Exception Form should be prepared as part of the award process.
- For existing awards, a CAS Exception Form will be required each time additional funds are added to the project. (If new funds are added, even if the same WBSE is retained, a form is needed to indicate to OSP how to establish the budget)

Forms may be found at: https://finance.duke.edu/research/forms-resources/forms/index.php#casi

**Note:** A Direct Cost Exception form is required each time new or incremental funding is awarded, whether for an already existing WBSE or a new WBSE.
At time of award:

- ORA/ORS reviews budget and notes CAS items (if apparent)
- Checks box in transmittal form to OSP to set flag in SAP
- OSP establishes budget according to budget sent from ORA/ORS

  - If CAS form has been processed at time of award, budget is set for CAS General Ledger accounts as approved
  - If CAS form has not been submitted, OSP sets up budget without CAS budget plan

Research Costing Compliance monitors all federal awards for compliance by checking CAS-related charges against the SAP budget plan as evidence that the charges have been approved.

Note: The CAS flag serves as a reminder to the department that the approved budget has CAS items in it. Departments can run a standard SAP report and select the “CAS” field to identify projects with pre-identified CAS items in the submitted budget.
The Process for Charging Clerical and Administrative Costs to Federal Awards

• Since departments will submit one form to justify broad categories of expenses, ORA/ORS will return a form for changes when any of those items are deemed unallowable.

• Departments will be required to revise a returned form to remove the items deemed unallowable and resubmit the form for only those expenses that have been approved.
The Process for Charging Clerical and Administrative Costs to Federal Awards

**Timing:**

- Departments are strongly encouraged to anticipate CAS charges and submit a form at time of award.
- Departments should monitor their expenses closely each month for CAS-related charges using SPCAS_PR or SPCAS_NOPR cost element groups in SAP.

**IF....**

- A Direct Cost Exception Form was not submitted at time of award, AND
- Administrative/clerical expenses are charged to the award, then
- Departments will have three accounting periods past the accounting period in which the initial charge was posted to prepare and submit an Exception Form.
- The form should address all items in each CAS General Ledger account where CAS items are expected to be/have been charged.
- Forms requesting approval for less than $500 on any one General Ledger account (or groups of accounts) will not be reviewed; exception only by the Management Centers (See next slide).
- RCC will monitor for charges that have not been approved or removed during the specified timeframe. Balances of unapproved charges will be written off.
Threshold Guidance

• Direct Cost Exception form should be prepared at the time of award.

• The form should provide a comprehensive justification of categories of cost.

• Each categorical justification must request approval for aggregate costs of at least $500 or more ($500 threshold).

• Forms requesting approval of a CAS cost category of less than $500 will not be reviewed by ORA/ORS.

• Only the Management Centers may approve exception to the threshold requirement.
Understanding the Duke University Approval Process for Clerical and Administrative Costs

Monitoring

**Clarification:** RCC will monitor compliance by G/L groups. This means that charges posting to a [G/L (or related G/L within a group)](g/l) must have a corresponding budget in the same G/L group in order to be compliant.

**Note:** From time to time the pre-award offices will approve the establishment of “pre-award” codes in advance of an anticipated award. In these instances, CAS-related charges will be subject to the same process as stated earlier.

*Exceptions only by Management Center approval*
Monitoring

G/L Account Groups Used for RCC Monitoring and Reporting

<table>
<thead>
<tr>
<th>GL Description</th>
<th>GLGroup</th>
</tr>
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<tbody>
<tr>
<td>ADMINISTRATIVE EFFORT SUPPORTING GENERAL</td>
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<tr>
<td>MONTHLY EXEMPT - BASE PAY</td>
<td>600300</td>
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<td>MONTHLY EXEMPT - SUPPLEMENTAL PAY</td>
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<td>MONTHLY EXEMPT - SEVERANCE PAY</td>
<td>600320</td>
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<td>RETENTION BONUS</td>
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<tr>
<td>MONTHLY EXEMPT - PAID TIME OFF</td>
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<td>FURNITURE &amp; FURNISHINGS</td>
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<td>OFFICE MACHINES AND EQUIPMENT</td>
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<td>P&amp;E-MA-MAINFR COMPUTER, SERVERS, ETC</td>
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<td>COMPUTERS AND MINOR COMPUTER ACCESSORIES</td>
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<td>COMPUTERS CHARGE BACK TO BUDGETED CC</td>
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<td>VOICE MAIL/AUTO ATTENDANT</td>
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<td>EQUIPMENT MAINTENANCE</td>
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<td>CIRCUITS-DATA</td>
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<tr>
<td>CIRCUITS-VOICE</td>
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<td>DUP/DUPLICATE YELLOW EMERGENCY PHONES</td>
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<td>PAGING SVC CHARGES - TELEPHONE</td>
<td>698300</td>
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</tbody>
</table>
Step One:

During the proposal budget development stage, try to anticipate clerical/administrative (or CAS) costs and ensure they are included in the original budget and proposal sent to the sponsor

– The budget narrative should fully justify the cost(s) in terms of how it/they will be used specifically for the project
– Modular budgets: while not required, it might be useful to develop an internal budget and budget narrative that explains these costs for future reference
– Coordinate budget development with ORA/ORS staff in order to avoid problems later

• If you have questions while developing your budget, please contact ORS / ORA staff
Step Two:

Prepare and submit an Exception Form at time of award and prior to charging CAS expenses.
- The form should address broad categories of expense (for example, office supplies and computer supplies)
- The form should provide sufficient information to allow the pre-award offices to understand why these costs meet exception standards
- NOTE: In the transition period, please note on the Direct Cost Exception form if you are requesting approval for charges posting PRIOR to November 1, 2010. Those charges are not subject to the threshold policy and should be so noted on the form.

Try to anticipate clerical salaries
- Justify the duties of the person/s as these duties directly relate to the project’s goals and activities.

Try to anticipate non-salary administrative items
- Justify these items in terms of how they will be necessary to the project and are far beyond the basic operating support normally provided by Duke University

If non-salary administrative costs are included in the budget submitted to the federal sponsor, departments should coordinate submission of an Exception Form to correspond the OSP process of establishing the budget in SAP

Remember: A Direct Cost Exception form is required each time new or incremental funding is awarded, whether for an already existing WBSE or a new WBSE.
Submit the form as a paper submission or through the new electronic routing system.
  – The PI should indicate approval of the form as provided.
  – Departments that require Business Manager approval should include the Business Manager in the routing process for approval before sending the form to the appropriate pre-award office.
  – NOTE: Paper forms may be used through December 31, 2010.

Upon receipt of an approved form from the Preaward Offices, OSP will return a copy of the approved form to the Grant Manager.

Unapproved forms will be returned to the department. The department may wish to revise and resubmit, based on guidance from ORA/ORS.

OSP will return the form to the originator once the requested budget plan has been established in SAP.

Periodically check in SAP to see if a budget plan has been set up in the general ledger accounts requested on the form. This is an additional indication that the form has been approved.

Maintain a copy of the form in the project file for future reference.

Note: ORA/ORS will return forms for editing if any of the items submitted are disallowed. This means that departments must revise forms to remove disallowed items. Partially approved forms will not be forwarded to OSP.
Reminder: If no form was submitted at time of award, and there CAS charges have posted, the department must either remove the charges or submit a form.

- The form must be submitted within three accounting periods past the accounting period of the initial charge
- The form should anticipate CAS-related expenses in all appropriate G/Ls and/or G/L groups and must justify costs in each category of at least $500
- RCC monitors by G/L and/or G/L group. This means that any future charges to an unapproved G/L or G/L group are also subject to review
- Failure to justify costs in a G/L or G/L group will automatically exclude approval of any future charges to that G/L or G/L group; therefore departments should carefully consider all possible costs to the project when preparing their justifications
Timing of RCC Monitoring Process and Deadlines for Remediation

<table>
<thead>
<tr>
<th>Initial charge</th>
<th>Timeframe to submit CAS Form/Remove Charge</th>
<th>RCC Monitoring Report</th>
<th>Corrective Action by Management Center</th>
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</thead>
<tbody>
<tr>
<td>Period 1</td>
<td>Period 2</td>
<td>Period 3</td>
<td>Period 4</td>
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<tr>
<td></td>
<td></td>
<td>Close of Period 5</td>
<td>Period 6</td>
</tr>
</tbody>
</table>
Key Concepts in Completing the CAS Exception Form

- Describe the project activities that justify the need for the items beyond routine use
  - Start with the items – Why are they needed for the project?
  - Then describe the project activities that require the use of these items
  - Don’t copy the abstract as a project description – it may not adequately explain the need for the items you are trying to justify
  - Provide descriptions in lay terms; provide as much quantifiable information as possible – how many sites, how many subjects, how many co-investigators, etc.

- This will help ORA/ORS in determining if the project meets federal criteria for “major project” or if “unlike circumstances” are applicable to the project
Key Concepts in Completing the CAS Exception Form

• For administrative salary exceptions:
  – When describing the project, do so in terms of the duties that the person will perform.
  – Describe the specific duties that will advance the scientific, technical, and/or programmatic requirements of the project AND how these activities are different from those of a typical departmental administrator.
  – Provide a brief justification as to why the project meets the definition of “major project.”
Remember

• Most clerical and administrative salaries are not allowed to be directly charged to a federally funded project; exceptions exist, however, they should be requested in detail at time of proposal and approved by the sponsor.

• Most normal administrative items are not allowed to be directly charged to a federally funded project.

• Duke University requires a review and approval of all clerical and administrative costs prior to charging these to a federal award; an alternate process is available, but all charges must either be justified or removed within a set time frame.
Remember

CAS items are not automatically allowable, even when approved by ORA/ORS. They can still be disallowed by auditors. So use good judgment when justifying exceptions; it may be better to charge these cost to other resources.

Unapproved CAS related charges must be removed from federal awards.
Resources

**Electronic Form**: https://finance.duke.edu/research/forms-resources/forms/index.php#casi

**Paper Form**: https://finance.duke.edu/research/forms-resources/forms/index.php#casi

**GAP**: [200.360 Charging Clerical and/or Administrative Expenses to Federally Funded Projects](http://finance.duke.edu/research/policies/index.php)


**Memorandum to Principal Investigators**

**Memorandum to Grant Managers and Business Managers**