

Research and Sponsored Projects Manual (RSP)

RSP 508–01: Charging Direct and Indirect Costs to Sponsored Projects

Effective: 2/26/1979

Revised: 3/1/2025

Purpose

To ensure compliance with federal requirements concerning consistent treatment of [direct costs](#), and [indirect costs \(facilities & administrative \(F&A\) costs or overhead\)](#).

Sources

Code of Federal Regulations 2 CFR 200.413 Direct Costs

Code of Federal Regulations 2 CFR 200.414 Indirect Costs

Code of Federal Regulations, Title 48, Chapter 99, Subchapter B, Part 9905, Cost Accounting Standards for Educational Institutions, 99005, 9905.502 Cost accounting standard - consistency in allocating costs incurred for the same purpose by educational institutions

Office for Research and Sponsored Projects Administration (ORSPA)

Applicability

Expenditure of funds under all sponsored agreements

Expenditure of funds from cost-sharing and program income accounts

Policy

Overview

It is the policy of the university to account for expenditures in a consistent manner. The consistent treatment of expenditures, as direct costs or as indirect costs, ensures that [sponsors](#) do not pay for the same expense twice-once as direct costs and once as indirect costs.

General requirements

According to federal authoritative guidance (see [RSP 101](#), “General Research Policy”), consistency means that costs incurred for the same purpose, in “like circumstances,” must be treated uniformly as either direct costs or as facilities & administrative costs. Certain types of costs (e.g., salaries of administrative and clerical staff, office supplies, postage, local telephone charges) are normally treated as indirect costs (facilities & administrative costs or overhead costs) and cannot be charged directly to sponsored projects unless “unlike circumstances” can be justified.

Indirect costs will be considered for direct charging in accordance with the guidelines of federal requirements. For further information, refer to the [Cost Accounting Standards \(CAS\) Sitelet](#).

Note: Sponsor approval of a budget does not in and of itself constitute approval of the specific line items. The sponsor assumes ASU compliance with federal authoritative guidance, ASU’s Cost Accounting Standards Board Disclosure

Statement, ASU's F&A rate proposal assumptions, and all other governing regulations. A cost that may be allowable at one institution as a direct charge may not be allowable at another institution because of the differences in the Disclosure Statement and the F&A rate proposal. Sponsors rely on grantees to apply the above governing regulations; thus it is the university's responsibility to exercise due diligence on cost accounting matters.

Additional Information

For additional information, see ORSPA's ["Salaries Wages and ERE"](#), ["Other Direct Costs"](#) and ["Facilities and Administrative Costs"](#) webpages.

For definitions of terms, see the [ORSPA Acronyms and Glossary](#) webpage.

Cross-Reference

[RSP 101](#), "General Research Policy."