



Section 500: Award Management

OSR Policy 500.16 — Cost Accounting Standards (CAS) Exemptions

Responsible Officer: Director
Responsible Unit: Award Management
Effective date: July 1, 2008
Last revised on: November 4, 2008

Policy Statement

In extremely [exceptional circumstances](#), expenditures generally considered F&A costs may be treated as direct costs under the directives of the [DS-2](#) (the University *Cost Accounting Standards (CAS) Board Disclosure Statement*) and compliant with OMB [Circular A-21, Appendix A](#).

The Office of Sponsored Research ([OSR](#)) must grant prior written approval before encumbrances and expenditures may be claimed as direct charges to sponsored project accounts for items consistently reimbursed as F&A costs. Such requests are considered only when overwhelming support is furnished. OSR closely scrutinizes any justification provided to support the direct charging of costs that represent inconsistent treatment from that described in the University DS-2.

Reason for Policy

This policy serves to protect the University from risks related to federal regulations and audits regarding the use of sponsored funding for the purchase of items normally reimbursed as F&A costs.

Exclusions/Exceptions

If a research program meets the criteria of a “major project” according to OMB [Circular A-21, Exhibit C](#), direct charging of administrative or clerical staff salaries may be appropriate.

Procedures and Related Policies

The requestor is required to supply OSR with a completed copy of the [Cost Accounting Standards Exemption Request Prior Approval Form](#), including the following information:



- The explicit amount of the costs.
- A detailed description of the costs.
- Justification and support of the costs as demonstrated in proposals and accompanying budgets.
- Reasons (if applicable) the costs were not appropriately detailed and supported in the original proposal.

OSR Research Tool Kits

None.

Contacts

Questions and concerns can be submitted online at [Ask OSR](#) or by using the [OSR staff directory](#). Within [RAMSeS](#), the “*Speak to Someone*” option assists in locating the staff member best suited to address project-specific issues.

References

 [Research Administration Glossary at Carolina](#)

1. Cost Accounting Standards Exemption Request Memorandum, 2003.
2. The University of North Carolina at Chapel Hill *Cost Accounting Standards (CAS) Board Disclosure Statement*.
3. OMB Circular A-21, Appendix A, CAS 9905.502, Consistency in Allocating Costs incurred for the Same Purpose by Educational Institutions.

Revision History

Prior Revisions: The policies in the *Office of Sponsored Research Policies & Procedures Manual* supersede any OSR policies, procedures and appendices previously included in the *University Business Manual*, a publication of UNC Chapel Hill’s [Division of Finance](#).

