

# Purchase of Personal Computers and Other Electronic Devices on Sponsored Programs

## I. Purpose

This policy is intended to help Principal Investigators, Project Coordinators, Department Heads, Division Heads and other administrators to understand the appropriate costing treatment of personal computers and other electronic devices in the context of existing Lurie Children's Hospital (Lurie Children's) policy as well as emerging Federal agency guidance. Examples of these types of items include, but are not limited to, personal computers, laptops, tablets, smart phones, messaging devices, and personal digital assistants. Over time, as the cost of personal computers and electronic devices has decreased, often they do not reach the level of capitalizable equipment (unit acquisition cost of \$5,000 or more) that has commonly been associated with eligibility to be charged to sponsored projects. However, regardless of the dollar value of the expenditure for any equipment, the acquisition of computing and electronic devices must still meet the criteria of allowability, allocability, reasonableness, and consistent application such that the equipment can clearly be shown to directly benefit the achievement of the required sponsored project. Please note that Lurie Children's will apply this policy to the purchase of any personal computer or electronic device for a sponsored project, without regard to (i) whether the sponsor is a federal agency, corporation, other institution or non-profit organization, or (ii) whether the sponsoring agency is willing to cover the purchase of the item.

## II. Policy statement

Through audits, specific denial of requests in notices of award, information dissemination at professional meetings and through policy clarification, the Federal Government has consistently apprised the research community that it does not consider personal computers and electronic devices to be an appropriate direct cost to sponsored projects.

In order to comply with 45 CFR 74-Appendix E requirements for costing on federally funded projects for Hospitals, Lurie Children's has established the following policy clarification for charging personal computers and other electronic devices to sponsored projects. It is the responsibility of Principal Investigators, Project Coordinators, Department Heads, Division Heads and other administrators to understand and comply with both institutional and federal regulations.

Because computers and electronic devices are generally used for many different activities (for example, instruction, research, administration, and email) the default presumption is that these devices cannot meet the threshold requirements to allow the direct charging of their acquisition to a sponsored project. In all cases, purchases must conform to the cost principles for hospitals 45 CFR 74-Appendix E. Costing guidelines specify that charges for personal computers and other electronic devices, as with all other charges directly charged to sponsored project, must meet the following condition:

- The cost must be reasonable and necessary for the performance of the project.
- A prudent person conducting the work would spend funds in this manner under the same circumstances.
- At the time of purchase, cost must be allocable to the project, meaning the goods or services involved are chargeable to the project in relation to the benefits received. If the cost benefits more than one project, each project may be charged only for that portion of the costs representing the benefit received by the sponsored project.
- Direct charges to the sponsored project must be applied consistently in like circumstances as a direct charge for all sponsored projects. A particular cost item may not be charged as a direct cost on some projects and as indirect costs on other projects, unless the sponsor has granted specific approval in award documentation. This must be signed off by the Office of Sponsored Programs Institutional Official.
- A project may not be directly charged for any item specifically disallowed by 45 CFR 74 Appendix E, agency-specific guidelines or the award document.
- They must be non-personal in nature.

### III. Unlike circumstances

In some cases, however, the use of personal computers and electronic devices specifically required for individual research projects can be justified as directly benefitting those awards. In specific situations, the purchase of personal computers and electronic devices can be an allowable direct charge to sponsored projects when the conduct of the research requires a computer, e.g., the computer is attached to a piece of equipment and is required for collection or analysis of data for the project or the computer is specifically needed to record data while in the field. In such situations, the computer or electronic device must be used either exclusively or primarily for the project. The use of a computer to store non-sponsored projects information or for use outside of the lab or office where the research is

conducted (except for field work) is likely to raise the question during an audit of the allowability of the expense on a sponsored project.

To sustain an auditable justification of the allowability of computers and other electronic devices charged directly to a sponsored projects, they must be used primarily (at least 95%) for the programmatic conduct of the sponsored project. If a computer and other electronic device is 100% funded from a sponsored project, it should not be used for non-programmatic purposes on more than an incidental basis. Criteria for consideration include: (not all encompassing, nor are all required):

- Incidental use never interferes with project use
- Incidental use is solely for convenience (e.g., responding to project related e-mails in a timely manner while away from the office)
- Incidental use itself would not have justified purchase of the personal computer or electronic device
- Incidental use never requires removing the personal computer or electronic device from the project location
- Incidental use does not exceed a de minimis amount
- Generally non-project files or data are not stored on the personal computer or electronic device
- The computer is never used for administrative support, such as grant proposal preparation

The PI must conform to any specific restrictions or approval requirements of the sponsor and must assure that the computer would not have been purchased were it not to support the goals of the specific research project. In addition, software and/or upgrades purchased on sponsored projects must be necessary for the conduct of the research and must also conform to the above requirements regardless of the computer on which they are installed. The PI is ultimately responsible for the charges to the sponsored project.

#### IV. Documentation of unlike circumstances

In order to minimize disallowed costs through audit findings, personal computers and other electronic devices with a unit cost of less than \$5,000 will not be allowed as an approved expenditure on research funds unless unlike circumstances have been documented. That is, the need has been included in the original proposal and completely justified as to the reason it is being included, the purpose and benefit

to the project have been fully described, it has been made clear that the project will be negatively impacted by not purchasing the device, and it has been approved by the sponsor.

To provide evidence of unlike circumstances, the Principal Investigator must document in the proposal that the use of the personal computer or electronic device is beyond the normal and customary use and application of the device in the day-to-day operation of the laboratory, how the device directly benefits the project and how it is different from similar items provided by the department or non-sponsored funds. The Office of Sponsored Programs must approve of the sufficiency of detail in the request. The lack of documentation could call into question the allowability of the purchase on the sponsored project. Once full documentation has been provided to the OSP, OSP will make a determination if this personal computer or electronic device can be purchased on the sponsored project fund.

If the need for a personal computer or electronic device develops during the project and was not requested in the original budget, the PI must provide documentation of unlike circumstances to OSP for review and approval. The criteria described in the paragraph immediately above must be addressed when the request is made of OSP.

V. Approval process for documentation of unlike circumstances

- A. Step 1: Provide formal request and justification for need for computer or electronic device and sponsored project fund account # to be used for purchase in email to the Director of Office of Sponsored Programs.

The request should answer the following questions:

- Fund number to be used for the purchase.
- Was the item budgeted in the original proposal and was justification for why this device is essential for the project clearly outlined in the proposal?
  - If not, please provide justification.
- Please provide any additional justification as to why the purchase of this device is needed beyond the day-to-day operations of your work.
- Where will the device be housed and if any what type of data will be collected and or stored on this device?
- Please provide justification as to why this device cannot be purchased for non-sponsored funds.

Once the above justification is received a decision on the allowability of this purchase will be made directly to the Principal Investigator. If it is approved, move onto steps 2-4.

- B. Step 2: Contact IT for quote for computer or electronic device
- C. Step 3: Work with Purchasing Department to place order for computer or electronic device
- D. Step 4: Purchasing will verify order with OSP and place order