

*****Please read carefully PRIOR to completing your application for a computer purchase.**

COMPUTER/LAPTOP PURCHASES WITH FEDERAL FUNDING

As a recipient of Federal Funds, the University of North Carolina at Chapel Hill is required to adopt costing policies in conformance with Federal rules and regulations. The University's cost accounting practices are declared in the required filing of its Disclosure Statement (called the DS-2) to the audit agency of the US Department of Health and Human Services. The DS-2 defines costs that can be directly charged to sponsored programs as being allowable, allocable, reasonable, and consistently applied. Costs that support sponsored research on an indirect basis are also defined. Additional applicable Federal guidance in this area is provided by OMB Circular A-21, as well as Circular A-110. **In general, personal computers and other electronic devices are not an allowable direct cost.**

The Federal government, through audits of universities, specific denial of requests in notices of award, and information dissemination at professional meetings such as the Federal Demonstration Partnership and Council of Governmental Relations, **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.** This is because general purpose computing support is considered to be an administrative cost covered by F&A reimbursement.

Because computers and electronic devices are generally used for many different activities (for example, instruction, research, administration, email, personal use), 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 educational institutions described in the OMB Circular A-21. Costing guidelines specify that charges for computers and laptops, as with all other charges directly charged to Federal awards, must meet the following conditions:

- They must be necessary for and provide benefit to the project
 - The computer must be essential for project activities and its use should be sufficiently tracked during the life of the project
- They must be allowable
 - The computers/laptops are functioning as or in direct support of specialized scientific equipment
 - The computer is specifically identifiable to the grant as an "unlike circumstance"
- They must be directly allocable
 - The principal use of the computer must be directly allocable to the purpose, goals, and activities of the funded projects
 - If a computer is directly charged to a project and is used other than incidentally for general administrative purposes (see above), some sharing of the cost is required.
 - A computer may be allocated to one or more sponsored projects unless the sponsor's terms and conditions prevent such an allocation. Such an allocation requires that the computer be used primarily to conduct the research of each project.
- They must be reasonable
 - There must be an informed, prudent decision regarding the cost, utility, and value to the project
- They must be non-personal in nature

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 Federally funded 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, such as an archeological site.** 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 laptop on a sponsored project.

To sustain an auditable justification of the allowability of computers charged directly to a Federal award, the computer must be used primarily (at least 95%) for the programmatic conduct sponsored project. If a computer is 100% funded from a Federal sponsor, the computer 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 laptop
- Incidental use never requires removing the laptop from the project location
- Incidental use does not exceed a de minimis amount
- Generally non-project files or data are not stored on the computer
- The computer is never used for administrative support, such as purchasing and grant management, since these uses can never be directly charged to a Federal award

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 Federal awards 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.