

Sponsored Project Cost Accounting Standards

Cost Principles

The [Uniform Guidance, codified at 2 CFR 200](#), issued by the Office of Management and Budget (OMB) includes revised cost principles for federal awards made on or after December 26, 2014. Subpart E sets forth the standards that an allowable cost must be **necessary, reasonable, and allocable** for the performance of the project or activity being supported by the federal award, subject to any special terms and conditions.

Cost accounting standards pertain to all federal and non-federal awards. While the terms and conditions of individual awards may differ, the principles applied in management of the funds must be consistent.

Cost Accounting Standards (CAS)

The Uniform Guidance incorporates the [Cost Accounting Standards \(CAS\) 48 CFR 9905.501, 9905.502, 9905.505, 9905.506](#) which establishes in principle the consistent treatment of costs as direct or indirect (F&A) costs.

The Cost Accounting Standards Board (CASB), an independent legislatively-established board within the executive branch of the federal government, provides guidelines on cost accounting practices, referred to as CAS. In 1994, CAS imposed four standards on universities receiving significant awards from federal agencies. In 1996, A-21 was revised to include the four CAS standards and made these standards applicable to all types of federal awards. CASB imposed these standards to:

- Prevent the charging of unallowable costs to federal awards (CAS 505)
- Standardize university costing practices (CAS 501 & 502)
- Standardize requirements for recipients of federal funds

Fiscal management

Institutions of higher education and researchers must comply with externally imposed requirements related to the fiscal management and oversight of research grant and contract funds. The objectives of sound fiscal stewardship include:

1. Making the best use of available funds to achieve the desired research outcomes
2. Preventing issues of fraud, waste, and abuse of sponsored funding
3. Ensuring proper classification of costs