

FACULTY & STAFF

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Sponsored Project Cost Accounting Standards

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Find out about cost accounting standards, a major component of fiscal compliance.

Fiscal management

Institutions and researchers must comply with externally imposed requirements related to the management of research funds. The objectives of good fiscal management are twofold:

1. To make the best use of available funds to achieve research outcomes
2. To avoid problems of fraud, waste, and abuse of sponsor support

Formal cost accounting standards as set forth by the federal government and institutional fiscal policy help set the appropriate fiscal protocols for researchers and the University.

Proper classification of costs

This is a key component of compliance with federal regulations. Non-compliance may result in financial penalties for UCSD and could affect our ability to qualify for federal funds.

OMB Circular A-21

Anyone authorizing the expenditure of federal funds must have a working understanding of the underlying cost principles as set forth in [OMB Circular A-21](#). These principles govern costs that may be charged either directly or indirectly to the government by educational institutions. UCSD generally applies these same cost principles to non-federal funding as well, although in some cases non-federal sponsors define costs differently than federal sponsors.

Cost Accounting Standards Board (CASB)

The CASB, an independent legislatively-established board within the executive branch of the federal government, provides guidelines on cost accounting practices, referred to as Cost Accounting Standards (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
- Standardize university costing practices
- Standardize requirements for recipients of federal funds

UCSD compliance

UCSD must comply with the CAS requirements to ensure the recovery of direct and indirect (F&A) costs. As a required element of CAS, the University must disclose its cost accounting practices in writing to the federal government. UCSD satisfied this requirement with the disclosure statement (DS-2) submitted to the federal government in 1996.

DS-2

The DS-2 describes the cost accounting practices that UCSD follows. This document lays the groundwork for fiscal policy created to support daily financial operations.

CAS compliance

Cost accounting standards pertain to all awards, federal or non-federal. While terms and conditions of specific awards may differ, the overriding principles that govern campus fiscal accountability must remain consistent. At times, University practice may seem inconsistent with a practice authorized by an agency. If you notice an inconsistency, notify the [campus compliance officer](#) for resolution.

The four cost accounting standards that pertain to UCSD

- CAS 501: Consistency in Estimating, Accumulating, and Reporting Costs
This standard ensures that practices used to estimate proposal costs are consistent with practices used to record expenditures against funds.
- CAS 502: Consistency in Allocating Costs Incurred for the Same Purpose
This standard describes how costs are allocated.
- CAS 505: Accounting for Unallowable Costs
This standard requires that all unallowable costs be identified and excluded from any billing, claim, or proposal under a federal government award.
- CAS 506: Cost Accounting Period
This standard describes the cost accounting period, which for UCSD, is the fiscal year, July 1 – June 30.

For more information, contact [OPAFS](#).

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Cost Accounting Standards

[Allowable & Unallowable Costs](#)

[Non-Salary Direct & Indirect Costs](#)

[Salary Costs: Charging Administrative & Clerical as Direct](#)

[Different Purposes & Circumstances for Indirect Costs](#)

[Examples of Major Projects](#)

[Fiscal Compliance Fundamentals](#)

[Guide to Direct & Indirect Cost Decision](#)

Departments

[Office of Post Award Financial Services](#)

See also

[OMB Circular A-21](#)