

For awards made on or after 12/26/2014 which are subject to the Uniform Guidance

Guidance for the Purchase of Personal Computers and Electronic Devices on Sponsored Projects

Updated November 24, 2014

Key Notes

This document is intended to serve as a guide for the UW – Madison campus regarding the purchase of basic electronic tools with funds from sponsored projects. Recent changes in Federal regulations make computing devices allowable as direct costs on Federal awards if they meet certain conditions.

Computing Devices

Computing devices are defined in the Uniform Guidance, 2 CFR §200.20 and 2 CFR §200.94:

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.

A computing device is a supply if the acquisition cost is less than...\$5,000, regardless of the length of its useful life.

Throughout this guidance document, the term “computing device” will be used interchangeably with “computers” and “electronic devices.” Examples of computing devices that are allowable if they are essential and allocable (see below) include:

Computers – Including, but not limited to desktop computers and laptop computers.

Electronic Devices – Including, but not limited to tablets, iPads, e-readers, printers, external hard drives. This is not a complete list and questionable items should be directed to your Dean or Director’s office. Because of State and University regulations, smart phones and cell phones generally cannot be purchased.

Effective Date

Effective immediately, proposals with an expected start date of 12/26/14 or later may include costs for computing devices in accordance with the Uniform Guidance, as outlined below. New awards or incrementally funded awards with a new funding increment beginning on or after 12/26/14 also may proceed in accordance with this guidance.

Background

Prior to the release of 2 CFR 200 et al., also known as the Uniform Guidance, the Federal government’s point of view was that computing devices were general purpose equipment that were unallowable on Federal awards. To charge computing devices as direct costs on Federal awards, PIs were required to demonstrate that unlike circumstances existed and that the devices were not administrative in nature. This will no longer be the case.

The Office of Management and Budget acknowledged in the preamble to the Uniform Guidance that technology improvements have helped lower the cost of computing devices below the Federal equipment threshold of \$5,000 and, as such, these devices should be treated similarly to other items under this amount. With the advent of the Uniform Guidance, computing devices may be considered allowable direct charges under certain circumstances, so PIs will need to demonstrate that such costs fit

the criteria in the Uniform Guidance. Computing devices that cost \$5,000 or more and have a useful life of at least one year are considered equipment. This policy deals specifically with computing devices that cost less than \$5,000, which means they are treated as allowable supply items, not as equipment.

Federal Guidance

The Uniform Guidance, 2 CFR §200.453, part (c), states:

In the specific case of computing devices, charging as direct costs is allowable for devices that are **essential** and **allocable**, but not solely dedicated, to the performance of a Federal award.

The following criteria will be used to determine whether or not a device is essential and allocable:

- The need has been included in the original proposal and completely justified as to the reason it is being included in the project budget.
- It has been approved by the sponsor as part of the budget and award process.
- The device is necessary for the performance of the project.
- The project will be negatively impacted by not purchasing the computer or electronic device.
- The purchase must represent good stewardship of the sponsor's funds and the project's stated objectives.
- The costs are reasonable and directly benefit the project that purchases the equipment.

Note: All other sponsor required stipulations apply (i.e., rebudgeting, prior approvals, notifications, etc.)

The guidance also acknowledges that the device need not be solely dedicated to the award, although use for activities outside of the grant should not interfere with project use.

Non-Federal Sponsors

The basic criteria for purchasing computing devices are similar for non-Federal sponsored projects, but may be more flexible depending on the sponsor. Principal investigators are recommended to include a justification for the purchase of computing devices with non-Federal funding, but divisional offices may have varying requirements. Please contact your Dean or Director's office for guidance. Please note that written sponsor guidelines may prohibit the purchase of computers and electronic devices. All other sponsor restrictions, such as rebudgeting, prior approvals, notifications, etc., apply to the project.

Proposals

The device should be identified in the proposal budget and justified as to why it is essential and allocable to the performance of the award. Inclusion in the budget and budget justification is intended to enable the sponsor to review and concur with the need for the computing device. Written justification and/or approval is meant to prevent questions regarding the allowability of costs in event of an audit.

Modular Budgets

Not all proposals include detailed budgets; some sponsors allow the use of modular budgets. In the case of modular budgets, the PI and his/her department are expected to provide a written justification for a computing device. **This justification should be provided in the WISPER record and will be reviewed by the Dean or Director's office.** Contact your Dean or Director's office regarding specific procedures on submitting such a [justification](#).

Post-Award

Not every cost can be anticipated at the time of proposal preparation. When a post-award need for a computing device is identified and prior to its purchase, an explanation of the need should be submitted to the appropriate College/School research contact. The purpose and benefit of the device to the specific project should be fully described in the justification. Contact your Dean or Director's office regarding specific procedures on submitting such a [justification](#).

If a computing device is purchased with sponsor or University funds, the device is the property of the University and should be retained by the department after the end of the award for ongoing research activities or for disposal in accordance with University policies.

If a computing device expense is deemed unallowable at any time, the cost will revert back to the PI, the PI's department/unit, and the college/school for recovery from an unrestricted source of funding.

Supplies versus Equipment

Consistent with the Federal and State definitions of equipment, the University has defined capital equipment as an article of nonexpendable, tangible property with a useful life of more than one year and an acquisition cost of \$5,000 or more. Items with a useful life of less than one year or an acquisition cost of less than \$5,000 are defined as supplies. That means most personal computers and laptops are defined as supply items, not as equipment.

For computing devices that are considered equipment (items with an acquisition cost of \$5,000 or more with a useful life of more than one year), the devices fall into one of two categories: either general purpose equipment (2 CFR §200.48) or special purpose equipment (2 CFR §200.89).

General purpose equipment is equipment which is not limited to research, medical, scientific or other technical activities. Such equipment is unallowable as a direct charge, unless the Federal awarding agency or pass-through-entity has provided prior written approval.*

Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Special purpose equipment is allowable as a direct cost, provided that the items have the prior written approval* of the Federal awarding agency or pass-through entity.

**The Federal-wide Research Terms and Conditions will continue to apply to awards in which they are incorporated.*

Other UW Resources Information

The UW Advanced Computing Initiative (aci.wisc.edu) is available to consult, both pre- and post-award, about the effective ways to use computation in your research within the guidelines outlined here. In particular, such consultations during proposal preparation can help researchers get the most benefit out of their research budgets by identifying an appropriate mix of supplies, equipment, and services for the particular research in question.

UW-Madison has established relationships with vendors to obtain highly competitive prices on quality-tested products, including computing devices. A range of products from various suppliers is available through [Shop@UW](#) and [purchasing contracts](#). PIs and departments are encouraged to take advantage

of this easy-to-use system and the significant savings available through strategically sourced contracts. For further information, see [Purchasing Services](#).

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Frequently Asked Questions about Computing Devices [Guidance on Computing Devices](#) (for devices that cost less than \$5,000)

1) I am preparing a proposal and would like to request a [computing device](#). Where should I include information about my computing device request in the proposal?

The computing device should be included in the budget and budget justification. The budget justification should include information on why the device is essential and allocable to the project.

2) I am preparing a proposal and would like to request a computing device. However, I am using a modular budget. What should I do?

You should provide a written justification for the computing device in the WISPER record for this proposal. You may opt to use the [Computing Devices Request Form](#). Contact your Dean or Director's office regarding specific procedures on submitting such a justification.

3) If I identify a post-award need for a computing device, what should I do?

You should provide a written justification for the computing device to your College/School Research Contact. You may opt to use the [Computing Devices Request Form](#). Contact your Dean or Director's office regarding specific procedures on submitting such a justification. Note that award terms and conditions also may require a sponsor's prior approval for this type of cost.

4) How does the timing of the computing device purchase affect whether or not it is considered "essential" and "allocable"?

If a computing device is purchased early during the project, it is available to be used for most of the project period. Recent audits have questioned the purchase of computing devices close to or at the end of a project. Purchases made close to the end of a project may raise the suspicion that the purchase was made to spend out the award, which is not allowable.

Purchases made within the last six months of the project may be subject to additional scrutiny by sponsors and outside auditors. Please provide additional justification on the use of this device on this project in this time period if you intend to purchase a device within the last six months of the project. This additional justification should be included in the proposal's budget justification or in the [justification](#) submitted to your Dean or Director's office.

5) May an expense for a single computing device be charged to more than one project?

A single supply item, such as a computing device, should normally be charged only to one project. Splitting the charges for a single device across more than one project may raise the question of whether the device would be more appropriately categorized as an F&A expense.

A situation may arise, however, where it might be appropriate to allocate the cost of a device to more than one project, because the device may benefit more than one project. If the cost of a device is allocated to more than one project, the proportional benefit to each project should be easily and readily identifiable. For such situations, PIs may wish to consult with their College/School research contacts or RSP accountant. Also see question 6 below.

6) What factors determine whether the computing device should be a direct or F&A expense?

You should consider how the computing device will be used. The use should help justify whether the cost is more appropriate as a direct cost or as an F&A cost. See the criteria in the table below.

Direct Cost	F&A Cost
<ul style="list-style-type: none"> • Predominantly used on a specific sponsored project • Necessary to achieve project objectives • Easily identifiable with a specific project 	<ul style="list-style-type: none"> • Predominantly used for several different activities, including administration, instruction, research, or proposal preparation • Not easily identifiable with a specific project

Generally speaking, if the device is to be predominantly used for a project need, then it is allowable as a direct cost. If the device is to be used for an individual to address multiple needs, then it may be more appropriate as an F&A cost. Consider if the need for the device is project-driven or individual-driven.

Additional information about [direct costs](#) and [F&A costs](#) is available within the Uniform Guidance.

7) What information would help me justify that the computing device is essential and allocable to the award?

You must be able to describe the project-specific need for the computing device. You should be able to discuss why other resources are not available to fill this need and, if the computing device were not available, how the project would be negatively impacted.

8) I wish to purchase a computing device for a graduate student who will work on my project. Do you have any examples that I could review before preparing my own justification?

Yes. The justification should demonstrate that the device is essential and allocable to the project. The justification should also be specific to the aims of the project. For example:

We request funds to purchase a laptop computer for the graduate student who will work on this project. The student will use the device to design experiments, interface with analytical instrumentation, collect and store data, and analyze data. The student will also assist in the preparation of figures and tables summarizing research results, as well as publications and presentations covering research results.

OR

Funds are requested to purchase five tablet computers. Graduate students will use the tablets to gather data in the field and to tabulate the data for this project.

9) What does “not solely dedicated” mean regarding how much a computing device should be used for a project?

“Not solely dedicated” indicates that some amount of non-project use is acceptable. Use of activities outside of the grant should not interfere with project use. The predominant use of the computing device should be on the project.

10) Who will review and approve post-award requests for computing devices?

The Dean or Director or his/her designee will review and approve such requests. RSP will review copies of approved requests and consult with the Dean or Director as necessary. Documentation of approvals must be maintained. To facilitate these requests, RSP and College/School Research Administrators created the [Computing Devices Request Form](#).

11) What is the applicability of the updated computing devices guidance to awards issued prior to the Uniform Guidance?

If the terms and conditions attached to the award issued prior to 12/26/14 incorporate the [Uniform Guidance \(2 CFR 200 et al\)](#), then the updated computing devices guidance applies to the award. This

guidance may be applicable to awards issued prior to the Uniform Guidance, depending on the terms and conditions attached to the award. Applicability will be determined on a case-by-case basis.

12) What account codes are generally used for computing devices?

The account code used typically depends on whether or not the device is considered capital equipment.

Computing devices that are supplies (costing less than \$5,000 and **not** considered capital equipment) generally should be coded to 3194: <http://www.bussvc.wisc.edu/acct/codes/ccmisc.html#3194>.

Capital equipment (any non-expendable individual item not permanently attached to buildings or grounds costing \$5,000 or more and having a useful life of more than one year) should be coded to the 4XXX series: <http://www.bussvc.wisc.edu/acct/policy/property/propfed.html#Acquis>. Also see the question and answer below on when a computer is part of a capital equipment item.

13) What if a computer is part of a larger piece of equipment, and there is one price for the equipment that includes the computer? Would it then still be considered part of the equipment purchase and tracked?

The capitalized acquisition cost of an equipment item is the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus (including computing devices) necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation and transportation should also be included. Repairs, maintenance, and replacement parts are NOT included in the capitalized acquisition cost. Also see: <http://www.bussvc.wisc.edu/acct/policy/property/propfed.html#Definitions>

Computing Devices Request Form



With the advent of the [Uniform Guidance](#), computing devices may be considered allowable direct charges. The Uniform Guidance, 2 CFR §200.453, part (c), states:

In the specific case of computing devices, charging as direct costs is allowable for devices that are **essential** and **allocable**, but not solely dedicated, to the performance of a Federal award.

Please use this form:

- If you are submitting a proposal with a modular budget and seek to purchase a computing device, attach form to WISPER record, OR
- If you identify a post-award need for a computing device and one was not included in the approved award budget. The request should be submitted prior to purchase to the appropriate Dean or Director's office for review.

NOTE: Award terms and conditions also may require a sponsor's prior approval.

You do not need to use this form if the computing device(s) is already clearly included in the award's budget/budget justification or approved in the WISPER record. For further information, see [guidance](#).

Please fill in the following information:

Principal Investigator:

Date of request:

Award # (MSN...):

Project:

Project start date:

End date:

What is being purchased?

Vendor name:

Estimated or known price: \$

Amount being charged to this project:

%

If less than 100% is being charged to this project, what other funding source(s) will cover the remainder of the cost?

How does the purchase benefit the project and help meet the objectives? Why is it needed?

Principal Investigator signature:

Dean or Director Approval:

Note: As a representative of the Dean's office, it is agreed the purchase is needed in order to complete the promised outcomes of the project. If the purchase is deemed unallowable by RSP or auditor, your department or unit is responsible for the cost.

Routing Instructions: If this form is for a proposal with a modular budget, attach the PI-signed form to the WISPER record. If this form is prepared post-award, e-mail it to your Dean or Director's office for review.