

Mastering Research Administration

A Complete Guide to the
CRA[®], CPRA[®], and CFRA[®] Exams

Farin Kamangar, MD, PhD, CRA

University Distinguished Professor
Associate Vice President for Research
Morgan State University
Baltimore, MD, USA

Lulu Jiang, PhD

Program Administrator
National Transportation/SMARTER Centers
Morgan State University
Baltimore, MD, USA

Rebecca Steiner, CRA

Grants Manager
Office of Research Administration
Morgan State University
Baltimore, MD, USA

Disclaimer:

- These multiple-choice questions and the accompanying text were originally developed in 2022 and were reviewed and updated in August 2025. Grant policies, rules, and regulations may change over time. Please consult official sources for the most current information.
- While it is generally considered best practice to avoid negative phrasing and answer choices such as “all of the above” or “none of the above” in standardized multiple-choice questions, these materials were created for training purposes. In some instances, we have intentionally used such formats.

Correspondence to: farin.kamangar@morgan.edu

© 2025 Farin Kamangar. All rights reserved.

This material may not be reproduced, distributed, or sold without permission from the author.

Published: September 15, 2025

CHAPTER 8

Cost Allowability

Table of Contents

8.1. Introduction	4
8.2. The Legal Basis for Allowability.....	4
8.3. Allowable, Allocable, Reasonable, and Consistent	5
3.4. Unallowable Costs Per 2 CFR 200.....	6
3.5. Allowable as Direct or Indirect Costs.....	7
3.6. Important Points and Special Cases.....	7
3.7. Summary.....	9
3.7. Practice Questions.....	10
3.8. Answers to Practice Questions	21

8.1. Introduction

Cost allowability refers to whether an expense can be paid for with funds from a grant, cooperative agreement, or contract. In this Chapter, we focus on allowability under federal grants, although some of the principles may apply to grants from other funding sources, such as state and philanthropic funds.

8.2. The Legal Basis for Allowability

A hierarchy of authorities makes costs allowable or unallowable. This starts from the constitution and flows down to the notice of award (NoA). A summary of the hierarchy is shown here.

1. U.S. Constitution (Spending Clause)
2. Statutes in the U.S. Code (program authorization & appropriations)
3. Executive Orders / Office of Management & Budget (OMB) Authority
4. 2 CFR 200 (Uniform Guidance – cost principles)
5. Agency-specific regulations
6. Program law and appropriations riders
7. Notice of Funding Opportunity (NOFO) / FOA / RFA (program solicitation)
8. Notice of Award (NoA) terms and conditions

The U.S. constitution, specifically the Spending Clause (Article I, Section 8, Clause 1), grants Congress the power to “lay and collect Taxes… to pay the Debts and provide for the … Defense and general Welfare of the United States.” This provides the constitutional basis for Congress to appropriate funds and impose conditions on their use, including rules about which costs are allowable.

Congress, in turn, authorizes and funds federal grant programs through statutes codified in the United States Code (U.S.C.). For example, Title 42 of the United States Code (Public Health and Welfare), authorizes NIH funding.

The Office of Management and Budget (OMB) issues the Uniform Guidance ([2 CFR 200](#)), which is the central regulatory framework for grants. [2 CFR 200](#) cannot overrule or deviate from the U.S.C.

Federal agencies adopt the Uniform Guidance and may add their own supplements. For example, National Institutes of Health (NIH) has its own Grants Policy Management ([NIH GPS](#)), and National Science Foundation (NSF) has its own Proposal & Award Policies and Procedures Guide ([NSF PAPPG](#)).

The NSF will issue notices of funding opportunity (NOFO), such as NOFOs for purchasing equipment. These NOFOs must not deviate from NSF PAPPG. And the final notice of award (NoA) must be consistent with all of the above.

Each lower-level authority may restrict allowability of spending further, but it cannot overrule the higher-level authority. For example, if 2 CFR 200 disallows purchasing alcohol for entertainment using federal grants, lower-level documents like NSF PAPPG, cannot make alcohol for entertainment allowable. But they can be more restrictive. For example, NSF PAPPG may exclude grant projects with the goal of disease diagnosis, treatment, or clinical management, while no such restrictions exist in 2 CFR 200.

8.3. Allowable, Allocable, Reasonable, and Consistent

Subpart E (Cost Principles) of 2 CFR 200 sets the four key tests for costs: allowable, allocable, reasonable, and consistently applied.

8.3.1. Allowable Costs

An allowable cost is one that is allocable, reasonable, treated consistently, and conforms to the laws, regulations, and award-specific restrictions.

8.3.2. Allocable Costs

An allocable cost is one that directly benefits a specific grant or project and is charged in proportion to that benefit.

Example 1: A piece of equipment purchased using Grant A must be used for advancing the work of Grant A. If it is used for Grant B, then both Grant A and Grant B must pay proportionately for the equipment purchase commensurate with use.

8.3.3. Reasonable Costs

A reasonable cost is one a prudent person would pay, reflecting fair market value, necessary for the grant's performance.

Example 2: A prudent person typically pays \$1,000 to \$2,000 for a standard laptop – this is reasonable. It may be unreasonable to pay \$10,000 for a standard laptop used for clerical purposes that only houses conventional software, such as MS Office.

8.3.4. Consistent Costs

A consistent cost is one that must be treated the same way across like circumstances — either a cost is always direct, or it is always indirect. The determination or size of the cost cannot change in order to favor or benefit a specific project; a cost must be consistent across different projects, as well as between internally or externally funded projects

Example 3: If office supplies are normally charged as indirect (F&A, overhead), they cannot suddenly be charged as direct on a specific award just to use up funds.

8.3.5. Cost Conformity

A cost must conform to and follow all laws, regulations, and award-specific restrictions to be allowable.

Example 4: If international travel is not allowed by the NOFO, then international travel is not an allowable cost. One might argue that the cost is reasonable (e.g., \$2,000 for the travel), important for the advancement of the project and therefore allocable (e.g., to work with a colleague overseas), and consistent (e.g., the travel is only treated to direct costs). Despite all this, if international travel is not allowed by the NOFO, then such costs are not allowable.

3.4. Unallowable Costs Per 2 CFR 200

Some costs are unallowable at the 2 CFR 200 level. Agency guidelines, NOFOs, and notices of award must make these unallowable too. Unallowable costs include:

- ◆ Alcoholic beverages for entertainment (however, alcohol may be allowable if specifically required for the research and approved)
- ◆ The costs of writing proposals
- ◆ Entertainment, amusement, social activities, and related costs
- ◆ Lobbying and political activities
- ◆ Bad debt write-offs
- ◆ Alumni or fund-raising activities

- ◆ Commencement and convocation costs
- ◆ Goods or services for personal use (such as housing, cars, clothing)
- ◆ Fines and penalties (except when incurred as a result of compliance with award requirements)
- ◆ Selling and marketing costs (unless specifically approved for the project)

3.5. Direct or Indirect Costs

When costs are allowable, they may be paid using either direct or indirect (F&A) costs but not both.

Direct costs are those that can be clearly identified with a specific project or award. They must be consistently treated across the organization. Direct costs typically include project-specific salaries and wages, fringe benefits, travel, supplies, equipment, and participant support costs.

Indirect costs, aka facilities and administrative or F&A costs, are infrastructure costs that are needed to support research but cannot be easily attributed to one project. For example, depreciation costs associated with research spaces often cannot be assigned to one single project, hence they are considered indirect (F&A) costs.

While like expenses can be charged to either direct or indirect costs, rare exceptions exist. See below for more information.

3.6. Important Points and Special Cases

- ◆ Costs allocable to one award *cannot* be shifted to another to cover deficiencies or to avoid restrictions. This will deviate from the principle of allocability.
- ◆ To be allocable, generally, costs must be incurred during the project period, and preferably at times that benefit the project. For example, purchasing a huge number of supplies only two days prior to the end date of the project may be questionable, as these supplies may potentially not be usable for that project. Exceptions to this rule are explained in the next bullet.
 - There are rare cases when costs after the project end date may be acceptable. For example, this is true for page charges for publications, because publications resulting from a study may happen after the project

end date. It may also be true for close-out administrative costs, if the project is terminated prematurely.

- ◆ If costs benefit multiple projects, they must be allocated in proportion to the benefit received. For example, if a technician serves three projects, each project must pay a portion of this person's salary commensurate with the time spent on each project.
- ◆ Purchases and other costs must follow all laws and regulations. For example, when flying using federal funds, the Fly America Act must be followed. This Act requires travelers on federally funded trips use U.S. flag air carriers for international flights, with limited exceptions, ensuring federal dollars support U.S. airlines.
- ◆ Paying for food using federal grant funds is generally unallowable. In particular, paying for food is not allowable for recurring meetings, such as weekly lab meetings. Exceptions may include when food is directly used for programmatic purposes, such as when food is served as part of a full-day conference and stopping the meeting for meals will disrupt activities.
- ◆ Tuition remission for graduate students using federal funds may be allowable in lieu of salary if the student is performing work. It may also be allowable as student aid in training grants, where supporting student education is the purpose of the award.
- ◆ Paying for international travel must be checked for allowability. Many grant mechanisms, such as NIH T-series or F-series, do not generally allow for international travel.
- ◆ Business class tickets are rarely allowable. They may be allowable only for medical needs, with proper documentation, or when the travel is too long. For example, NIH may allow for business class when the flight is longer than 14 hours.
- ◆ Short-term visas (for example, conference or project-specific visas) may be allowable direct costs on federal awards if they are: critical and necessary for the project, clearly allocable to the federal award, and consistent with institutional and sponsor policy. Work visas (e.g., H-1B) and immigration visas are not allowable as direct charges — they are considered part of normal recruitment/HR expenses and must be treated as indirect costs.
- ◆ For travel using federal grant funds, dependent care costs are not automatically allowable. They can only be charged to the grant to the extent that they exceed normal, everyday dependent care expenses, and if the non-federal entity has

consistent policies in place for covering such costs. This ensures that the expense is directly related to the project and consistently applied, rather than being a special exception.

- ◆ Memberships or subscriptions may also be allowable as part of F&A (indirect) costs, provided they are in the institution's name (not an individual's) and they directly benefit the funded project — for example, journal subscriptions or professional society memberships used to share research results may be allowable. Please note that this is often part of F&A (indirect), not direct costs.
- ◆ Administrative and clerical salaries are normally indirect costs, but may be treated as direct costs if the burden of administrative work on a single project is so large that it is not considered part of normal business. To be charged to direct costs, the administrative service must be:
 - Integral to the award;
 - Individuals can be specifically identified; and
 - Costs are also not recovered as indirect (F&A).
- ◆ Likewise, costs normally treated as indirect may be charged directly if they are very large and specifically tied to the award (e.g., extraordinary utilities, extraordinary communication or postage, cybersecurity, program evaluation).

More information about allowability of cost share, and the appropriate cost estimates for cost share, can be found in the Uniform Guidance [§200.403](#).

3.7. Summary

Allowable costs under Federal awards must be allocable to the award, reasonable, conform to any limitations or exclusions, and be consistently treated. Costs must also be documented adequately. Unallowable costs include items such as entertainment, alcohol, lobbying, and goods or services for personal use. Some costs (e.g., administrative salaries included in direct costs) may be allowable if specific conditions are met.

3.7. Practice Questions

1. The NIH Grants Policy Statement (NIH GPS) does not forbid international travel. However, a specific notice of funding opportunity (NOFO) disallows international travel. In this case, international travel _____ permitted because _____.
 - a. Is, NIH GPS supersedes the NOFO.
 - b. Is, NIH GPS is a higher level document.
 - c. Is not, NOFO can be legally more restrictive than NIH GPS.
 - d. Is not, NOFO is developed by the Scientific Review Officer.

2. Using federal grants, which of the following costs are allowable after the period of performance is over but before grant closeout?
 - a. Page charges
 - b. Short-term visas
 - c. Supply charges
 - d. All of the above

3. Using federal grants, which of the following is never allowed?
 - a. Dependent day care costs
 - b. Business class tickets
 - c. Participant support costs
 - d. Alcoholic beverages for entertainment

4. Which of the following visas may be allowable to pay for using direct costs on federal awards?
 - a. Short-term visas
 - b. Work visas
 - c. Immigration visas
 - d. All of the above

5. Which of the following may be allowable using federal funds (direct costs)?
 - a. Costs of writing proposals
 - b. Purchasing equipment
 - c. Journal subscriptions
 - d. Tickets to concerts (to strengthen bonds among the research team)

6. Which of the following is more likely to be allowable using federal funds?
- Flying Air Canada to attend a meeting in Vancouver, Canada
 - Transferring NSF funds from participant costs to contractual salaries, at the discretion of the PI
 - Using funds from grant A to pay individuals working on grant B, because grant B is short of funds
 - Transferring 5% of the funds (\$20,000) of an NIH grant from regular salaries to contractual salaries
7. Under which of the following situations is cost transfer acceptable?
- To use unspent funds in a project, especially close to the performance end date.
 - When another project is short of funds.
 - To correct clerical errors
 - To change the scope of the project
8. Salaries of personnel on a federally funded project are charged to _____ costs and their fringe benefits are charged to _____ costs.
- Direct, direct
 - Direct, indirect
 - Indirect, direct
 - Indirect, indirect
9. Using federal grant funds, mailing and postage costs are:
- Normally allowable as direct costs.
 - Not allowable as either direct or indirect costs.
 - Potentially allowable as direct costs if the project involves a large mail survey.
 - Allowable but the university needs to match 50% of the funds.
10. Using federal grant funds, which of the following is usually a direct cost, as opposed to an indirect cost?
- Technician salaries
 - Administrative and clerical salaries
 - Postage and communications
 - Paper and ink

11. Using federal grant funds, which of the following may be allowable?
- a. Writing off bad debts
 - b. Alcoholic beverages used for study experiments
 - c. Alumni activities
 - d. Commencement and convocation costs
12. Using federal grant funds, which of the following may be allowable as either direct or indirect costs?
- a. Administrative and clerical salaries
 - b. Charitable contributions
 - c. Entertainment charges
 - d. Paying for penalties
13. Administrative and clerical salaries may be charged as direct costs only if:
- a. The service is integral to the performance of the project.
 - b. The work done by these staff can be clearly attributed to the project.
 - c. The salaries are budgeted and there is prior approval.
 - d. All of the above.
14. The costs associated with developing and maintaining human subjects, animal care, or substance use protocols:
- a. Is unallowable.
 - b. Is allowable only using F&A costs.
 - c. May be allowable using direct costs.
 - d. Is allowable as a direct cost only for multi-institutional collaborations.
15. For federally-sponsored conference grants, the cost of identifying local dependent care ____ allowable; the cost of providing local dependent-care ____ allowable.
- a. Is, is
 - b. Is, is not
 - c. Is not, is
 - d. Is not, is not

16. For travel using federal grants, dependent care costs may be allowed only if _____ is charged to the grant, and the non-federal entity _____.
- a. The entire cost, has consistent policies for this purpose.
 - b. The entire cost, is an institute of higher education.
 - c. Costs above the normal expense, has consistent policies for this purpose.
 - d. Costs above the normal expense, is an institute of higher education.
17. Using federal grant funds, which of the following may be allowable?
- a. Faculty salary with rates higher than their institutional base rate
 - b. Advertising for university promotion
 - c. International travel costs
 - d. Cost overruns from other grants
18. Using federal grant funds, paying for recharge centers or specialized service facilities:
- a. Is not allowable.
 - b. Is allowable only using F&A costs.
 - c. Is allowable only using direct costs.
 - d. Is allowable using direct costs only if they have not already been counted in F&A costs.
19. Which of the following is typically an indirect (F&A) cost?
- a. Supplies for the study
 - b. Equipment for the study
 - c. Salary of key personnel
 - d. Salary of departmental administrators that spend part of their time to purchase supplies for the study
20. General office supplies are typically considered:
- a. Unallowable as direct or indirect expenses
 - b. Indirect cost expenses
 - c. Direct cost expenses
 - d. Direct cost expenses for NIH R01 grants

21. Using federal grant funds, _____ and _____ are usually direct charges (if allowable) but _____ and _____ are included as indirect costs.
- Fringe benefits for study personnel, travel, postage and communications, administrative and clerical salaries
 - Postage and communications, administrative and clerical salaries, fringe benefits for study personnel, travel
 - Postage and communications, travel, administrative and clerical salaries, fringe benefits for study personnel
 - Travel, postage and communications, administrative and clerical salaries, fringe benefits for study personnel
22. Tuition remission for study personnel is:
- Part of indirect (F&A) costs.
 - Unallowable as either direct or indirect costs.
 - Allowable as part of fringe benefits.
 - Allowable for both study employees and their family members.
23. Which of the following is correct about tuition remission for graduate students using federal funds?
- It is generally considered an indirect cost.
 - It may be allowable in lieu of hourly wages or salary.
 - It may be allowable as a student aid in training grants.
 - B or C
24. Using federal grant funds, writing proposals is:
- Allowable as a pre-award cost
 - Allowable as an indirect cost
 - Allowable as direct cost
 - Not allowable
25. All of the following are true about travel using federal funds, EXCEPT:
- Must be within the project period.
 - Could be charged to the grant until the final FFR is submitted.
 - Must be allocable to the award.
 - Must abide by the Fly America Act.

26. Which of the following is allowable during a one-week travel?
- a. Minibar
 - b. Per diem for food
 - c. Laundry
 - d. Movie rental
27. A PI plans to rebudget 5% of her NSF grant funds. For which does she need prior NSF approval? Taking funds out of:
- a. Supplies
 - b. Travel
 - c. Participant support costs
 - d. Technician salaries
28. Which of the following may be considered participant support costs?
- a. Honoraria
 - b. Conference support costs, such as facility or AV equipment rentals
 - c. Speaker fees
 - d. Stipends for trainees
29. Which of the following is NOT included in participant support costs?
- a. Stipend
 - b. Travel
 - c. Registration fees
 - d. Speaker honoraria
30. Study participants completing a survey will each receive a \$30 gift card. This is an example of _____ and needs approval by the _____.
- a. Participant support costs, Institutional Review Board
 - b. Stipends, Office of the Provost
 - c. Human subject payments, Institutional Review Board
 - d. Participant support costs, Office of the Provost

31. If a federal agency loans a piece of equipment to a university for conducting a project, the title of the equipment usually vests with the:
- Principal investigator
 - University
 - Federal agency sponsoring the study
 - Office of Management and Budget (OMB)
32. Which of the following is NOT correct about computers purchased using federal grants?
- They are considered supplies if they cost less than the lesser of \$10,000 or the level of capitalization used by the non-federal entity.
 - They must be allocable to the project but they may be used for purposes other than the project as well.
 - They must be used solely for the purpose of the project.
 - After the project ends, they typically remain with the non-federal entity.
33. Hiring postdoctoral fellows using NIH grants:
- Is always allowable.
 - Is generally not allowable.
 - May or may not be allowable, depending on the funding opportunity announcement.
 - Is allowable only if the non-federal entity is a Carnegie-classified R1 or R2 research institution.
34. A clinical trial is done with 15 institutions involved. There is a single IRB for this collaborative effort. IRB expenses are:
- Not allowable.
 - Allowable only for the institution that has the single IRB.
 - Allowable for all 15 institutions.
 - Allowable only for up to 5 institutions.
35. Which of the following is more likely to be allowable on a federally funded research grant?
- Alcoholic beverages for celebrating a publication in Nature

- b. Pizza for weekly meetings with postdocs and graduate students
 - c. Buying a major equipment in the last month of a project
 - d. Paying publication charges one month after the end of the project
36. The level of capitalization at a university is \$3,000. The PI purchases a computer for \$3,500. This computer is considered _____ .
- a. Supplies, because the price is less than \$10,000.
 - b. Supplies, because that is what computers are usually listed as.
 - c. A piece of equipment, because the price is above the level of capitalization.
 - d. A piece of equipment, because it has advanced technology and lasts more than one year.
37. Which of the following may be allowable on a federal grant?
- a. Bad debts
 - b. Penalties
 - c. Contingency provisions
 - d. Conference room reservations
38. Paying for which of these is clearly prohibited by the Uniform Guidance?
- a. AV equipment from Sony or its subsidiaries
 - b. Telecommunication technologies from Huawei or its subsidiaries
 - c. Transportation simulation software from Simio
 - d. Batteries or solar materials from Tesla's subsidiaries
39. Costs are reasonable if they:
- a. Provide direct benefit to the project.
 - b. Do not exceed what a prudent person would pay for it under similar circumstances.
 - c. Are treated the same way under like circumstances.
 - d. Are within the limitations or exclusions in Uniform Guidance, federal law, agency-specific regulations, and terms and conditions of the award.

40. Costs are consistent if they:

- a. Provide direct benefit to the project.
- b. Do not exceed what a prudent person would pay for it under similar circumstances.
- c. Are treated the same way under like circumstances.
- d. Are within the limitations or exclusions in Uniform Guidance, federal law, agency-specific regulations, and terms and conditions of the award.

41. Costs are allocable if they:

- a. Provide direct benefit to the project.
- b. Do not exceed what a prudent person would pay for it under similar circumstances.
- c. Are treated the same way under like circumstances.
- d. Are within the limitations or exclusions in Uniform Guidance, federal law, agency-specific regulations, and terms and conditions of the award.

42. Costs are conforming if they:

- a. Provide direct benefit to the project.
- b. Do not exceed what a prudent person would pay for it under similar circumstances.
- c. Are treated the same way under like circumstances.
- d. Are within the limitations or exclusions in Uniform Guidance, federal law, agency-specific regulations, and terms and conditions of the award.

43. Costs are allowable if they are:

- a. Allocable
- b. Reasonable
- c. Treated consistently
- d. All of the above

44. A cost is _____ if, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost."

- a. Allocable

- b. Reasonable
- c. Consistent
- d. Estimable

45. A research project needs to use the services of a lab technician, who should normally be paid \$75,000 per year. However, the PI has substantial money left in his NIH award and decides to hire a technician at \$180,000 per year. This may be a problem because this cost is:

- a. Not allocable to the project.
- b. Charged to both direct and indirect costs.
- c. Exceeds the NIH salary cap.
- d. Not reasonable.

46. A PI has two NSF grants. He needs a technician to work on Grant A, but has very little money left on Grant A. So, he pays the technician using Grant B, but asks the technician to work on Grant A. This is problematic because this cost is not:

- a. Allocable to Grant B
- b. Reasonable
- c. Consistently treated between direct and indirect costs.
- d. For a federal grant.

47. Fringe benefits are:

- a. Unallowable.
- b. Part of direct costs.
- c. Part of indirect costs.
- d. Allocable to all grants.

48. Which NIH grants are more likely to allow for foreign travel?

- a. R01
- b. T32
- c. F32
- d. R15

49. An NIH-funded T32 training grant supports graduate students. A student requests funding to attend a research workshop in Germany. Which is correct?
- a. International travel is allowable if the student shows it benefits their research.
 - b. International travel is never allowable on any NIH award.
 - c. International travel on training grants is unallowable unless explicitly authorized in the Notice of Award.
 - d. International travel is allowable if approved by the department chair.
50. A research team writes the costs of a celebration event into their NIH grant budget and explicitly includes cruise rental, meals, and alcohol. The budget is approved as submitted. Such costs are _____ because they are _____.
- a. Unallowable, not allowed per 2 CFR 200.
 - b. Unallowable, not allowed in the U.S. Constitution.
 - c. Allowable, the agency approved them.
 - d. Allowable, the team worked very hard to obtain this grant.

3.8. Answers to Practice Questions

1. **C** While NIH GPS does not categorically disallow international travel, certain funding opportunities may make international travel unallowable. In general, a NOFO can be more restrictive, and that is what needs to be abided. To provide a more extreme example, while NIH funds may allow for paying many direct costs, a certain NOFO (and award) may be solely for purchasing equipment; nothing else can be charged to that grant.
2. **A** Page charges for publishing results are allowable after the performance period, since publication often happens after the research ends. Short-term visas are only allowable during the project if needed for project personnel. Supply charges must also be incurred during the period of performance; supplies purchased after the grant ends cannot be allocable to that grant and may cause audit issues.
3. **D** Paying for alcoholic beverages for entertainment is unallowable at the 2 CFR 200 level: [§200.403](#). Business class tickets may be allowable in rare circumstances, such as when the flight is extraordinarily long.
4. **A** Short-term visas (for example, conference or project-specific visas) may be allowable direct costs on federal awards if they are: critical and necessary for the project, clearly allocable to the federal award, and consistent with institutional and sponsor policy. Work visas (e.g., H-1B) and immigration visas are not allowable as direct charges — they are considered part of normal recruitment/HR expenses and must be treated as indirect costs
5. **B** The costs of writing proposals are not allowable as direct costs, because they are considered normal business expenses. Purchasing equipment is allowable, but only if it has been specifically approved in the grant budget or if prior approval from the sponsor has been obtained. Subscription to a journal is not allocable to a single project, and, hence, cannot be included in direct costs. Journal subscriptions and other research-related library expenses are typically included in indirect (F&A) costs. Finally, tickets to concerts or other entertainment are not allowable, since entertainment costs are not permitted under federal regulations ([2 CFR 200.438](#)).

6. **D** NIH permits rebudgeting within certain limits — typically up to 25% of the total budget or \$250,000, whichever is less — without prior approval. Flying Air Canada to attend a meeting in Vancouver would not be allowable under the Fly America Act, which generally requires use of U.S. flag carriers. Flying Air Canada using a grant may be allowable if the U.S. flag carrier partners with Air Canada and allows them to operate the flight, and the funds don't directly go to Air Canada. Transferring NSF funds from participant costs to contractual salaries at the discretion of the PI is not allowable, because NSF requires prior sponsor approval for rebudgeting participant support costs. Finally, using funds from one grant to pay individuals working on another grant is never allowable, because each award must be charged only for activities that directly benefit that award under the allocability principle in 2 CFR 200.
7. **C** Cost transfers are acceptable only under limited circumstances, such as to correct clerical or bookkeeping errors. They are not allowable simply to use up unspent funds at the end of a project, to cover a shortfall in another project, or to change the scope of work, since each award must be charged only for costs that are allowable, allocable, reasonable, and consistent with the approved budget and project scope. Proper documentation and timely processing are also required to justify a cost transfer.
8. **A** They are both allocable to the grant and the allocable amount can easily be calculated, hence they are both direct costs.
9. **C** Mailing and postage costs are normally treated as indirect costs because they are part of general administrative expenses. However, they may be charged as direct costs to a federal grant if there is a clear and specific project-related need that justifies the expense, such as conducting a large mail survey. In that case, the costs are allocable and reasonable to the project. They are not entirely unallowable, and there is no requirement that the university match 50% of the funds for such costs.
10. **A** Technician salaries are usually treated as direct costs on a federal grant because they can be specifically identified with a particular project and are necessary to carry out the proposed research. By contrast, administrative and clerical salaries, postage and communications, and general office supplies like paper

and ink are normally considered indirect costs, since they support multiple activities and are part of the general infrastructure of the institution. These latter costs may only be charged directly in rare circumstances, and only when they can be explicitly justified as necessary for the specific project. Examples include when a project is very large and needs substantial administrative support or when a project needs hundreds or thousands of mailings.

11. B Under federal grant rules (2 CFR 200), not all costs can be charged to grant funds. Writing off bad debts is unallowable because federal funds cannot cover losses from uncollectible accounts. Alumni activities, such as reunions or development events, are also unallowable, as are commencement and convocation costs, which are considered ceremonial and not directly related to the objectives of the project. However, alcoholic beverages may be allowable if they are used as part of a legitimate research experiment—for example, in studies involving fermentation, metabolism, or other scientific purposes—provided there is proper justification and documentation. Therefore, among the options given, only alcoholic beverages used for study experiments may be allowable under federal grant funding.

12. A

13. D Administrative and clerical salaries are generally treated as **indirect costs** under federal grants. However, they **may be charged as direct costs** if certain conditions are met. Specifically, the service must be integral to the performance of the project, meaning the administrative or clerical work is essential for achieving the project's objectives. Additionally, the work performed by these staff must be clearly attributable to the project, so it can be documented and justified. Finally, the salaries must either be included in the project budget or receive prior approval from the awarding agency. Therefore, all these conditions must be satisfied for administrative and clerical salaries to be allowable as direct costs.

14. C Developing and maintaining protocols for human subjects, animal care, or substance use research is considered an essential part of conducting federally funded research. These activities are directly related to ensuring compliance with ethical standards and regulatory requirements, and therefore their costs may be charged as direct costs to the grant, rather than being limited to indirect costs or

disallowed. They are not restricted to multi-institutional collaborations and are generally recognized as necessary project expenses.

15. B

16. C For travel using federal grant funds, dependent care costs are not automatically allowable. They can only be charged to the grant to the extent that they exceed normal, everyday dependent care expenses, and if the non-federal entity has consistent policies in place for covering such costs. This ensures that the expense is directly related to the project and uniformly applied, rather than being a special exception.

17. C

18. D Paying for recharge centers or specialized service facilities with federal grant funds can be allowable, but only if the costs have not already been included in the institution's facilities & administrative (F&A) rate. This prevents double-charging the grant for the same expense. If properly documented and justified, these costs can be charged as direct costs, but they must be separate from F&A costs.

19. D

20. B

21. A

22. C Tuition remission may be allowable as part of fringe benefits, but only for study personnel, not for their family members.

23. D Tuition remission for graduate students may be allowable in lieu of salary if the student is performing work on the project instead of hourly wages, and it may also be allowable as student aid in training grants, where supporting student education is the purpose of the award.

24. D

25. B

26. B During a one-week travel using federal grant funds, per diem for food is an allowable expense because it directly supports the traveler's basic needs while conducting project-related work. Minibar charges, laundry, and movie rentals are considered personal or discretionary expenses and are not allowable under federal cost principles. Laundry and dry-cleaning expenses may be allowable if the travel is for an extended period, typically 30 or more consecutive days at a single location. This is because the cost is no longer considered incidental, but necessary for maintaining clothing during long-term official assignments away from home.
27. C A principal investigator may generally rebudget up to 10% of NSF grant funds without prior approval for most categories, such as supplies, travel, or technician salaries. However, participant support costs have special restrictions: any rebudgeting of these funds requires prior NSF approval, because they are earmarked specifically for student or participant stipends, travel, or related costs.
28. D
29. D
30. C There is sometimes a confusion about the word "participant support costs" in grants. Here, the term "participant" means a person who engages in a training program supported by the federal grant. A gift card given to a study participant who completes a survey is not called "participant support cost"; it is a form of honoraria. The amount should be approved by the IRB, because paying very high amounts may be considered a form coercion.
31. C If a federal agency loans a piece of equipment to a university for a project, the title of the equipment typically remains with the federal agency sponsoring the study. The university may use the equipment for the project, but ownership does not transfer unless explicitly stated in the award terms.
32. C Computers purchased using federal grants must be allocable to the project, meaning the cost is necessary for project performance, but they do not have to be used solely for the project; incidental personal or other institutional use is generally allowable. They are considered supplies if their cost is below the lesser of \$10,000 or the institution's capitalization threshold, and after the project ends, they typically

remain with the non-federal entity. Therefore, the statement that is NOT correct is that computers must be used solely for the purpose of the project.

33. C

34. B The Single IRB policy, first proposed by NIH in 2014 and mandated in 2016, requires one Institutional Review Board for multi-site studies, aiming to streamline ethics review, improve consistency, reduce duplication, and enhance efficiency across collaborating institutions. In multi-institutional studies, the IRB cost is allowed only for the institution that organizes the Single IRB.

35. D Alcoholic beverages for entertainment and celebrations are not allowable. Regular payment for food, such as weekly lab meetings, is not allowable. A piece of equipment bought very late in the project period is unlikely to be used for that project, and, hence, may not be allocable to that grant. Paying page charges for publications after the grant ends may be allowable, because publication often happens after the grant ends.

36. C The current capitalization threshold of the federal government is \$10,000. However, if the university has a capitalization threshold of \$3,000, a computer purchased for \$3,500 is still a piece of equipment.

37. D

38. B

39. B

40. C

41. A

42. D

43. D

44. B

45. D In this case, the PI is paying more than a prudent person would pay. This is a problem of reasonableness.
46. A The activity is paid from Grant B, but it is not allocable to Grant B. Rather, the activity is allocable to Grant A.
47. B Project-specific salaries and fringe benefits are considered part of direct costs.
48. A The NIH research project grants, such as R01 and U01, often allow for international travel. By contrast, training grants (T series), career development grants (K series), and individual fellowships (F series) do not allow for international travel.
49. C On NIH T32 training grants, foreign travel is unallowable unless explicitly authorized in the award.
50. A Such costs are unallowable per 2 CFR 200, and the federal agency cannot overrule 2 CFR 200. Most likely, the NIH grant management officers missed this. This situation is similar to one driving at a speed of 80 miles per hour, when the speed limit is only 40 miles per hour. Whether or not a police officer is there to pull the car over, driving at that speed is still illegal.