

Cost Principles –Questions

1. A cost is one that is eligible for reimbursement by the Federal Government
 - a. Allocable
 - b. Reasonable
 - c. Allowable
 - d. Consistent
2. If, in its nature and amount, a cost 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, refers to what type of cost.
 - a. Allocable
 - b. Reasonable
 - c. Allowable
 - d. Consistent
3. If the goods or services involved are chargeable or assignable to a project or cost objective in accordance with relative benefits received describes the cost principle of
 - a. Allocable
 - b. Reasonable
 - c. Allowable
 - d. Consistency
4. The principle that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid possible double-charging of Federal awards,
 - a. Allocable
 - b. Reasonable
 - c. Allowable
 - d. Consistency
5. An Institution of Higher Education must file a Disclosure Statement (DS-2) disclosing their cost accounting practices if the IHE receives what dollar amount of Federal awards in a fiscal year.
 - a. \$10 million or more
 - b. \$25 million or more
 - c. \$50 million or more
 - d. \$100 million or more

6. Identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing.
 - a. Allowable from unallowable costs
 - b. Reasonable from unreasonable costs
 - c. Consistent from inconsistent costs
 - d. Direct from indirect costs
7. Defined as the annual compensation paid by an IHE for an individual's appointment
 - a. Academic salary plus external consulting fees
 - b. Institutional base salary (IBS)
 - c. Monthly salary times twelve months
 - d. Academic salary plus additional salary earned on externally funded projects
8. Uniform Guidance states that payroll distribution records must:
 - a. Be incorporated into the official records
 - b. Reasonably reflect the employee's total activity
 - c. Support the distribution of salary or wages among specific activities or cost objectives
 - d. All of the above
9. For faculty because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as
 - a. Rounded to whole hours
 - b. A percentage distribution of only their teaching activities
 - c. A percentage distribution of total activities
 - d. All of the above
10. Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards
 - a. Are not required to be tracked.
 - b. Do not include fringe benefits
 - c. Must not also receive reimbursement from the project
 - d. Must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards
11. Direct charging of salaries and wages of administrative and clerical staff may be appropriate if
 - a. Integral to a project or activity
 - b. Individuals involved can be specifically identified with the project or activity
 - c. Costs are explicitly included in the budget or have the prior written approval of the awarding agency
 - d. All of the above

12. A university's grant amounts increase at a rapid pace over time while its administrative and facilities cost stay relatively flat or decrease has what effect on the F&A rate?
- Decrease
 - Increase
 - No effect
 - Allows the institution the opportunity to renegotiate its rate
13. Defined as an item of property having an acquisition cost of \$10,000 or more and a useful life of one year or more.
- Equipment
 - General purpose equipment
 - Special purpose equipment
 - Supplies
14. The purchase of a desktop computer having an acquisition cost of \$4,000 would be classified as
- Supplies
 - Equipment
 - General purpose equipment
 - Special purpose equipment
15. In the NSF Proposal & award Policy and Procedures Guide foreign travel is defined as
- outside the mainland USA
 - outside the USA
 - outside the United States and its territories and possessions
 - outside of Canada and the United States and its territories and possessions
16. Travel cost may be charged on what basis
- Actual basis
 - Per diem
 - Mileage
 - All of the above
17. Federal agency that provides federal per diem and lodging rates on a geographic basis
- Department of Transportation
 - Office of Management and Budget
 - General Services Administration
 - Federal Aviation Administration

18. The following are acceptable reasons for not purchasing the lowest airfare.
 - a. Require circuitous routing or travel during unreasonable hours
 - b. Excessively prolong travel
 - c. Result in additional costs that would offset the transportation savings
 - d. All of the above
19. A cost that can occur after the project period but prior to the award closeout.
 - a. Equipment purchase
 - b. Publication cost
 - c. Payroll cost
 - d. Supply cost
20. Fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects
 - a. Payroll costs
 - b. Participant support costs
 - c. Subrecipient costs
 - d. Undergraduate student costs
21. The costs of routine and ancillary services provided by hospitals to individuals participating in research programs
 - a. Human subjects costs
 - b. Participant support costs
 - c. Patient care costs
 - d. Ancillary services costs
22. The costs of each service must consist normally of both its direct costs and its allocable share of all indirect (F&A) costs. Rates must be adjusted at least biennially, and must take into consideration over/under applied costs of the previous period(s).
 - a. Specialized service facilities
 - b. Campus bookstore
 - c. Campus dining facility
 - d. Federally operated laboratory
23. Means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity
 - a. Consulting agreement
 - b. Contractor agreement
 - c. Collaboration agreement
 - d. Subaward agreement

24. Providing goods and services, not subject to the award requirements and F&A is charged on full amount describes a
- Subrecipient agreement
 - Contractor agreement
 - Collaboration agreement
 - Purchase of equipment over \$5,000
25. On a subrecipient agreement Facilities and Administrative cost are charged
- On the entire amount
 - On the first \$50K of each year's expenditures
 - Normally waived
 - On the first \$50K of each competitive segment
26. Necessary costs incurred by a recipient for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted.
- Direct costs
 - Indirect costs
 - Allocated costs
 - Reasonable costs
27. For major IHEs and major nonprofit organizations, indirect (F&A) costs must be classified within two broad categories: "Facilities" and "Administration.". Facilities cost include
- depreciation on buildings, equipment and capital improvement
 - interest on debt associated with certain buildings, equipment and capital improvements
 - operations and maintenance expenses and the library
 - All of the above
28. The method for allocating the cost of fixed assets to periods benefitting from asset use
- depreciation
 - assignment of costs
 - asset allocation
 - All of the above
29. For IHEs the Administration portion of F&A is capped at what rate
- Uniform Guidance removed the cap
 - 10%
 - 26%
 - 30%

30. Departmental research means research, development and scholarly activities that are not separately budgeted and accounted for go under which major function of the institution.
- Instruction
 - Organized research
 - Other sponsored activities
 - Other institutional activities
31. University research means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds go under which major function of the institution.
- Instruction
 - Organized research
 - Other sponsored activities
 - Other institutional activities
32. The type of cost share that must be included in the organized research base for computing the indirect (F&A) cost rate or reflected in any allocation of indirect costs.
- Mandatory cost share
 - Salary cost above statutory limits
 - Voluntary uncommitted cost share
 - Unallowable cost share
33. Means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research.
- Instruction
 - Organized research
 - Other sponsored activities
 - Other institutional activities
34. A method of F&A calculation for IHEs that receive less than \$10 million in federal funding of direct costs in a fiscal year.
- Simplified
 - Modified total direct cost base
 - Long form method
 - Predetermined method
35. A process requiring verify room areas, room function and type to provide an accurate basis for the Facilities and Administrative (F&A) Cost proposal.
- Campus master plan
 - Research Laboratory space assignment
 - Space survey
 - Classroom usage survey

36. Under Uniform Guidance a de minimis rate that may be elected by an organization that has never received a negotiated indirect cost rate.
- a. 15% of total modified direct cost
 - b. 15% of total direct costs
 - c. 15% of total project costs
 - d. 15% of salary and wages
37. Type of F&A rate negotiated for period of two to four years and used where the cost experience are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of F&A costs during the ensuing accounting periods.
- a. Provisional
 - b. Fixed
 - c. Predetermined
 - d. Final
38. A temporary indirect cost rate applicable to a specified period and is used for interim billings pending the establishment of a final rate for the period
- a. Provisional
 - b. Fixed
 - c. Predetermined
 - d. Final
39. What is the effect of cost share on the F&A rate?
- a. Increases it
 - b. Decreases it
 - c. No effect
 - d. Cost share is not figured in the F&A rate
40. An investigator on an NSF grant has permission to rebudget \$150,000 in renovation monies into equipment. If the institutions facilities and administrative cost (indirect cost) rate (based on MTDC) is 54%, how much money will be available for the equipment?
- a. \$69,000
 - b. \$81,000
 - c. \$97,403
 - d. \$150,000

41. An institution has an indirect cost rate of 40%. A research project is budgeted at \$125,000 in direct costs including an item of equipment at \$25,000 which is the only item excluded from the indirect cost base. What is the total cost for the project?
- a. \$135,000
 - b. \$150,000
 - c. \$165,000
 - d. \$175,000

Answers:

1 c	15 c	29 c
2 b	16 d	30 a
3 a	17 c	31 b
4 d	18 d	32 a
5 c	19 b	33 c
6 a	20 b	34 a
7 b	21 c	35 c
8 d	22 a	36 a
9 c	23 d	37 c
10 d	24 b	38 a
11 d	25 d	39 b
12 a	26 b	40 d
13 a	27 d	41 c
14 a	28 a	