

Cost Accounting Standards

As part of Virginia Commonwealth University's research mission, the University accepts grants and contracts from the Federal government. By accepting these grants and contracts, VCU agrees to abide by the rules governing the use of these funds. These rules are outlined in the Office of Management and Budget (OMB) Circular A-21, which includes the Cost Accounting Standards. For questions related to OMB Circular A-21 or the Cost Accounting Standards, please contact the Office of Grants and Contracts Accounting.

OMB Circular A-21 is Office of Management and Budget (OMB) circular of Cost Principles for Educational Institutions. It establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles are designed to provide that the Federal government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law.

OMB Circular A-21 requires educational institutions to adhere to the following Cost Accounting Standards (CAS):

Consistency in Estimating, Accumulating and Reporting Costs: The purpose of this standard is to ensure that each educational institution's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the educational institution in accumulating and reporting costs.

Consistency in Allocating Costs Incurred for the Same Purpose: The purpose of this standard is to require that each type of cost be allocated only once and on only one basis to any contract or other cost objective.

Accounting for Unallowable Costs: The purpose of this standard is to facilitate the negotiation, audit, administration and settlement of contracts by establishing guidelines covering:

1. Identification of costs specifically described as unallowable; at the time such costs first become defined or authoritatively designated as unallowable.
2. The cost accounting treatment to be accorded such identified unallowable costs in order to promote the consistent application of sound cost accounting principles covering all incurred costs.

Consistency in Using the Same Cost Accounting Period: The purpose of this standard is to provide criteria for the selection of the time periods to be used as cost accounting periods for contract cost estimating, accumulating and reporting.