The purchase of computers and peripherals from federal funds subject to OMB Circular A-21 is something auditors examine closely and often results in disallowances if not handled properly. Use the following information to assist you in determining whether or not these types of purchases should be placed on federal or federal flow-thru funding.

**Does the item cost $5,000 or more?** If yes, then the purchase would be classified as equipment. Computers are usually considered general purpose equipment per OMB Circular A-21. Equipment purchases must be approved in advance by the awarding agency with ample justification given as to why the item is necessary. If the computer is not primarily used for the research project, it should not be paid for with federal or federal flow-thru funds. If the computer was not listed in the approved proposal budget, then rebudgeting is necessary before SPA will approve the web requisition.

**If the computer costs less than $5,000,** then the purchase would be considered a material and supply cost which is addressed in OMB Circular A-21 under Sections F.6 and J.27(a) and (c). Because computers (and related printers and secondary monitors) can be used for many activities including unrelated correspondence, preparing instructional materials, and other non-project related activities, auditors usually classify these expenses as office supplies and consider them to be unallowable charges to federal funds.

If the computer is necessary for the project and will be used 100% of the time on project related activities, then the purchase may be allowable on federal funds. Examples where you might have justification to purchase a computer on federal funds would be if research was being done in a remote off-campus location which required the purchase of a dedicated laptop, or if you were purchasing a computer to act as a front end to a piece of equipment. In these cases where you have adequate justification and the sponsor does not disallow computer purchases in their terms and conditions, the purchase would be allowable as a direct charge. Please be sure to have documentation in the file explaining why the computer was necessary to the project and that it is being used solely on the project. Documentation is key in case of an audit.

Whenever possible, it is best to anticipate these types of purchases at the proposal stage and include computers in your proposal budget with appropriate justification.