

## Best Practices: Shipping Costs

Per OMB Circular A-21 guideline J.52. Transportation costs such as shipping costs are allowable on sponsored projects (e.g., grants) when the cost directly relates to the research. You can access Circular A-21 at [http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html). Section J.52. specifically states: *Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation cost may be charged to the appropriate F&A cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the sponsored agreement, should be treated as a direct cost.*

What does this mean? Is the item being shipped an allowable cost on a sponsored project? Here are some examples for your reference:

- 1) the cost of shipping soil samples would be allowable BUT that the shipment needs to be clearly “identified”
- 2) the cost to ship results to a collaborator to be analyzed would be allowable
- 3) the cost to ship (send) out a proposal would not be allowable
- 4) general purpose shipments and correspondence costs would not be allowable and should be treated as indirect costs

The shipper (e.g., department, center, lab, PI) needs to be able to document what has been shipped and briefly explain why it is being shipped. Current UPS CampusShip and FedEx invoices do not provide enough detail. This means it is up to the shipper to provide further documentation. Does your process clearly describe what was shipped?

The Department of Food Science has a good process in place. They have created a Shipment Request form. This form has two uses: (1) it provides the extra justification needed, and (2) it can be used as the receipt/documentation if the UPS or FedEx receipt becomes misplaced. This form is available for your reference/use at <http://www.cals.wisc.edu/research/AwardMgt/frmShipmentRequest.pdf>

Questions about transportation costs, allowability of costs, or how best to document costs of this type, please contact Sandy Fowler in CALS Research Division at [sfowler@cals.wisc.edu](mailto:sfowler@cals.wisc.edu) 2-3947.