

Use of Consultants Guideline

The following information is quoted from the *Federal Register* (Vol. 46, No. 217, November 10, 1981) in order to provide the government's policy concerning consultant use.

Applicability

This section applies only to the use of consultants whose fees are supported by a grant, sub-grant, or cost-type contract.

Definition

Procurement of professional services of an advisory and/or expert nature

Basic Policy

1. **Prior approval:** Awarding agencies shall not require prior approval for the use of consultants.
2. **Exceptions:** In unusual cases, using a consultant may constitute a transfer of substantive programmatic work, which requires prior approval under discretionary grants. Consulting fees paid by an organization to its own employees require prior approval.

Use of an Organization's Own Employees

1. **Faculty members of educational institutions:** charges representing extra compensation (above base salary) paid by an educational institution to a salaried member of its faculty for consulting work are allowable only in unusual cases, and only if both of the following conditions exist:
 - a. The consultation is across departmental lines or involves a separate or remote operation;
 - b. And the work performed by the consultant is in addition to his or her regular departmental load
2. **All other cases:** In all other cases, consulting fees paid in addition to salary by recipients or cost-type contractors to people who are also their employees may be supported by a grant, sub-grant, or cost-type contract only in unusual cases, and only if all of the following three conditions exist:
 - a. The policies of the recipient or contractor permit such consulting fee payments to its own employees regardless of whether Federal grant funds are involved;
 - b. The work involved is clearly outside the scope of the person's salaried employment;
 - c. It would be inappropriate or not feasible to compensate for the additional work by paying additional salary to the employee.