

### **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.