



Universal Guidance on Bonus Pay

INARF communication sent 7/31/2017.

At the INARF July Member Forum, Steve Cook referenced the following guidance regarding bonus pay as it pertains to the DSP wage pass through:

d. Special considerations in determining allow-ability. Certain conditions require special consideration and possible limitations in determining costs under Federal awards where amounts or types of compensation appear unreasonable. Among such conditions are the following:

(1) Compensation to members of non-profit organizations, trustees, directors, associates, officers, or the immediate families thereof. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs.

(2) Any change in an organization's compensation policy resulting in a substantial increase in the organization's level of compensation, particularly when it was concurrent with an increase in the ratio of Federal awards to other activities of the organization or any change in the treatment of allow-ability of specific types of compensation due to changes in Federal policy.

For additional information, refer to the [guidance from the Office of Management and Budget \(OMB\)](#).