SUBJECT: Expenditure Monitoring of Sponsored Projects
NUMBER: 5:40

1. Purpose

This policy and its procedures assist the Principal Investigator/Project Director (PI/PD) and staff to ensure expenditures charged to a sponsored project are monitored for allowability and consistent treatment with sponsor-specific terms and conditions, federal regulations, and University policies.

2. Definitions

- a. Allowable Expenditures: Costs that are reasonable, allocable, given consistent treatment in like circumstances, and that conform to the limitations of federal regulations, sponsor-specific terms and conditions, and University policies.

- b. Unallowable Expenditures: Costs that may be considered appropriate and reasonable business expenses by the University, but are not eligible for reimbursement by the awarding agency as stated in Uniform Guidance or the sponsor-specific terms and conditions. Departments may incur these expenses.

- c. Overdrafts or Overruns: Salary and/or other direct cost expenditures which exceed the authorized project budget.

- d. Sponsored Project: An activity funded by a non-University entity requiring the University, by written agreement, to conduct certain work under a set plan, a set schedule, and a set budget, typically for the purpose of supporting research, instruction, or public service through tangible or intangible deliverables that are the ultimate result of the project.

3. Policy

- a. The PI/PD has overall responsibility for the day-to-day fiscal management of the sponsored project.

  i. The PI/PD must be familiar with the award and approved budget and monitor expenditures and commitments to ensure that costs are allowable, allocated to the sponsored project based on the proportional benefit within the project period, and the project is conducted within the total budget.
ii. The PI/PD, or delegated authority’s signature on the direct pay invoice or Journal Voucher (JV) indicates approval of the expenditure to the sponsored project.

iii. Allowable costs are set forth in University Policy 5:32, Charging Direct Costs on Sponsored Projects, which shall be used as a guide for generally allowable costs.

iv. Monthly transaction reports provided by Grants and Contracts Administration (GCA) shall be reviewed for allowability.

b. GCA is responsible for assisting in the interpretation of regulations, sponsoring policies, and reviewing expenses charged to a sponsored project for consistency with budget and allowability in accordance with 2 CFR 200, University policies, and sponsor-specific terms and conditions.

c. In the event that a cost is posted to a sponsored project, but is later determined to be unallowable, the financial responsibility for disallowance rests with the department having primary responsibility for the project. For any unallowable expenditures that nevertheless is determined to be an appropriate and reasonable business expense by the department head(s) of the department(s) carrying out the sponsored project, a transfer to an allowable fund within the department(s) will be made in a timely manner via a JV or Fund Source Change (FSC).

4. Procedures

a. The PI/PD will review and approve all transactions. The PI/PD signature, indicating approval, is required on all direct pay invoices and JVs. The fund number to charge must also accompany each invoice.

b. Email approval is an acceptable form of documentation for processing payment. If approval authority is delegated to other project personnel, a Delegation of Authority form should be filed with GCA.

c. Monthly transaction reports for all sponsored projects are generated by GCA by extracting expenditure data directly from the financial system. These reports are distributed to all PI/PDs and support staff for review. Data provided tracks the progress toward approved project budgets, cost share (if applicable), and expenditures. If unallowable expenditures are identified, the PI/PD will work with department support staff to move the expenditures to an allowable fund.

d. Cost overdrafts or overruns must be moved to an allowable fund with a JV or FSC, and the PI/PD will direct the support staff on what cost(s) need to be moved.

e. GCA will review expenditures charged to a sponsored project in the financial system for consistency with the approved budget, sponsor guidelines, applicable regulations, and University policies. GCA will also assist PI/PD and department staff with questions concerning sponsored project regulations and help interpret guidelines and terms and conditions.

f. GCA will provide assistance in determining allowability and treatment of costs, communicating with the sponsor if the guidance is unclear, and provide a determination to the PI/PD on how to proceed.
i. GCA has identified high-risk expenditure account codes that have the potential for being unallowable expenses. These are detailed in the monthly expenditure report and reviewed by grant monitors in their after-the-fact review. Questionable expenses will be discussed with the PI/PD and department staff to determine allowability.

g. Expenses determined to be unallowable but to nevertheless be an appropriate and reasonable business expense by the department head(s) of the Department(s) carrying out the sponsored project will be moved off the sponsored project to another allowable fund within the Department(s) with a JV or FSC. The grant monitor will review the fund to ensure completion of the removal from the grant fund.

h. Expenses determined to be unallowable and to not be an appropriate and reasonable business expense by the department head(s) of the department(s) carrying out the sponsored project shall be repaid to the grant by the PI or the individual reimbursed, and will be referred to the University Controller upon reasonable belief or actual knowledge that fraud has occurred, per University Policy 5:7.

5. Responsible Administrator

The Director of Grants & Contracts Administration, or designee, is responsible for annual and ad hoc review of this policy and annual review of procedures. The University President is responsible for approval.

SOURCE: Approved by President on 01/03/2020.