

# Augusta University

## Policy Library

### Clearing Unallowable Expenses

**Policy Owner: Sponsored Program Administration**

#### **POLICY STATEMENT**

Principal Investigators (PIs) are ultimately responsible for the financial management and technical project management of sponsored projects they oversee. Accordingly, Principal Investigator(s) are required to appropriately manage the funds received from sponsors. Each department (via the Departmental Manager or Chair) must also monitor expenditures on sponsored projects. If a sponsored project has expenditures that are unallowable on a sponsored account (e.g., overspent budget or budget category, expensed items that are not allowable by the sponsor, or expenses that are inappropriate to the project), it is the Principal Investigator's/department's fiduciary responsibility to move those expenditures off the sponsored account promptly.

Sponsored funds can be used to defray most, if not all, of the costs of doing research. It is imperative, however, to abide by guidelines that specify those expenses that should be listed as direct costs on federal awards, those that should be reimbursed through indirect cost recovery, and those that are not eligible for reimbursement. When the Augusta University Enterprise accepts sponsored funding, it agrees to adhere to the financial requirements specified in the terms and conditions of a grant or contract. Ensuring that charges are in compliance with the sponsored award's terms and conditions is a critically important aspect of the Division of Sponsored Program Administration (DSPA).

Expenditures are reviewed using the standards set forth by: the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Office of Management and Budget ([OMB, A-81](#)), hereinafter referred to as the Uniform Guidance (UG), Augusta University policies and procedures, State laws and regulations, and any specific terms pertaining to the particular award. The assessment and determination of the appropriateness for listing an expense as a direct charge on a sponsored project entails consideration of the expenditures as being: allowable, allocable, reasonable, necessary, and consistent with the scope of work and terms of the award. Therefore, the Principal Investigator/department should make every effort to spend within the guidelines and approved budget. If an overdraft or expenditure occurs that is not allowable according to the standards set forth in applicable regulatory guidelines, the expenditures are not allowed to remain as expenditures to the award.

#### **AFFECTED STAKEHOLDERS**

*Indicate all entities and persons within the Enterprise that are affected by this policy:*

- |   |   |   |  |
|---|---|---|--|
| <input type="checkbox"/> Alumni           | <input checked="" type="checkbox"/> Faculty     | <input checked="" type="checkbox"/> Graduate Students | <input checked="" type="checkbox"/> Health Professional Students |
| <input checked="" type="checkbox"/> Staff | <input type="checkbox"/> Undergraduate Students | <input type="checkbox"/> Vendors/Contractors          | <input type="checkbox"/> Visitors                                |

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**Office of Compliance and Enterprise Risk Management Use Only**

**Policy No.:** 571

**Policy Sponsor:** Type the title of the Executive Leader of the department.

**Originally Issued:** Not Set

**Last Revision:** 05/05/2017

**Last Review:** 05/03/2018

Other:

This Policy is applicable to any individual with the ability to make charges to a sponsored programs account.

## DEFINITIONS

**Principal Investigator (PI):** the individual officially responsible for the conduct of a sponsored project or the individual officially responsible for the conduct of any funded project. On research projects, the PI is usually a faculty member; on other types of awards, the PI may have an administrative appointment. The PI is always an investigator

**Investigator:** the Principal Investigator and any other person, regardless of their position or title, who is responsible for the design conduct, or reporting of a sponsored research award or proposal for such funding

**Cost Transfer:** moves an expenditure/credit from one project or funding source to another account, after the fact.

**Cost Accounting Standards (CAS)<sup>1</sup>:** ensures that costs charged to a sponsored agreement are allowable, allocable, and reasonable as detailed in DSPA's *Direct Charging Policy*

**Unallowable Expenditures:** expenditures in excess of the budget or that are not allowable according to the regulatory guidelines. Unallowable expenditures also include expenditures in excess of the total payments received (this could occur on milestone and/or clinical trial based awards). While there may be programmatic and specific circumstances which justify the costs outlined below, these costs are generally questioned, and specific approval from DSPA and/or the federal agency must be sought before the cost is incurred.

### ***Unallowable Administrative, Operational, and Research Related Costs (UG section referenced as applicable)***

- Office supplies, pens, paper, basic software, etc.
- Local telephone and fax; telephone line and equipment charges, cell phones
- Postage, express mail (Freight to ship component parts necessary for the research is allowable **200.473**)
- Hazardous waste disposal
- Proposal preparation costs **200.460**
- Costs of reprints of articles on the research funded by the grant are allowable; other printing costs may or may not be allowable depending on the circumstances
- The costs of the institution's memberships are allowable; the costs of an individual's memberships in business, technical, and professional organizations are not allowable.
- Books and periodicals (these are typically considered indirect costs supported by the institutions library)
- Dues and memberships **200.454**

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<sup>1</sup> Cost Accounting Standards: [https://www.acquisition.gov/far/current/html/Subpart%2030\\_1.html#wp1068569](https://www.acquisition.gov/far/current/html/Subpart%2030_1.html#wp1068569)

- Photocopying

### ***Miscellaneous Unallowable Expenses***

- Alumnae/i activities **200.424**
- Commencement and convocation costs **200.429**
- Organized fundraisers **200.434**
- Fund raising **200.442**
- Fines, penalties, damages or other settlements **200.411** unless directly related to a specific compliance need related to the award and only with prior written Sponsor approval,
- Lobbying (federal, state, or local) **200.450**
- Student activities **200.469**
- Bad debt costs **200.426**
- Fines and penalties **200.441**
- Sales tax

### ***Entertainment 200.438***

- Alcohol **200.423**
- Flowers **200.438**
- Catering allowable only as a preapproved cost of a conference **200.432**
- Gifts
- Meals: without a documented business purpose, including list of attendees
- Goods or services for personal use **200.455**

## **PROCESS & PROCEDURES**

**When Unallowable Expenses are identified:** DSPA's Post Award Services will send a notice to the Principal Investigator and the Departmental Manager, with a copy to the Department Chair, requesting the expense be moved from the sponsored project within ten (10) working days. Unallowable expenses can be moved via Cost Transfer or the department providing DSPA with a non-sponsored Chartfield Combination (CFC) to move the expense onto.

If the Cost Transfer or CFC is not received by Post Award Services within ten working days, Post Award Services will send a notice to the appropriate Dean's office, with a copy to the individuals noted above, indicating that the expense will be moved to a CFC designated by the Dean's office, unless another budget string is provided, within two (2) working days.

## **REFERENCES & SUPPORTING DOCUMENTS**

- *Cost Transfer Form*

## **RELATED POLICIES**

- *Direct Charging*
- *Cost Sharing*
- *Cost Transfer Policy*

## **APPROVED BY:**

President, Augusta University and CEO, AU Health System    Date: 05/03/2018