



SPONSORED PROJECT EXPENDITURES: APPROVAL & MONITORING PROCESS

REASON FOR PROCESS

To ensure financial transactions on sponsored projects complies with federal and other sponsoring agencies' policies, terms and conditions and University requirements. Federal sponsored project expenditures must be in compliance with the standards set forth in 2 CFR Part 200, Subpart E., (commonly referred to as Uniform Guidance). Adherence to these cost principles is necessary to prevent cost disallowances, penalties, and/or fines.

APPLIES TO

All Faculty, Staff, students and others involved in the administration of sponsored projects at Texas A&M University-Commerce (TAMUC).

DEFINITIONS

Direct Costs: Those costs that can be identified specifically with a particular sponsored project and which can be directly assigned to such activities relatively easily and with a high degree of accuracy.

Facilities and Administrative Costs (F&A): Those costs that are incurred for common or joint objectives that cannot be readily identified with an individual project or program.

Uniform Guidance (2 CFR 200): The Office of Management and Budget's (OMB) "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (commonly called "Uniform Guidance") is a "government-wide framework for grants management" and is an authoritative set of rules and requirements for Federal awards that synthesizes and supersedes guidance from earlier OMB circulars.

PROCESS STATEMENT

This process outlines the standards for the allowability of a charge to a grant and the approval and monitoring of expenditures to ensure compliance with federal requirements, sponsor terms and TAMUC policy. Project management is a joint effort between the Principal Investigator (PI) and the University. The PI is responsible and accountable for the management and administration of his/her award within the constraints imposed by the sponsor and in accordance with TAMUC policy. Along with the PI, the University is legally and financially responsible and accountable to the sponsor for the performance and proper use of funds for the award, and relies on the oversight of the PI in fulfilling its stewardship role.

All costs charged to a sponsored project must be in conformance with the award terms and conditions, the Uniform Guidance in the case of federal sponsored projects, federal and state law and University policy.



I. Federal Regulations: The Uniform Guidance

Per Uniform Guidance §200.403, in order for a direct cost to be an allowable cost on a sponsored project, the cost must:

- a. Be necessary and reasonable for the performance of the Federal award and be allocable under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally and non-federal activities of the University.
- d. Be accorded consistent treatment (as a direct cost or indirect cost in like circumstances).
- e. Be determined in accordance with generally accepted accounting principles (GAAP).
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally - financed program in either the current or a prior period.
- g. Be adequately documented.

Subpart E of the Uniform Guidance provides general provisions for selected items of costs. In accordance with this part, the following costs are unallowable:

- Meetings, conventions, convocations, or other events related to other activities of the entity (200.421(e)(2))
 - Alcoholic beverages (200.423)
 - Alumni/ae activities (200.424)
 - Bad debts (200.426)
 - Costs of contributions and donations, including cash property and services, from the non-Federal entity to other entities (200.424(a))
 - General costs of government (200.444(a))
 - Costs of goods or services for personal use (200.445(a))
 - Costs related to securing patents and copyrights where the costs to prepare disclosures, reports and searching the art are not required by the Federal award or where the Federal award does not require conveying title or a royalty-free license to the Federal Government in the case of filing and prosecuting any foreign patent application (200.448(2))
 - Costs incurred for interest on borrowed capital, temporary use of the endowment funds or the use of the non-Federal entity's own funds (200.449(a))
 - Lobbying to influence activities associated with obtaining grants, contracts, cooperative agreements or loans and executive lobbying costs (200.450(a) and 200.450 (b))
 - Losses on other awards or contracts (200.451)
 - Membership costs in any country club or social or dining club or organization and membership costs in organizations who primary purpose is lobbying (200.454(d) and 200.454(e))
 - Selected relocation costs such as loss on the sale of a former home and continuing mortgage principal and interest payments on a home being sold (200.464(d))
 - Student activity costs (200.469)
 - Travel costs for dependents when the duration is less than 6 months (200.474(c)(2))
- In addition to the list above, the federal sponsor may not allow other costs in accordance with sponsor policy and the terms of the award.



II. Direct Cost Expenditure

The PI has the responsibility for verifying that charges on their awards are allowable. The PI may receive assistance from the Project Administration on financial tasks, but the PI retains the responsibility for the review and approval, of charges on their sponsored project(s). The PI review and approval of expenditures is to assure:

- for federal awards, direct costs meet the standards of an allowable cost per the Uniform Guidance;
- that direct costs meet the specific award terms of the project and are reasonable, allocable, and allowable;
- occur within the project period;
- are appropriately documented;
- meet the limitations of the sponsor-approved budget

III. Expenditure Review

Transaction review and budget monitoring are essential components of an integrated system of control activities. Along with preventative controls, after the fact financial reviews provide reasonable assurance, but not absolute assurance, that financial activity is accurate, valid and complete.

- The PI will make a timely review of project expenditures and remaining balances.
- The PI and Project Administration will review reports of expenditures charged to each sponsored project to ensure allowability and to take prompt corrective action when costs are determined to be unallowable. The PI and Project Administration will monitor the budget and submit rebudget requests when necessary (which are approved by Project Administration).

IV. Prior Approval For Certain Expenditures

Sponsor prior approval is often required for certain direct cost expenditures. The Uniform Guidance, sponsor grant policy and the award terms and conditions include these requirements. For federally funded awards, and in accordance with the Uniform Guidance (200.407) prior written approval from the sponsor is required for certain expenditures before the expense can be incurred. Common examples of these types of costs include the addition of a subaward or purchase of equipment that was not included in the proposal and administrative expenses.

V. Records Retention

[State of Texas Records Retention Schedule](#) Item No. 04.707.10 states award-related records are to be retained for three years after AC where AC equals completion of final expenditure report in accordance with the Uniform Guidance (200.334) unless the specific award guidelines states longer.

VI. Roles and Responsibilities

Principal Investigator (PI)

1. Apply the factors of allowability (in accordance with the Uniform Guidance for federal awards) regarding a cost prior to requesting, incurring or processing an expenditure. Provide and/or maintain documentation of the appropriateness of the expense in conjunction with the project. This step may be performed by another investigator on the project or technical designee (e.g., lab technician).
2. Provide Project Administration documentation or maintain such documentation of the expense on the project. This step may be performed by another investigator on the project or technical designee (e.g., lab technician).



3. Authorize requests for expenditures including goods, services agreements, subawards and personnel expenses.
4. Ensure expenditures occur within the project period.
5. Monitor and approve payments for consultant services and subawards.
6. Monitor project expenditures to confirm they are allowable, allocable and reasonable and promptly request Project Administration make corrections upon identifying a charge which needs to be removed from the project.
7. Approve all cost transfers within 90 days of original expense.
8. Monitor budgets and submit budget revision request to Project Administration.
9. Obtain prior approval when required by the sponsor's terms and conditions through Project Administration before funds are committed or expended on the sponsored project.

Project Administration

1. Apply the factors of allowability (in accordance with Uniform Guidance for federal awards) prior to approving an expenditure.
2. Review and approve purchase requisitions as required in the University's financial system and subawards.
3. Review and approve cost transfers within 90 days of request.
4. Approve & Request non-payroll and certain payroll cost transfers to the payroll department.
5. Facilitate, review and approve sponsor prior approval requests.
6. Review and approve rebudget requests.
7. Process budget revisions in the University's financial system.
8. Monitor grant expenditures and review all expenditures prior to financial closeout and ensures all unallowable expenses are removed.

Accounts Payable/Payroll/Procurement

- Ensure expenditures are in compliance with University requirements.

CONTACT

For additional information on this procedure, please contact: ProjectAdministration@tamuc.edu

RELATED LINKS

[Project Administration \(Post Award/Financial Management\)](#)

[Office of Sponsored Programs \(Pre-Award & Research Compliance\)](#)

[Facilities and Administrative Costs](#)

[Federal Procurement Integrity Act](#)

[Guidelines for Disbursement of Funds](#)

[Time and Effort Certification](#)

[Travel Office](#)

[Procurement Services](#)