



Administrative Procedure

Contracts and Grants Policy

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Supercedes:	
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Subject: ALLOWABLE COSTS/EXPENDITURES & POST AWARD ADMINISTRATION

Policy

All grants and contracts awards are made to and accepted by the University, not by an individual. The University is subject to Federal guidelines that require grantee institutions to demonstrate sound business practices in the management of sponsored funds, and is accountable to the public agency or private sponsor for the proper management of awarded funds.

The University has contracted with University Auxiliary Services (UAS) Contracts & Grants to act as CSULA's fiduciary. In its fiduciary capacity, UAS Contracts & Grants is responsible for and accountable to the University for appropriate post award administration. This includes proper management, oversight, and recordkeeping for all award funds received and expended, day-to-day administrative fiscal activities involving University administrators, principal investigators and project staff, as well as interaction with and reporting to public agencies and private sponsors. As the University's fiduciary, UAS Contracts & Grants is required to review all payment documents and requests for reimbursement.

Expenditure activity must be consistent with sponsor guidelines, CSULA's academic philosophies and institutional objectives, as well as policies and procedures of the University and its fiduciary. Individual award documents may also contain special terms and conditions that regulate approval of expenditures. Federal OMB Circular A-21 contains the cost principles for educational institutions and is the guideline followed by CSULA and UAS in determining allowable costs.

Procedures

- Each awarded grant or contract must have an approved budget, which includes direct and indirect costs, as well as cost sharing commitments, if applicable. As part of the pre-award process, an initial budget is prepared by the Office of Research and Sponsored Programs (ORSP), working with the PI, adhering to cost allowability guidelines (see below). The budget is routed for appropriate institutional signatures according to approved policies and procedures and is submitted to the funding agency along with the project proposal.

Approved:

Date:

- If the awarded budget deviates from the submitted budget by more than 10% of the total, then a new budget is prepared by ORSP, working with the PI, and approval for the new budget is obtained via the full routing process. Budgeting for items not included in the original budget require sponsor's advance approval, if so stated on the award document.
- ORSP applies the following tests for allowability of expenditures when preparing proposed project budgets:

Allowable Costs: The cost must be reasonable and must be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances. The costs must conform to any limitations or exclusions set forth in the sponsored agreement or in the Federal Cost Principles (OMB Circular A-21).

Allocable Costs: An expenditure is considered allocable if it is made on behalf of or in support of, the expressed purpose of the project and is therefore assignable to that project. If costs are to be split among sponsored agreements, they must be in proportions that can be approximated through use of reasonable measures. Costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other funds considerations to avoid restrictions or other reasons of convenience.

Reasonable Costs: A cost may be considered reasonable if the nature of the goods and services reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Considerations might include whether or not the cost is of a type generally recognized as necessary for the performance of the agreement and/or there are restraints or requirements imposed by arm's length bargaining. The reasonableness test requires that those committing funds from University award accounts apply common business sense.

- Actual expenditures must comply with these same guidelines. In practice, UAS Contracts & Grants reviews all payment documents and requests for reimbursement with the following principles in mind.

Consistency: Transactions must be treated in a consistent manner. Policies and procedures have been established to address similar types of transactions in a routine manner, as stated on UAS Contracts & Grants disbursement forms (such as Check Requisition form, Purchase Order form, Timesheet form, and Employee Transaction Record form).

Timely Processing of Expenditure Documents: All requests for expenditure reimbursements, including invoices from vendors, are required to be submitted to UAS Contracts & Grants on a timely basis. A majority of vendors require payment of invoices within 30 days of the invoice date. OMB Circular A-21 further states that all financial commitments incurred through the last day of the grant budget period must be processed for reimbursement within the following 90 days. Expenditures submitted after that 90-day window of time are generally unallowable (see Project Close Out Procedure).

Justification: There must be sufficient justification showing the expenditure supports the project's goals and adheres to sponsor and CSULA guidelines.

Documentation: Sufficient documentation to support the transaction, such as an itemized, dated receipt(s), must be included with the expenditure documents. The documentation should be sufficient to stand alone when reviewed during an audit. UAS Contracts & Grants disbursement forms must be properly completed, including appropriate coding of project number, department number, and expense account number.

Certification: Expenditure documents must contain the original signature of the PI or other individual who has been authorized to incur expenses on any specific sponsored agreement. Certification is done in accordance to CSULA One Up (Next Level) Authorizations and Approvals policy and procedures.

Availability of Funds: Expenditures need to have an approved budget line and sufficient funds for that budget line in order for the expenditures to be processed.

- Expenditures for items not included in the approved budget require sponsor's advance approval, if so stated in the award notice. In those cases, the PI must contact UAS Contracts & Grants to ensure that proper procedures are followed.

This policy is effective immediately and remains in effect until further notice.