EXPENSE APPROVAL AND DOCUMENTATION GUIDANCE

PURPOSE:

To provide guidance for expenses charged to sponsored programs and for determining the reasonableness, allocability, and allowability of costs.

GUIDANCE:

No costs may be allocated to a sponsored program fund without the approval of the principal investigator (PI) or his/her designee. Signature delegation must be documented using the enclosed form, email or a memo signed by the PI.

All costs allocated to a sponsored program fund must be necessary, reasonable, allocable and allowable for the conduct of the program. They must be given consistent treatment by following appropriate generally accepted accounting principles and consistently classified as either direct costs or indirect costs. On federally funded programs the expenses that you incur must not be used to meet cost sharing or matching requirements on other federally funded programs.

All costs allocated to a sponsored program fund must be supported by dated original documentation identifying the fund charged and approval of the PI/designee. Approval documentation may be in the form of a signed and dated fax, memo, letter, or log by the PI/designee or email directly from the PI/designee to the individual executing any financial transaction including but not limited to cost transfers, salary allocations, purchase orders, recurring encumbrances or journal entries. For example, vendor payments should be supported by a request (dated and signed or initialed) to/from the PI/designee which shows the specific items to purchased, the sponsored award to charge, and an itemized invoice.

A Purchase Card or “P” card is used like any credit card with UNH being billed for the charges. If P Card transactions are posted to a default account and transferred to a sponsored program account, special care must be exercised. The reallocation should be done promptly, i.e., within 30 days and care should be taken to ensure the charge is allocable, allowable and reasonable. Charge slips or receipts with only the total dollar amount are not acceptable and will result in an audit finding.

Travel costs must be allowable, allocable and reasonable and as required in accordance with Uniform Guidance 200.474, the documentation must justify that:

- Participation of the individual is necessary to the sponsored award; and
- The costs are reasonable and consistent with UNH’s established travel policy.
- Foreign travel may precipitate additional Federal regulations or approval. For example, export control laws and regulations apply to the physical export of controlled equipment, data and materials to foreign countries.

PIs or their designees must provide written confirmation that the percent of salaries charged corresponds to actual time spent on the program and is consistent with the sponsored program budget. Significant deviations from the sponsored program budget may require agency approval. Payroll Expense Allocations and Reallocations must be approved by the PI or his/her designee prior to input into PHAREDS. Approval documentation may be in the form of a signed and dated fax, memo, letter or log or email sent directly to/from the PI or designee.

A graduate tuition waiver is an allowable cost on sponsored program awards. Per federal guidance, the allocation of tuition waiver on sponsored programs must match the distribution of work effort as reported through salary charges. For example, if 50% of the research assistantship is charged to a sponsored program account and 50% to a department account, only 50% of the tuition waiver may be charged to the sponsored program.

If a cost benefits two or more programs in proportions that can be determined without undue effort or cost, the cost...
should be allocated to the programs based on the proportional benefit. If proportions cannot be determined due to the
interrelationship of the work, then costs may be allocated on any reasonable basis. Allocation methodologies that may
be used as a basis for allocating costs include the following: • Effort • Space (square footage) • Head Count • FTEs per
program • Number of Experiments • Usage Records (supply logs, copier logs, hours used logs) • % of lab-staff time in lab
• % PI time in lab (if he/she is a user of the item). Prohibited allocation methodologies (e.g., methodologies that cannot
be used as a basis for allocating costs) include the following: • Placing the full cost on only one award when the cost
benefits more than one award • Splitting the costs evenly across the programs • Allocating the bulk of the costs to the
program with the larger budget • Available Funds

For any allocation basis used, written support must exist in each case that describes how the allocations have been
determined, how all benefiting programs are charged, and why the method is recognized and reasonable.

Program expenditures should be charged in accordance with the terms and conditions of the award and/or university
policy and in accordance with the budget. If the direct expenditures of program funds are for costs that would normally
be charged indirectly, e.g., clerical and administrative expenses, postage, office supplies, local telephone calls, general-
purpose equipment, or operations and maintenance, then those items must have been supported in the proposal by an
explicit budget justification and must be included in the final budget awarded by the agency.

Cost transfers should be initiated as soon as possible after a need has been identified. Whenever expenses are moved to
or between sponsored award accounts, there must be assurance that the program which ultimately pays the expense is
the program which benefited from that expense, and that there is adequate documentation (including signature of the
PI/designee) to support the appropriateness of the transfer.

The federal government does not allow certain types of expenses to be charged to federally sponsored research
programs. A selection of these unallowable costs are:

• Advertising and Public Relations Costs (with specific exceptions)
• Alcoholic Beverages
• Alumni Activities
• Bad Debts
• Commencement Costs
• Contributions and Donations
• Entertainment
• Fines and Penalties
• Goods and Services for Personal Use
• Housing and Personal Living Expenses
• Interest, Fund Raising and Investment Management Costs
• Lobbying
• Memberships
• Selling and Marketing

Documentation, electronic or other, must be available and accessible at all times for audit purposes. If an approval is
obtained via email it must be retained in departmental records per contract or grant record retention guidelines.
Federally funded awards require that records be maintained for three years after submission of the final financial report.