



Colgate University  
Award Monitoring Policy  
February 16, 2011

**I. Policy Statement**

Colgate University has established a structured system of controls to monitor sponsored projects on a regular basis and promote compliance with federal regulations. The Principal Investigator (PI) is responsible for compliant charging of expenses to his/her sponsored project award. The Assistant Controller in the Office of Accounting and Control will provide guidance and support on an ongoing basis, review and approve expenditures and perform other central monitoring functions.

**II. Purpose**

Monitoring sponsored projects promotes fiscal compliance, identifies and prevents project overruns, validates that expenditures are consistent with the project budget, and establishes a clear audit trail of changes and corrections. This policy outlines the standards for allowability and describes expected procedures for monitoring, review and expenditure approval to ensure compliance with federal requirements.

*In this policy, a sponsored project is defined as any federally funded award, sub-award, contract, subcontract or other agreement.*

**III. Who Should be Knowledgeable about this Policy**

- a. Principal Investigators
- b. Controller
- c. Assistant Controller
- d. Associate Provost
- e. Corporate, Foundation, and Government Relations (Grants Office)

**IV. Applicable Federal Regulations**

**Four Guiding Principles**

According to OMB Circular A-21, Cost Principles for Educational Institutions, there are four guiding principles to assist in determining whether it is appropriate to charge a given cost to a sponsored project: reasonableness, allocability, allowability, and consistency. The criteria apply for both direct and indirect costs. All charges must pass the following four tests:

- They must be **reasonable**. They are recognized as necessary for the operation of the institution or the performance of the agreement. The nature of the commodities or services acquired or applied, and the amounts involved 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.
- They must be **allocable**. They must be incurred solely to advance the work under a sponsored project, or benefit both the sponsored project and other work of the institution, in proportions that can be approximated through the use of reasonable methods.



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- They must be **allowable**. The charges must not be designated as “unallowable” under Section J of OMB Circular A-21, and must adhere to agency-specific policies, terms and conditions regarding specific items of cost, and other university policies.
- They must be treated **consistently**. Costs incurred for the same purpose, in like circumstances, should be treated consistently as either direct or indirect costs of sponsored programs. This means that any cost, including salaries and wages, lab and office supplies, equipment repair and maintenance, and services, all departments across the university must treat that cost in the same manner.

The application of these principles is addressed in greater detail in Colgate’s Direct and Indirect Cost Policy.

#### V. **Procedural Statement / Implementation:**

Charges to sponsored projects must be reviewed and approved as defined in this policy. The PI is responsible for charging **direct costs** to his/her sponsored project. The Assistant Controller is responsible for reviewing all expenditures and notifying the PI of any inappropriate charges that will require correction.

#### **Transactional Expenditure Review**

- The PI will charge personnel salary, purchase equipment, supplies and services in support of award objectives. In this role, the PI has the responsibility for verifying that charges on his/her awards are allowable. S/he may receive assistance from the Assistant Controller on financial tasks, but the PI will retain responsibility for the review and approval, on a transactional basis, of charges assessed to his/her sponsored project(s). The PI should be able to support that *all* transactions:
  - occur within the project period;
  - are appropriately documented;
  - are reasonable, allocable, allowable, and consistently applied;
  - meet the limitations of the sponsor-approved budget; and
  - occur within the required timeframe for submitting a cost transfer.
- The PI will review, approve and submit invoices for payment directly to the Office of Accounting and Control. The Assistant Controller will review and approve payment of invoices and forward them to Accounts Payable for further processing. Any disallowed submissions will be resolved between the PI and the Assistant Controller.
- The Office of Accounting and Control performs the task of charging other expenditures to sponsored projects. When charging such expenditures, the Assistant Controller will apply discretion in evaluating and approving such



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charges prior to applying them to a sponsored project. These expenditure types include:

- payroll/fringe benefit charges;
  - purchasing/procurement card charges;
  - expense reimbursement requests;
  - travel reimbursement charges;
  - indirect cost recovery charges; and
  - internal charges — chemical stockroom, print shop, bookstore, etc.
- Purchases to federal awards must also be reviewed and approved by the Office of Accounting and Control and, with the exception of purchases under \$500, the Purchasing Department. The University maintains uniform standards for the purchase of all goods and services, which apply to purchases for federal awards. A summary of purchasing submission requirements, by threshold amount, is presented in the following table. Additional information regarding purchasing requirements is documented in the University’s Procurement Policy.

<b>Purchase Threshold</b>	<b>Submission Requirements</b>
\$500 or under	<ul style="list-style-type: none"> <li>- University purchase order is not required. A requestor may submit an invoice or a request for reimbursement to the Office of Accounting and Control (per University’s Small Dollar Purchase Procedures).</li> <li>- The University PCard may be used (per PCard Policy &amp; Procedures).</li> </ul>
\$501 to \$1,000	<ul style="list-style-type: none"> <li>- Order may be placed directly with preferred suppliers through on-line system contracting arrangements and direct internal budget charges.</li> <li>- The University PCard may be used for purchases up to \$1,000 (per PCard Policy &amp; Procedures).</li> <li>- A purchase on-line requisition may be submitted for purchase order if a supplier does not accept a PCard. No quotations are required.</li> </ul>
\$1,001 to \$5,000	<ul style="list-style-type: none"> <li>- Submission of an on-line requisition is required, a quotation is encouraged.</li> <li>- Purchasing Department may obtain a quotation, elect to solicit competition and/ or take advantage of New New York State Office of General Services (NYS OGS) contracts or any applicable consortium purchase agreements, if deemed in the best interest of the University.</li> </ul>



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\$5,001 to \$10,000	<ul style="list-style-type: none"><li>- Submission of an on-line requisition with a quotation is required</li><li>- Purchasing may obtain additional quotations, elect to solicit competition and/ or take advantage of NYS OGS contracts or any applicable consortium purchase agreements, if deemed in the best interest of the University.</li></ul>
\$10,001 and up	<ul style="list-style-type: none"><li>- Competitive bids are required for purchase (per University policy on competitive bidding)</li><li>- Requires submission of an on-line requisition with two or more quotations</li><li>- Purchasing may obtain additional quotations, take advantage of NY state OGS contracts or any applicable consortium purchase agreements or seek formal competitive bidding whenever practicable.</li></ul>

The University will adhere to the requirements of OMB Circular A-110 and federal sponsors for all purchases, in cases where requirements are more stringent.

For all purchases, the Office of Accounting and Control will validate that expenses:

- will occur within the project period;
- are appropriately documented;
- are reasonable, allocable, allowable, and consistently applied;
- meet the limitations of the sponsor-approved budget; and

The Office of Accounting and Control will also:

- request justification for expenses from PI as needed
- provide object code for expense

### **Sub-recipient Invoice Review**

- Both the PI and the Assistant Controller are responsible for reviewing sub-recipient and contractor invoices to determine their allowability; no invoices will be paid before they are reviewed to ensure that:
  - amounts are charged as expected;
  - invoices are within budget; and
  - the sub-recipient has complied with award terms regarding items invoiced.
- All sub-recipient invoices should provide a sufficient level of detailed support for charges as to ensure they comply with federal, state and award-specific guidelines.



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### Monthly Expenditure Review

- The PI should review all expenditures and remaining balances related to their sponsored project on the Colgate Portal.
- The Assistant Controller will review reports of expenditures charged to each sponsored project and, in the event actual expenses exceed their respective budgets, the Assistant Controller will send a report of such expenditures to the PI for their review. Such review could result in the recoding of certain charges and/or budget adjustments. Note: Budget adjustments require Associate Provost (OPAS) approval.
- The PI will certify faculty payroll charges on sponsored projects monthly through the effort reporting process. In addition, the PI will review all bi-weekly timesheets for non-exempt employees whose payroll expenditures are charged to their sponsored project.
- The PI should independently review payroll charges to their sponsored projects to ensure that no payroll charges have been applied erroneously. Any erroneous charges must be corrected immediately.

**Note:** Disallowed charges should not be transferred to other sponsored agreements that have less stringent expenditures terms and/or available budgets.

### Closeout Expenditure Review

- Ninety days before the termination date of the sponsored project the Assistant Controller will notify the PI that the sponsored project is ending and that, unless an extension is being requested, closeout preparation should commence,
- The Assistant Controller will coordinate with the PI to ensure that all charges on the sponsored project are allowable and within budget. This requires:
  - calculating the remaining budget;
  - a review of all expenditures to verify that they are allowable, allocable; reasonable and consistent with the conditions of the sponsored project. Charges posted after the end date of the sponsored project will require additional review to verify if they can be charged to the sponsored project;
  - reviewing any purchase order or invoice submitted within 90 days of the close of a sponsored project to determine if it falls into an approved budget category before it is processed; and
  - no equipment may be purchased within 90 days of the termination date of the award without prior approval.

Once a sponsored project has expired, the Assistant Controller will terminate the project number (which prevents further activity from being charged to the sponsored project). At this time the PI should conduct a final review of the financial reports, promptly report any necessary corrections to the Assistant Controller and submit the final progress report and any other sponsor deliverables to the funding organization. The Assistant Controller is available to assist the PI with his/her FINAL financial



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reporting requirements. Typically, the FINAL financial reporting is due within 90 days post the award termination date. *Note: overdue reports may jeopardize future funding.*

**VI. Other Applicable Policies**

- a. Procurement
- b. Direct and Indirect Cost Charging
- c. Overdraft Monitoring