



SPONSORED PROJECTS EXPENDITURE ALLOWABILITY CHECKLIST
INSTRUCTION SHEET

GENERAL

Completion of a separate form is required for every expense category (budget object code) and every account used in each Purchase Requisition, Purchase Voucher, Purchase Order, Travel Voucher, and Request for Reimbursement on all sponsored project accounts from 630000-644999 and 223000-223899 number range.

Example 1

Problem: A user requests 4 expense items on a Purchase Requisition, 2 of which fall into M&O category and 2 into Capital Equipment category.

Solution: The user needs to use 2 separate forms, of which 1 will be completed for M&O expenses and 1 for Capital Equipment category expenses.

Purpose of the form is to assist Principle Investigators (PI) and their staff in determination of (1) budget availability; (2) period of performance; (3) cost allowability by project terms and conditions for all sponsored projects; (4) cost allowability by federal regulations for federal accounts based on the general provisions of OMB circulars [A-21](#), [A-110](#), [A-87](#), [A-122](#), [A-102](#), and [A-133](#); (5) cost allowability by state regulations for state accounts based on Texas [Uniform Grant Management Standards](#)

You do NOT need to complete the entire form. SECTION 0 guides in identifying applicable sections to be completed.

SECTION 0

SECTION 0 assists in identifying parts of the form that need to be completed. Write the sponsored project account number first. Then check applicable box. The form distinguishes between two groups of sponsored project accounts: Federal and State projects are in account number range 630000-637999 and 223000-223899, and Other projects are in account range 638000-644999. Only one check box must be checked. **For Federal and State accounts only SECTION I and applicable segments of and SECTION II must be completed. For Other accounts only SECTION I and applicable segments of SECTION III must be completed.** For assistance with identification whether the account in question is Federal or State, or Other contact an OSP representative.

Example 2

Problem: A user requests a Foreign Travel expense in Travel Voucher from account 630000.

Solution: The user needs to check box for account range 630000-636999 and 223000-223899, proceed to SECTION I and subsequently to TRAVEL GENERAL and TRAVEL FOREIGN of SECTION II.

SECTION I

Completion of SECTION I is mandatory for all sponsored project expenses regardless of the type of the account. It ensures the expense will occur in period of performance of the sponsored project, there are sufficient funds in the account, and there are sufficient funds allocated and available in the applicable expense budget object code.

END DATE segment assists in consideration of the final date of the sponsored project.

1. **If the answer to question 1 is NO, you can not charge this account.** Your options are to contact OSP to request a period of performance extension or to charge an alternative account. **Keep time buffers allowing procurement of goods and services to be delivered or rendered and expense posted to the FINS/FRS system before the end date.** Expense requests for which delivery can not be processed within the project period of performance will be automatically canceled and sent back to the requesting party.

BUDGET TOTAL segment considers total account budget available.

2. Provide \$ amount of total available budget in the answer box to question 2. The amount can be found in "availability" column of "net revenue/expenses" line in FINS/FRS screen 19.
3. Provide negative total of the requested expense in a given category in answer box to question 3.
4. In question 4 add the amount in line 3 to the amount in line 2. The result in line 4 is the account total budget available. The form will calculate it.
5. **If the result in question 4 is negative and your answer to question 5 is NO, the account has been overrun and no further expenses can be posted to the account.** Your options are to contact OSP to determine if additional funding is available and if some encumbrances (committed funds) can be freed, or charge another account.

BUDGET OBJECT CODE segment assists in consideration of the object code (category) budget available.

6. Provide \$ amount of total category budget available in the answer box to question 6. The amount can be found in "availability" column of "total category/budget object code" line in FINS/FRS screen 19.
7. In question 7 add the amount in line 3 to the amount in line 6. The result in line 7 is the category budget available. The form will calculate it.
8. **If the result in question 7 is negative and your answer to question 8 is NO, not enough funds are available and no expenses can be posted to this budget object code.** Your options are to contact OSP to allocate additional funding to the category and/or determine if some encumbrances (committed funds) can be freed, or charge another account.

Example 3

Problem: A user requests 5 items from M&O budget object code (category) expense in a single Purchase Order totaling \$900.00 on 11/1/1999. Currently there is \$1,100.00 available in the total budget of which \$700.00 is available in M&O total budget. The remaining \$400 of available budget is in Capital Equipment. The end date of the sponsored project is set for 8/30/2000. The correct type of the account has been identified in SECTION 0.

Solution: The user is required to answer all questions of SECTION I

For question 1. Answer is YES. The user is permitted to request the expense since the account end date is 9 months from the date of request.

For questions 2, 3, 4, and 5. Answer to 5. is YES. The account has sufficient total funds available since \$1,100.00 is greater than \$900.

For questions 6, 7, and 8. Answer to 8. is NO. The user needs to contact OSP to request budget revision and/or free some unnecessary encumbrances since only \$700.00 out of requested \$900.00 is available in M&O.

SECTION II

Completion of applicable segments of SECTION II is required for Federal and State accounts in account number range 630000-637999 and 223000-223899. The section is divided into 7 segments representing SALARIES WAGES & BENEFITS, CAPITAL EQUIPMENT, M&O GENERAL, M&O REPAIR & MAINTENANCE, M&O FOOD, TRAVEL GENERAL, and TRAVEL FOREIGN. **Complete only segments that are applicable to your expense request.**

SALARIES WAGES & BENEFITS segment applies to requested changes in Human Resources System (HRS) and respective FINS/FRS expenses. It ensures that proper amounts and object codes of specified, planned and budgeted salaries, wages and benefits are used.

9. Sponsored project terms and conditions, and awarded budget specify what position and compensation type can be funded. No other position compensation and benefit can be charged to the account. In particular, most sponsored projects prohibit funding general, administrative and office support positions. **If the answer in question 9 is NO, the position can not be funded from this account.** Your options are to contact OSP to clarify the cost allowability for this position or charge another account.



10. Refer to [job code](#) spreadsheet on the OSP website for a list of positions and respective object codes to charge appropriate object code. **If the object code does not match the funded position and the answer to question 10 is NO, correct the object code according to job codes spreadsheet posted on OSP website or contact OSP representative for assistance.** Once you correct the object code write the new one in the provided space.
11. This question applies only to NIH federal sponsored projects. Refer to annual [NIH compensation limitation](#) for NIH grant and cooperative agreement awards and extramural research and development contract awards. **If the salary exceeds the NIH limitation and your answer to question 10 is NO, you can not charge the full salary to this account.** The recommended action is to contact OSP for further assistance to charge to the account no more than the NIH limitation.

Example 4

Problem: A user submits HRS paperwork to requests new research position to the project in the salary object code 1202. The position was included in the proposal and accepted by the sponsoring agency. The project prohibits other type of salaried expenses than research. The annual salary is \$20,000 over the regulatory NIH limitation. Test of SECTION 0 identified the project as federal. The requested expense has successfully passed all tests of SECTION I.

Solution: The user needs to answer all questions of SALARIES, WAGES & BENEFITS segment of SECTION II

For question 9. Answer is YES since the salary has been planned and specified in the proposal, and accepted by the agency in project's terms and conditions.

For question 10. Answer is NO since object code 1202 is for Administrative/Professional position according to Job Code spreadsheet. The user needs to correct the object code or contact OSP for assistance.

For question 11. Answer is NO since the compensation exceeds the NIH limitation. The user needs to contact OSP to reduce the amount charged to the account by \$20,000.

CAPITAL EQUIPMENT segment checks allowability of capital equipment expense by terms and conditions of the sponsored project.

12. **If the answer to question 12 is NO, you can not charge this account.** Your options are to charge another account or to contact OSP to renegotiate the terms and conditions of the project.
13. Generally, Federal Law prohibits capital purchases within 60 days to the project end date unless the purchase is legitimately justified by needs to conduct and conclude the remaining project research. **If the answer to question 13 is NO, provide a short justification of the purchase in the reserved space.** If you need more space attach justification.
14. A purchase qualifies to be capitalized only if purchase value of a single item exceeds \$5,000. An item must meet a test of functional usability for the sponsored project as "one piece of equipment" including shipping and installation. In some circumstances, a piece of equipment will contain several items of less value than \$5,000.00 but meet the test of capital equipment due to their composite total value exceeding \$5,000.00 minimum limit. **If there is no evident reason to use the item as "one piece of equipment" of \$5,000 value or more and your answer to question 14 is NO, you can not charge capital equipment object code.** Your option is to change the qualification of the expense to M&O, write the applicable M&O object code in the reserved space, and skip to applicable M&O segment of SECTION II to test for M&O allowability of the requested expense.

M&O GENERAL segment tests allowability of M&O expense by terms and conditions of the sponsored project.

15. Refer to regulations and sponsored project's terms and conditions. **If the answer to question 15 is NO, you can not charge this account.** Your options are to charge another account or contact OSP to renegotiate the terms and conditions of the project.
16. A purchase qualifies as M&O only if purchase value of a single item does not exceed \$5,000. **If there is no evident reason to use a single item as "one piece of equipment" of \$5,000 value less and your answer to question 16 is NO, you can not charge M&O.** Your option is to change the qualification of the expense to capital equipment, write the applicable capital equipment object code, and go to CAPITAL EQUIPMENT segment of SECTION II to test for capital equipment allowability of the requested expense.

M&O REPAIR & MAINTENANCE segment assists in consideration of charging repair and maintenance expenses.

17. The repair or maintenance can be expensed entirely to sponsored project account only if the repaired or maintained equipment was purchased from that particular project account. **If the equipment was not purchased by funds from this account or there is no documented evidence of that fact and the answer to question 17 is NO, proceed to the next question.**
18. Question 18 determines the proportion of the total repair/maintenance expensed to the sponsored project account if the equipment was purchased from other funds. The proportion is evaluated by the percentage of time the equipment is used for this sponsored project out of the equipment's total time of usage in the lifetime of the sponsored project. **If the answer to question 18 is NO, split the charge proportionally to the usage of the equipment between applicable accounts and provide short explanation in the reserved space.** Attach an explanation if more space is needed. The written justification should contain at least estimated percentage of time used for this sponsored project out of the equipment's total usage. Only legitimate share of the expense can be charged to the sponsored project.

Example 5

Problem: A user submits a Purchase Order with 1 equipment item (replacement pump) for \$4,950.00 including shipping and installation to replace an old pump that has been purchased from another sponsored project account 5 years ago and had been used on many other projects. The project permits both M&O and capital equipment purchases and the account has plenty of capital equipment and M&O budget funds available. The project will end in 6 months. The requested expense has successfully passed all tests of SECTION I

Solution: The user needs to complete CAPITAL EQUIPMENT segment first

For question 12. Answer is YES since the purchase of equipment is allowable by the sponsored project.

For question 13. Answer is YES since the project will end in 6 months.

For question 14. Answer is NO since the total cost of the pump is below \$5,000.00. An applicable object code in M&O must be charged instead. You need to proceed to M&O GENERAL and M&O REPAIR & MAINTENANCE segment of SECTION II.

For question 15. Answer is YES since the purchase of M&O items is allowable by the sponsored project.

For question 16. Answer is YES since the total for the item is below \$5,000.00

For question 17. Answer is NO since the original pump was purchased from another account. You need to answer question 18.

For question 18. Answer is NO since the pump is used on several projects. You need to charge the account proportionally to the time the pump is used on this project based on the total pump usage and write explanation of your calculation in the provided space.

M&O FOOD segment determines allowability of food expenses.

19. Only travel related food expense can be charged to sponsored projects unless the purpose of the meal is dissemination of technical information. Refer to [meals policy of sponsored projects](#) for more information about expensing food. **If the food expense is not travel related and the answer to question 19 is NO, complete and attach a [meal reimbursement form](#).**

TRAVEL GENERAL segment verifies the allowability of travel by project terms and conditions.

20. Refer to project terms and conditions. Domestic travel includes travel to Mexico and Canada. Event registration fees are M&O type of cost and can not be expensed from travel budget funds. **If travel is not permitted by the sponsored project and answer to question 20 is NO, you can not charge this account.** Your options are to charge another account or contact OSP to renegotiate project's terms and conditions.

TRAVEL FOREIGN segment verifies the allowability of foreign travel by project terms and conditions.

21. Refer to project terms and conditions. Foreign travel excludes travel to Mexico and Canada. **If foreign travel is not permitted by the sponsored project and answer to question 21 is NO, you can not charge this account.** Your options are to charge another account or contact OSP to renegotiate project's terms and conditions.



22. This question applies only to federal sponsored projects. All foreign travel on federal and state sponsored projects must follow [Fly America Act](#) and [University's travel policy](#). **If other than domestic air carrier for foreign travel has been used and the answer to question 22 is NO, supply a completed Fly America Act form or charge another account.**

Example 6

Problem: A user requests a Foreign Travel expense in Travel Voucher including airfare by foreign air carrier, lodging and meals. This federal sponsored project terms & conditions permit any type of travel. The test of SECTION I has been passed.

Solution: The user will need to pass test of M&O FOOD, TRAVEL GENERAL, and TRAVEL FOREIGN segments.

For question 19. Answer is YES since the requested meals are travel related.

For question 20. Answer is YES since the project permits travel.

For question 21. Answer is YES since the project permits any type of travel.

For question 22. Answer is NO since foreign air carrier has been used. The user needs to supply a completed Fly America Act form or charge another account.

SECTION III

Completion of applicable segments of SECTION III is required for Other accounts in account number range 638000-644999. The section is divided into 4 segments representing SALARIES WAGES & BENEFITS, CAPITAL EQUIPMENT, M&O, TRAVE. **Complete only segments that are applicable to your expense request.**

SALARIES WAGES & BENEFITS segment applies to requested changes in Human Resources System (HRS) and respective FINS/FRS expenses. It ensures that proper amounts and object codes of specified, planned and budgeted salaries, wages and benefits are used.

23. Sponsored project terms and conditions, and awarded budget specify what position and compensation type can be funded. No other position compensation and benefit can be charged to the account. In particular, most sponsored projects prohibit funding general, administrative and office support positions. **If the answer in question 23 is NO, the position can not be funded from this account.** Your options are to contact OSP to clarify cost allowability for this position or charge another account.
24. Refer to [job code](#) spreadsheet on the OSP website for a list of positions and respective object codes to charge appropriate object code. **If the object code does not match the funded position and the answer to question 24 is NO, correct the object code according to job codes spreadsheet posted on OSP website or contact OSP representative for assistance.** Once you correct the object code write the new code e in the provided space.

CAPITAL EQUIPMENT segment checks allowability of capital equipment expense by terms and conditions of the sponsored project.

25. Refer to sponsored project's terms and conditions. **If the answer to question 23 is NO, you can not charge this account.** Your options are to charge another account or to contact OSP to renegotiate the terms and conditions of the project.
26. A purchase qualifies to be capitalized only if purchase value of a single item exceeds \$5,000. An item must meet a test of functional usability for the sponsored project as "one piece of equipment" including shipping and installation. In some circumstances, a piece of equipment will contain several items of less value than \$5,000.00 but meet the test of capital equipment due to their composite total value exceeding \$5,000.00 minimum limit. **If there is no evident reason to use the item as "one piece of equipment" of \$5,000 value or more and your answer to question 24 is NO, you can not charge capital equipment object code.** Your option is to change the qualification of the expense to M&O, write the applicable M&O object code in the reserved space, and skip to M&O segment of SECTION III to test for M&O allowability of the requested expense.

M&O segment tests allowability of M&O expense by terms and conditions of the sponsored project.

27. Refer to sponsored project's terms and conditions. **If the answer to question 25 is NO, you can not charge this account.** Your options are to charge another account or contact OSP to renegotiate the terms and conditions of the project.
28. A purchase qualifies as M&O only if purchase value of a single item does not exceed \$5,000. **If there is no evident reason to use a single item as "one piece of equipment" of \$5,000 value less and your answer to question 26 is NO, you can not charge M&O.** Your option is to change the qualification of the expense to capital equipment, write the applicable capital equipment object code, and go to CAPITAL EQUIPMENT segment of SECTION III to test for capital equipment allowability of the requested expense.

Example 7

Problem: A user submits a Purchase Order with 1 equipment item (replacement pump) for \$4,950.00 including shipping and installation to replace an old pump that has been purchased from another sponsored project account 5 years ago and had been used on many other projects. The project permits both M&O and capital equipment purchases and the account has plenty of capital equipment and M&O budget funds available. The project will end in 6 months. The requested expense has successfully passed all tests of SECTION I

Solution: The user needs to complete CAPITAL EQUIPMENT segment first

23. Answer is YES since the purchase of equipment is allowable by the sponsored project.

24. Answer is NO since the total cost of the pump is below \$5,000.00. An applicable object code in M&O must be charged instead. You need to proceed to M&O segment of SECTION III.

25. Answer is YES since the purchase of M&O items is allowable by the sponsored project.

26. Answer is YES since the total for the item is below \$5,000.00

TRAVEL segment verifies the allowability of travel by project terms and conditions.

29. Refer to project terms and conditions. Domestic travel includes travel to Mexico and Canada. Event registration fees are M&O type of cost and can not be expensed from travel budget funds. **If travel is not permitted by the sponsored project and answer to question 20 is NO, you can not charge this account.** Your options are to charge another account or contact OSP to renegotiate project's terms and conditions.

