

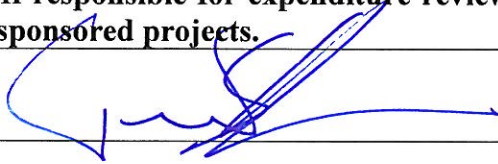


Florida Agricultural and Mechanical University  
Division of Research

Office of Sponsored Programs

INTERNAL OPERATING MEMORANDUM

Memorandum No. DoR-16A.014

<b>Subject:</b>	<b>Review and Approval of Non-Payroll Expenditure Requests</b>	
<b>Authority:</b>	<b>Sections 1001.74 and 1001.75, Florida Statutes, FAMU BoT Policy 2008-08 entitled "Expenditure Review of Non-Payroll Charges"</b>	<b>Revision Dates: 07-19-2010 10-07-2015</b>
<b>Related References</b>	<b>2 CFR Part 200 Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)</b>	
<b>Purpose</b>	<b>The purpose of this procedure is to provide guidance to University staff responsible for expenditure review of non-payroll costs charged to sponsored projects.</b>	
<b>Signature of Approving Authority</b>		

**1.0 GENERAL INFORMATION**

Review and approval of sponsored project expenditures requests are a crucial process in the administration of sponsored programs. Allowable expenditures are generally clearly outlined in the agency program announcement, terms and conditions and must comply with 2 CFR Part Uniform Guidance (UG). The allowable costs should be in accordance with the award and contract agreement, purpose of the sponsored project and scope of work in the proposal. If an expense does not meet the criteria below, it is not eligible for inclusion in the indirect cost rate, regardless of the purpose. These costs must be identified and considered unallowable by the Principal Investigator and the Office of Sponsored Programs (OSP). Costs must be in accordance with the approved budget and meet the three general tests for allowability of costs:

1. **Allowable** – costs are necessary, conforms to any limitations, consistent with policies and procedures, accorded consistent treatment, comply with cost accounting standards, are not included as a cost or used to meet cost sharing or required match, and are adequately documented;
2. **Allocable** – costs are chargeable for the goods or services to the sponsored agreements under the Uniform Guidance, incurred costs specifically benefits the sponsored project, are necessary and assignable to the sponsored project, charges are appropriately allocated, costs are not charged to other awards to overcome funding deficiencies; and costs are allocated in accordance with acceptable cost accounting standards.
3. **Reasonable** – costs are recognized as ordinary and necessary for the operation and efficient performance of the sponsored project; sound business practices are used and complies with all applicable laws and regulations; fair market prices are used for comparable goods or services for the geographical area; prudence is used in the circumstances for proposed costs; and determining if any significant deviation occurred from established practices and policies regarding the incurrence of costs.

## 2.0 DEFINITIONS

**Non-Payroll charges** are equipment, goods, and services consisting of: consultant services, material supplies, expenses, publications, scholarships, stipends, subcontractors, travel, and tuition costs charged to a sponsored project. All expenditure requests from sponsored projects have to be reviewed and approved by the OSP, prior to their referral to the processing area. The average turnaround period is three business days for review, approval/denial and referral of documents to appropriate area.

## 3.0 RESPONSIBILITIES

- 3.1 **Principal Investigator (PI)** is responsible for determining the need for goods, equipment and services costs to meet the requirements of the sponsored project. He/she is also responsible for submitting and approving the request to encumber funds, identifying any unallowable costs, and ensuring that requests are forwarded to the OSP for review.
- 3.2 **Departments/Divisions/Colleges/Schools'** administrator(s) are responsible for review and approval of all non-payroll charges within the College/School and proper management and retention of documents.
- 3.3 **Office of Sponsored Programs (OSP)** is responsible for the review and approval of proposed goods, equipment and services costs according to the sponsoring agency's guidelines, approved budget, contract terms and conditions, as well as applicable institutional, state and other federal regulations and laws. The OSP is responsible for ensuring proper management and retention of documents.
- 3.4 **Office of Procurement Services (PS)** is responsible for procuring the goods, equipment and services and determining conformity to the University's procedures and applicable federal and state regulations. The Purchasing Office is also responsible for ensuring proper management and retention of documents.
- 3.5 **Office of Financial Aid (OFA)** is responsible for processing student's tuitions, fellowships and assistantships.
- 3.6 **Controller's Office (CO)** is responsible for procuring travel requests, processing cost transfers and processing all vendor payments in accordance with University policies and procedures.
- 3.7 **Office of Contracts and Grants (C&G)** is responsible for invoicing the sponsoring agency and preparing/submitting all fiscal and financial reports to the funding agency. The C&G office prepares cost transfer documents, and reviews the award and fiscal reports when preparing financial reports to verify that all charges are allowable in according to the specified agreement.
- 3.8 **Organizational Development and Training (ODT)** is responsible for the development and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of non-payroll expenditures charged to sponsored projects, including but not limited to PIs, OSP and C&G staff and grants administrators.

## 4.0 GENERAL PROCEDURES

### 4.1 PRINCIPAL INVESTIGATOR (PI)

- The PI must review the terms and conditions of an award for allowable costs and to determine if prior approvals of any changes are required by the sponsoring agency.
- Review, prepare and submit expenditure requests based on the approved budget and agreement and ensure allowability of cost.
- Review expenditures for the "Consistent Treatment of Direct and Indirect Costs of Sponsored Agreements" documents to determine whether the purchase of equipment, goods, and services are allowable.
- Review and approve expenditures in line with sponsoring agency award terms and conditions and available budget balances through PeopleSoft (PS) Commitment Control module.

- PI should review the terms and conditions of an award to determine if prior approvals of any changes are required by the sponsoring agency.
- PI should take under consideration the established cost principles contained within the Uniform Guidance, FAMU's Cost Accounting Standards, and FAMU's Review and Approval of Non-Payroll Expenditures to Sponsored Projects policy and procedures. If the proposed change would violate these established cost principles, the change should not be made.
- The PI should review all non-payroll expenditures for accuracy and should make certain that:
  1. Expenditures are appropriately coded prior to entering in iRattler Financials and are allowable under the project to which it is being charged and consistent with agency and institutional policies.
    - All expenditure requests must be authorized and approved by the Principal Investigator (PI).
    - PI is responsible for submitting requests for equipment, goods and services (consultant services, material supplies, expenses, publications, scholarships, stipends, subcontractors, travel, and tuition costs).
      - The PI must use the institution's iRattler Financial Procurement and Travel modules for processes non-payroll expenditures.
      - iRattler requisitions accompanied by an invoice require an After-the-Fact justification.
      - PI request for purchases of equipment with a value up to \$5,000 and over \$5,000 up to \$10,000 requires two written quotes or written records of valid verbal quotations; over \$10,000 - \$75,000 requires three written quotes; and purchases exceeding \$75,000 shall be awarded pursuant to a competitive solicitation, unless otherwise authorized herein. Quotes must be uploaded into iRattler Financials.
      - Sponsored Research Exemption may excuse acquisitions of materials, supplies, equipment and contractual services from the general purchasing requirements of the Florida statutes and University Regulation 6.007, only when such action is necessary for the efficient and expeditious processing of a sponsored project.
      - PI must ensure equipment is purchased 60 days prior to the ending date of the sponsored agreement. Expenditures of equipment request with less than 60 days of sponsored performance period require prior approval from the sponsoring agency.
      - PI must ensure purchases are not made at the end of a project period just to expend remaining balances.
    - The PI is required to complete a Travel Authorization Request (TAR) form prior to taking any business trip.
      - PI must provide the departmental travel representative with travel itinerary prior to a TAR being completed/submitted in the iRattler system.
      - PI submits departmental internal TARs for required signature by the supervisor in advance of the anticipated business travel.
      - PI submits TARs to departmental representative for business travel to be charged to sponsored contracts and grants must have been approved by the funding agency for domestic trips.
      - PI's TAR must comply with the state of Florida agencies required prior to approval for out-of-state travel.
      - PI must ensure all foreign travel is approved by the sponsoring agency and/or prior approval obtained from the funding agency. PI must obtain

departmental/dean, FAMU Office of International Services and FAMU President's signatures.

- PI is required to submit requests for advance travel funds to the University Travel Office at least 14 working days prior to the departure date.
  - PI is responsible for providing all receipts and required backup for reimbursement of travel expenditures and the settling of cash advances in accordance with the institutional and funding agency policies and procedures.
  - PI must submit justification for Reimbursement Vouchers Other Than Travel RVOTT that was not purchased through University Procurement.
  - PI must submit original receipts with RVOTT and invoice must not exceed the \$100 maximum amount for expenditures.
  - PI must ensure RVOTT expenditures are in line with agency approved budget and contracts' terms and condition of award.
2. Funds are available in the budgeted line item category according to the contract or grant award.
- PI should be aware that the above list is not all inclusive and a specific award should be reviewed to determine the applicable terms and conditions. Also note that federal contracts generally do not reference a specific document, and the clauses within the contract itself govern the award.
  - PI is responsible for submitting sponsoring agency prior approval request letter with budget and justification to the OSP. No changes will be made until the sponsoring agency approval is received.

#### **4.2 DEPARTMENTS/DIVISIONS/COLLEGES/SCHOOLS**

- The department administrator(s) should review the terms and conditions of an award to determine if prior approvals of any changes are required by the sponsoring agency.
- The department should take under consideration the established cost principles contained within the Uniform Guidance, FAMU's Cost Accounting Standards, and FAMU's Review and Approval of Non-Payroll Expenditures to Sponsored Projects policy and procedures. If the proposed change would violate these established cost principles, the change should not be made.
- Deans/Directors and administrator(s) are responsible to review and approve all departmental purchase requisitions, including verification that budget is available and the purchase is allowable, in a timely manner. Deans/Directors are also responsible to ensure the correction of any error transactions generated in their departments.
- The department administrator(s) routes or scans non-payroll documents through ImageNow and/or iRattler Financials and should review all non-payroll expenditures for accuracy and should make certain that:
  1. Expenditures are appropriately coded prior to entering in iRattler Financials.
  2. Expenditures are allowable under the project to which it is being charged and consistent with agency and institutional policies.
  3. Promptly enter verification of the receipt, inspection and approval of purchased goods and/or services into the iRattler system in accordance with Prompt Payment requirements. Correct error transactions generated by their assigned departments before the requisitions are processed into Purchase Orders.
    - The department administrator(s) verifies that expenditure requests are authorized and approved by the PI.

- The department works with the PI in the submission of requests for equipment, goods and services (consultant services, material supplies, expenses, publications, scholarships, stipends, subcontractors, travel, and tuition costs).
    - Departmental administrator(s) must use the institution's iRattler Financial Procurement and Travel modules for processes non-payroll expenditures.
    - Departmental administrator(s) must work with PI to provide After-the-Fact justification for requisitions accompanied by an invoice.
    - Departmental administrator(s) with PI's to ensure purchases of equipment requests comply with agency and institutional policies and procedures.
    - Departmental representative ensure quotes are uploaded into iRattler Financials for review.
    - Departmental administrator(s) work with the PI to obtain Sponsored Research Exemption if required in accordance with acquisitions of materials, supplies, equipment and contractual services from the general purchasing requirements of the Florida statutes and University Regulation 6.007, only when such action is necessary for the efficient and expeditious processing of a sponsored project.
  - The department travel administrator(s) maintain completed TAR forms for employees in their respective units prior to business trip travel.
    - Travel administrator(s) must obtain travel/itinerary prior to TARs being completed/submitted in the iRattler system.
    - Travel administrator(s) reviews internal TARs for required signature of supervisor and supervisory approval in advance of the anticipated business travel.
    - Travel administrator(s) verifies with PI TARs to be charged to sponsored contracts and grants for compliances with the funding agency.
    - Travel administrator(s) obtains departmental/dean, FAMU Office of International Services and FAMU President' signatures for foreign TARs.
    - Travel administrator(s) is required to submit requests for advance travel funds to the University Travel Office at least 14 working days prior to the departure date.
    - Travel administrator(s) is responsible for receiving all receipts and required backup for reimbursement of travel expenditures and the settling of cash advances in accordance with the institutional and funding agency policies and procedures.
    - Travel administrator(s) must submit justification for RVOTT that was not purchased through University Procurement, submit receipts with RVOTT and request must not exceed the maximum amount of \$100.
    - Travel administrator(s) should review RVOTT for agency allowed expenditures.
4. The department administrator(s) should be aware that the above list is not all inclusive and a specific award should be reviewed to determine the applicable terms and conditions. Also note that federal contracts generally do not reference a specific document, and the clauses within the contract itself govern the award.

#### **4.3 OFFICE OF SPONSORED PROGRAMS (OSP)**

- Pre-award coordinator reviews and approves expenditures cost budget and justification during the pre-award stage.
- The Associate Director or Coordinator reviews and coordinates the execution of new awards. The new award is electronically submitted to C&G, the PI and the Dean of the college/school.
- OSP staff follows the applicable procedures for the review and approval of expenditure requests in line with agency approved budget, Uniform Guidance, federal, state and institutional applicable policies and procedures.

- Expenditures for grants are governed by the federal cost principles and must conform to sponsoring agency policies, grant special provisions and the University internal policies. FAMU must ensure that costs claimed under grants are allowable, allocable, and reasonable. In the event FAMU anticipates charging an item of direct cost that might subsequently be disputed, an authorized FAMU official should discuss the matter with the sponsoring agency grants officer and document the conditions or factors surrounding the item in order to avoid possible subsequent disallowance.
- In the review process, it is determined whether there are funds awarded for participant costs as approved by the funding agency.
- Funds provided for participant costs may not be used by FAMU for other categories of expense without the specific prior written approval of the sponsoring agency program officer/grants officer.
- Expenditure documents may be delivered or routed through ImageNow and/or iRattler Financials to the OSP or hand-delivered to 400, FHAC. Hand-delivered documents are scanned into ImageNow and routed to the assigned post-award coordinator for further processing.
- Expenditure requests for purchase of items, services and travel must be entered in iRattler Financials.
- Post-award Coordinator reviews available project balances through iRattler Financials and scanned file for budget and amendments.
  - Expenditure documents should be received in the OSP timely.
  - Staff must notify the PI via email and return the document to the department via iRattler Financial or ImageNow with explanation if expenditure request cannot be processed.
- Post-award coordinator reviews expenditure requests for compliance and allowability of costs, stamp for approval, and further processing by Procurement or other responsible institutional units.
  - **Equipment** - Purchases of equipment with a value up to \$5,000; over \$5,000 up to \$10,000 requires two written quotes or written records of valid verbal quotations; over \$10,000 - \$75,000 requires three written quotes; and purchases exceeding \$75,000 shall be awarded pursuant to a competitive solicitation, unless otherwise authorized herein.
    - Sponsored Research Exemption may excuse acquisitions of materials, supplies, equipment and contractual services from the general purchasing requirements of the Florida statutes and University Regulation 6.007, only when such action is necessary for the efficient and expeditious prosecution of a sponsored project.
    - Equipment should be purchased 60 days prior to the ending date of the sponsored agreement. Expenditures of equipment within less than 60 days of sponsored performance period require prior approval of sponsoring agency.
  - **Goods** (consultant services, equipment, material supplies, expenses, publications, scholarships, stipends, subcontractors, travel, and tuition costs) - The University's iRattler Financial Procurement and Travel processes must be followed for non-payroll expenditures.
  - All TARs should be routed through iRattler Financials. University travelers are also responsible for providing all receipts and required backup for reimbursement and the settling of cash advances in accordance with the institutional and funding agency policies and procedures.
  - TARs paid from sponsored contracts and grants from Florida State Agencies for out-of-state require prior approval from the agency.
  - The PI is required to complete a TAR form prior to taking any trips.

- Requests for advance travel funds must be received by the University Travel Office at least 14 working days prior to the departure date.
- All foreign travel on sponsored projects must be in the approved budget or have prior approval from the funding agency, FAMU Office of International Services and FAMU President.
- **Reimbursement Vouchers (Other than Travel)** - A justification letter is required for the approval of Reimbursement Vouchers. Original receipts are required with a maximum amount of \$100. All expenditures must be in line with agency approved budget and contract's terms and conditions of award.

#### 4.4 OFFICE OF PROCUREMENT SERVICES (PS)

- The PS is the only department authorized to commit funds for the acquisition of commodities and contractual services.
- Procure the goods, services and equipment, to include issuing purchase orders from approved purchase requisitions, updating and maintaining the vendor files, and reviewing the permissibility of purchase requests.
- All iRattler requisitions accompanied by an invoice require an After-the-Fact justification. The After-the-Fact document is required to support a purchase not made in accordance with the procedures as required by the University's Purchasing Regulations. The After-the-Fact must be completed before a purchase requisition can be processed for payment.

#### 4.5 OFFICE OF FINANCIAL AID (OFA)

- The OFA is responsible for processing student's tuitions, fellowships, assistantships and loans, maintaining appropriate confidentiality in administering the financial aid application and the supporting financial documents.

#### 4.6 CONTROLLER'S OFFICE (CO)

- The CO is responsible for processing the invoices for payment in accordance with Prompt Payment requirements, and University policies and procedures; and to disburse funds. Accounts Payable (AP) staff is responsible for reviewing and processing invoices received, assisting with the research and corrective action for unpaid invoices. Warrant Distribution staff is responsible for printing checks and mailing payments to vendors after auditing the checks ensuring that the vendor name, remit address and total dollar amount of the check matches what is shown on the actual invoice.
- The CO's AP staff is responsible for processing stipend payments. Request for stipend payments on sponsored projects must be reviewed and approved by the OSP prior to routing through ImageNow to the Assistant Controller. Stipend requisitions are reviewed to ensure that they have not already been entered into ImageNow for payment. Stipend requisitions must clearly reflect a description of the items, the number of units and the cost per unit. All stipend checks are to be picked up by the department that submitted the stipend payment request. Review and reconcile all open payments.
- The CO's Travel section is responsible for administering the travel program in accordance with the procedures outlined in the Travel & Expense Policy and Procedures guide and Section 112.061, Florida Statutes. This includes auditing expense reports and receipts submitted for reimbursement. All requests for advance travel funds must be received by the University Travel section at least 14 working days prior to the departure date. All foreign travel must have prior approval from the funding agency, FAMU Office of International Services and FAMU President. University travel is reimbursed only on the basis of

reasonable expenses incurred, subject to the limitations set forth in the institution Travel Expense procedures.

- Maintain voucher files in the CO for two years and then forward to the official records' retention area.

#### **4.7 OFFICE OF CONTRACTS AND GRANTS (C&G)**

- Invoice sponsoring agency for payroll charges on sponsored projects.
- Prepare fiscal and financial reports.
- Maintain financial reporting information for proper management and retention.

#### **4.8 ORGANIZATIONAL DEVELOPMENT AND TRAINING (ODT)**

- Develop and coordinate training on regulatory requirements for all individuals with responsibilities in the review and approval of payroll charged to sponsored projects, including but not limited to PIs, OSP, C&G staffs and grant' administrators.

### **5.0 DISTRIBUTION OF DOCUMENTS**

- To return documents, the staff will either route back to department through ImageNow or place them in the pick-up tray at the front desk. Pick-up documents must be entered by the staff as returned in the Tracking System.
- Approved expenditure requests are referred to the Grant Specialist for distribution to the different areas and uploading to scan file.

### **6.0 RECORDS**

- The appropriate record retention guidelines should be followed for the retention and disposition of documents. Generally, documentation should be maintained for three years following the submission of the final financial report unless sponsoring agency requires it to be maintained for a longer time period.