

# Unreimbursed and Unallowable Sponsored Projects Expenditures Policy

## I. POLICY STATEMENT

The purpose of this policy is to define the treatment of unreimbursed and unallowable contract/grant costs and explain the differences between the two types of costs. It also defines some of the circumstances under which Contracts and Grants Accounting has the authority to make necessary adjustments to contract/grant FOAPs.

## II. POLICY PRINCIPLES

All direct costs - whether reimbursed by a sponsor or not - will be classified according to the appropriate major function as defined in 2 CFR Part 200 (commonly referred to as Uniform Guidance). Likewise, all unallowable costs will be excluded from billings or claims under federal awards as directed by the Cost Accounting Standards (CAS) incorporated into the above federal regulations.

## III. EFFECTIVE DATE

10/1/2016

## IV. APPLICABILITY

This policy applies to Principal Investigators and his/her responsible departments, Dean's Offices, as well as Contracts and Grants Accounting.

Principal Investigators (PIs) and his/her responsible department:

- Cover unreimbursed and unallowable contract/grant expenditures with non-contract/grant funds.
- Reimburse the Dean's office if costs are transferred to the Dean's Cost Share FOAP, according to the policies of the academic department or other campus unit.
- Submit necessary eJournal Vouchers in Self Service Banner when appropriate or as requested by Contracts and Grants Accounting.

Dean's Offices:

- Assign someone in his/her area to monitor the Dean's Cost Share FOAP.
- Ensure that the departments cover all costs that are transferred to the Dean's cost share FOAP.

Contracts and Grants Accounting:

- Notify departments of unallowable or unreimbursed expenditures.
- Process expenditure transfers as necessary.

## V. POLICY MANAGEMENT

**Responsible Office:** Contracts and Grants Accounting

**Responsible Officer:** Director, Contracts and Grants Accounting

**Responsible Executive:** Vice President for Business & Finance and CFO

## VI. DEFINITIONS

**2 CFR Part 200** -Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**FOAP** is the Fund, Organization, Account, and Program code used to record financial transactions in Banner.

**Unreimbursed costs** - are normally costs in excess of the award amount or project costs incurred outside the project period of performance. These costs are otherwise allowable per applicable federal regulations and award conditions, but they were not paid/reimbursed by the sponsoring agency.

2 CFR Part 200 requires that any direct costs on sponsored projects, whether paid by the sponsor, a third party or by Auburn University, be captured in the appropriate major function: Organized Research, Instruction, or Other Sponsored Activities. Therefore, any project costs charged to the sponsored FOAPs which are unreimbursed must be transferred to another FOAP within the same major function; that is, to another FOAP within the same Banner program code range as the sponsored FOAP.

For example, unreimbursed project costs on an organized research "OR" FOAP cannot be transferred to an Instruction "IN" FOAP.

Unreimbursed costs must be accounted for as cost sharing. (This does not apply to costs which are charged to a sponsored FOAP in error.)

**Unallowable costs** - costs specifically prohibited by federal regulations or sponsor restrictions, and therefore must be paid with Auburn University funds. Dean's cost share FOAPs should not be used to cover unallowable costs.

## VII. POLICY PROCEDURES

### **PROCEDURES FOR UNREIMBURSED COSTS**

1. Once unreimbursed costs have been identified, it is the department's responsibility to initiate a cost transfer.
2. An eJournal Voucher (eJV) in Self Service Banner with the Rule DEC should be completed by the responsible department and submitted to the Contracts and Grants Accounting queue. The unreimbursed expenditures should be transferred to the appropriate cost share FOAP.
3. In order for each department to have access to a FOAP in the appropriate major function, the following FOAPs (hereinafter referred to as the Deans' cost share FOAPs) have been identified for each unit -- for Organized Research (OR), Instruction (IN), and Other Sponsored Activities (OS):

FUND	DIVISION 1			DIVISION 3		DIVISION 4	
	101004			103004		104004	
	OR	IN	OS	OR	OS	OR	OS
ORIGINAL PROGRAM CODE	200x	1000	3000	200x	3000	200x	3000
COLLEGE	Org	Org	Org	Org	Org	Org	Org
Agriculture	120001	120002	120003				
AAES				300014	300015		
ACES						400001	400001
Architecture	142000	142000	142000				
Business	123000	123000	123000				
Education	126000	126000	126000				
Engineering	129502	129503	129504				
Human Sciences	146000	146000	146000	353001			
Liberal Arts	134500		134500				
Nursing	148000	148000	148000				
Pharmacy	150000	150000	150000				
COSAM	136014	136000		311003			
Vet Med	140200	140200	140200	374001			
Forestry	144003	144010	144004	340005			
Provost	158115	158116	158117				
VP Outreach			160000				
VP Research	170650		170657				
VP Student Affairs			180000				
PROGRAM	2054	1020	3010	2054	3010	2054	3010

These will serve as "cost share FOAPs," but **will not replace the normal cost share FOAPs specifically required for some projects.** Unreimbursed project costs can be transferred to the appropriate dean's FOAP when there is not another appropriate FOAP identified.

**These FOAPs will not be given an original budget.**

If the sponsored FOAP has a companion cost share FOAP, any project costs which are in excess of the award amount, but which are otherwise allowable, should be transferred to the project cost share FOAP. If there is not a project cost share FOAP the over-expenditures should be transferred to the Dean's cost share FOAP.

The departments transferring project costs to the Dean's Cost Share FOAPs should process a Budget Transfer in Banner, transferring funds to the Dean's FOAP to cover the transferred expenditures.

Among other resources, the monthly "Daily Transactions" report, (FGRODTA in e~print) for the Dean's cost share FOAP will show the document numbers of the expenditure transfer transactions. The transaction details can be viewed in Banner to determine the originating contract/grant FOAP.

These costs must remain on the Deans' cost share FOAP and be funded by Auburn University unrestricted funds; they cannot subsequently be transferred to other contract/grant FOAPs.

#### **PROCEDURES FOR UNALLOWABLE CONTRACT/GRANT COSTS**

1. Once unallowable costs have been identified, it is the department's responsibility to initiate a cost transfer.
2. An eJournal Voucher (eJV) in Self Service Banner with the Rule DEC should be completed by the responsible department and submitted to the Contracts and Grants Accounting queue. The unallowable expenditure(s) should be transferred to an appropriate Auburn University non-contract/grant or non-cost share FOAP.

#### **VIII. SANCTIONS**

Contracts and Grants Accounting is authorized to process expenditure transfers to the Deans' cost share FOAPs for any unreimbursed costs remaining on the contract/grant FOAP more than 90 days after the FOAP expiration.

Contracts and Grants Accounting is authorized to process expenditure transfers to the departmental Indirect Cost Recovery FOAP if unallowable costs remain on the Contract/Grant FOAP more than 90 days after notification of the unallowable expenditure.

#### **IX. EXCLUSIONS**

This policy applies to all sponsored agreements. Any exceptions shall be reviewed by the offices of the Vice President for Business & Finance and CFO, Director of Contracts and Grants Accounting, or other designee and may be granted on a case-by-case basis.

#### **X. INTERPRETATION**

The offices of the Vice President for Business & Finance and CFO, Director of Contracts and Grants Accounting, or other designee will determine appropriate application for each contract, grant or cooperative agreement involved.