

General Expense Guidelines for Principal Investigators of Sponsored Program Awards

Description and Justification of Costs

Approximately 95% of returned requests are the result of insufficient description of the item(s)/services(s) being requested or reimbursed. When preparing a requisition, a complete description and justification is required that will allow a lay person (e.g. an auditor or campus administrator), with potentially little or no familiarity of the funded activity being conducted, to determine whether the item/service and the associated cost is **reasonable and allowable** for payment from the award(s) being charged. Because audits often occur many years after the purchase was completed, written documentation of the reasons that the cost was incurred and approved are essential to successfully defending those costs in the event of an audit.

In general, the description/justification does not need to be expansive, but does need to include sufficient information to answer the following types of questions (as applicable):

Who? – If not the PI/CoPI, or an RF employee appointed to the project, **who** is the person being paid/reimbursed; or in the event of a business meal or other group activity, **who** were the individuals participating in the meal; **and** what is each person's relationship to the project **and** what is their organizational affiliation? Note that a volunteer registration with HR may be required for payment to any individual not directly employed by the RF, or identified as a PI/CoPI. For liability reasons, this registration should occur prior to the individual taking part in any RF-administered activity.

What? – Describe **what** is being purchased and **how** it is specifically being used to benefit only the project(s) being charged. This is especially important when purchasing non-scientific items that may have general purpose use (e.g. batteries, construction materials, cameras, office supplies, general purpose software, computers and other general purpose supplies/equipment, general field supplies, etc).

When? – **When** the item is being purchased within 30 days of the project termination, additional justification for the cost is required. Costs such as maintenance plans, service plans, software licenses, etc. that have a set "service period" must fall entirely within the active project dates, or otherwise the cost must be prorated to other accounts/activities benefitting from the service costs which are prorated outside the project period. Travel and conference costs being charged to a project must occur within the active project dates, and must include a description of how the trip benefitted the project being charged.

Where? – If the item is being shipped to a location other than the ESF campus, a specific location and justification for that shipping decision must be provided. Proof of receipt (e.g. a packing slip) must also be provided at time of receipt. Any computer or other electronic devices requiring campus inventory, and purchased with personal funds by individuals requesting reimbursement, must be reported to Property Control and tagged appropriately prior to reimbursement.

Why? – **Why** is the item/service necessary for the successful conduct of the project? **Why** was the business meal essential to the conduct of the project or successful outcome of the meeting – and **why** was it necessary to meet during a meal time? **Why** is the cost allocated only to the project(s) being charged – will other activities/projects benefit from the item/service being purchased?

How? – **How** was the vendor selected and **how** was it determined that this was a reasonable amount to pay for the item/service (e.g. quotes/bids, other cost documentation)? **How** were the costs allocated to all of the activities/projects that will benefit from the purchase **and how** will you demonstrate this in the event of an audit?

Making Commitments - The Campus Operations Manager or designee is the **only** person on campus with the authority to make financial commitments on behalf of the Research Foundation. **If an item is ordered or a service requested outside of the college's purchasing process <http://www.esf.edu/business/purchasing/research.htm> or paid with personal funds; you may be held personally responsible for those costs**, if it is determined that such costs cannot be paid from Research Foundation funds. **Under no circumstances should a principal investigator solely sign any document or negotiate any vendor agreement that commits the Research Foundation to any financial obligation.** In addition, by making excessive numbers of purchases outside of the RF/college's established procurement process and associated internal controls (i.e. Purchase Requisition/Purchase Order), the RF/college and you will be subject to added audit scrutiny that may result in financial penalties for the college, the RF, and potentially the investigator.

Reasonable, Allowable, and Allocable – All costs must be reasonable, college business-related expenses which are considered allowable by the sponsor(s) of the charged awards, and which are allocable only to those projects or activities supported by the funding being used to make the purchase. For example, the cost for any supplies/equipment that will be used in whole or in part for **instruction** is neither allocable nor reasonable on a sponsored **research** award, and is therefore not allocable. The items charged to an award must only be those costs, or portion of the costs, that may be reasonably justified to support the successful conduct of that award.

Timely – in order for any cost to be considered reasonable, it must be submitted for payment in a timely fashion. In particular - Travel, Petty Cash, and other personal reimbursements **must** be submitted within a reasonable time period from the date that the cost was incurred. The Research Foundation follows the Internal Revenue Service guidance on the definition of timely accounting for business costs, which generally provides for a maximum of 120 days from the date the cost was originally incurred, unless there are fully-documented extenuating circumstances. Any costs submitted outside of this window, if allowed at all, will be subject to IRS income tax reporting.

Guidelines for Specific Costs

General Purpose Supplies, Equipment & Software – In most cases, general purpose items may **not** be paid for from a single sponsored award, because this type of cost is typically considered *not allocable* to a single project or activity. That is – there is a high likelihood the item will be used for purposes other than the single sponsored project being charged. **Office Supplies and General Computing Items** are commonly disallowed by federal auditors. Allocating these types of purchases among several funding sources is often helpful in allowing these costs to be approved.

Business Meals, Food & Entertainment – These costs are almost always **unallowable** on federal funds, and are typically only allowed if specifically budgeted and the purpose of the award is to conduct workshops or other meetings. Alcohol is absolutely forbidden on federal and NYS-funded projects. All requests must include the business purpose for the meal, the names of the individuals participating and their affiliation, a **detailed** receipt, and a full justification of the need for the meal relative to the project objectives. Limits per person: Breakfast = federal breakfast per diem, Lunch = 50% of federal dinner per diem, Dinner = 110% of federal dinner per diem. Meals for individuals in travel status are generally allowable as stipulated by applicable travel policies.

Gift Cards – Gift cards may not be purchased.

Payment for Vendor Services – must be made directly by the Research Foundation through an independent contractor payment. **Personal reimbursements for PI payment of services, rendered by an outside party, cannot be reimbursed to the PI or other individual.** The Research Foundation is required to have W-9 forms for this type of vendor on file, and appropriately report these types of payments to the Internal Revenue Service.

Cell Phones, Satellite Phones, Individual WiFi, Web Hosting, Data Storage, and other purchases requiring payment of service fees or service contracts, **must** be initiated through the Purchasing Office. The service period may not extend either before or after the project start/end dates of the project(s) charged, and a full justification of these costs must be provided, along with written evidence that the sponsor has approved these specific costs.

Travel and Fieldwork – All costs related to travel or fieldwork must occur during the award period of the account(s) being charged, and complete documentation of how the travel/field costs benefit the award(s) being charged is required. Any special arrangements for long-term housing (e.g. rented/leased) must be made separately through the Purchasing, Travel, and Research Offices well in advance. Any rental/lease agreements must be made between the landlord and The Research Foundation, and all related costs – including ancillary costs such as internet access, storage, insurance, etc. will need to be documented as allowable travel expenses.

Off-Campus conference and other registration costs - may only be paid upon documented attendance, and must be submitted as a travel cost – preferably in conjunction with any other travel costs incurred during that attendance. A Travel Advance may be requested to assist individuals in paying these costs ahead of time.

Tuition – Tuition and fee payments directly to student accounts are generally not allowable. Tuition budgeted on sponsored awards are only for those costs reimbursable to SUNY for Tuition Scholarships issued to students appointed as Research Project Assistants during the academic year, and who qualify for the scholarship under the graduate office tuition scholarship policy. Payments of compensation in lieu of tuition to students may be made through HR/Payroll in the form of a short-term appointment, if allowable under sponsor policy.