



Fiscal Compliance Requirements
for Sponsored Programs
Allowable Costs per A-21

University of Missouri System
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Learning Objectives

- To understand:
 - Allowable cost compliance requirements
 - Responsibilities of Principal Investigator (PI) and Research Administrator
 - Common issues and impact of non-compliance

Definitions

- Principal Investigator (PI/Co-PI) – Named by sponsor on award document with **overall** compliance responsibility
- Research Administrator– Individual assisting the PI with the fiscal management of an award
- Sponsored Award – Activity funded by an external entity for a specific purpose

Definitions

- Unallowable costs – Costs not meeting award requirements. Costs are unallowable if they don't comply with:
 1. Federal requirements,
 2. Sponsor requirements, or
 3. Documentation requirements

Definitions

Direct costs are:

- Incurred to accomplish the award's activity
- Assigned to the award with relative ease and a high degree of accuracy
- Consistently treated in similar/like circumstances
- Documentation to support charge

Definitions

- Facilities and Administrative (F&A):
 - Incurred for a common or joint objective (e.g. utilities)
 - Cannot be easily identified with a particular award
- Facilities: depreciation, interest on related debt, operational, maintenance, and library costs
- Administration: departmental, sponsored programs offices, and other general administrative costs

Compliance Requirements

Requirements are set by:

- Office of Management and Budget (OMB) –
 - Oversight agency of the federal government
 - OMB Circulars – Federal rules for award administration
- Sponsors –
 - Individual sponsors may have additional requirements
- APM and BPM –
 - APM – Accounting Policy Manual
 - BPM – Business Policy Manual

Compliance Requirements

Compliance requirements for allowability

- OMB Circular A-21 - Cost Principles for Educational Institutions
 - Allowable direct costs, and
 - Allocable F&A
- Sponsor guidelines specific for each award
- APM 60.07 – Allowable Costs and Cost Principles

Allowability Requirements

1. Reasonable:

- Act with due prudence
- Consistent with University policies and procedures
- Necessary for performance of the award
- Arms length (managed conflict of interest)
- Transactions must be legal

Allowability Requirements

2. Allocable:

- Incurred specifically for the award, or
- Benefits both the award and other work of the University and can be reasonably distributed in proportion to benefits received

Allowability Requirements

3. Consistent treatment:

- Consistent practice in reporting costs for:
 - same purposes, or
 - like circumstances

4. Complies with limitations and exclusions:

- Sponsor may be more restrictive than A-21
- Exceptions are specified in the award

Allowable Direct Costs

- Allowable direct costs are **necessary** and **directly related** to the scope of work for the award, such as:
 - PI salary and benefits
 - Graduate student salary
 - Technical research or lab equipment
 - Animal care costs
 - Travel costs

Unallowable Costs

- Certain costs are expressly unallowable:
 - Alcoholic beverages
 - Alumni activities
 - Donations and Contributions
 - Entertainment
 - Automobile provided for personal use
 - Goods or services for personal use
 - Housing and personal living
 - Losses or deficits on other sponsored agreements

Possible Exceptions

- Certain costs are unallowable with exceptions:
 - Contingency provisions
 - Fines and penalties
 - Fundraising and investment costs
 - Lobbying
 - Pre-agreement costs
 - Selling and marketing costs
 - Student activity costs
- ***Must be specified in the agreement as allowable!***

Direct Charge of F&A Costs

- Direct charging of F&A costs:
 - Unlike circumstance must exist
 - Unusual and infrequent
 - Included in the proposal budget and agreement
 - Sponsor approval
 - Documentation to support rationale
- *Without the above items, **allowability is not ensured.***
- ***Work with SPO** before direct charging any F&A costs.*

Other considerations

- Allowability impacts the sponsored programs process from beginning to end:
 - Proposal and award budget
 - Monthly managerial review
 - Cost Transfers – Made within [BPM-213 timelines](#)
 - Cost Sharing
 - Subaward payments
 - Effort Verification Reporting
 - PI Certification at end of award

Responsibilities

Activity	PI	Research Admin
Overall Compliance Responsibility	X	
Knowledge of Compliance Requirements	X	X
Attend Training	X	X
Administrative Fiscal Management	X	X
Authorization of Costs	X	
Allowable Costs	X	
Cost Transfers and Corrections	X	X
Documentation to Support Costs	X	X
Communicate Compliance Issues		X

Common Issues

- Unallowable costs directly charged to award
- Lack of supporting documentation
- Purchases late in the award period
- Costs outside period of availability
- Unlike circumstances not set out in sponsor agreement

Impact of Non-Compliance

- Questioned or unallowable costs
- Repayments to the sponsor
- Fines and/or sanctions
- Subject to additional external audits
- Damage to reputation
- Jeopardize future funding opportunities

Checklist for Success

- ✓ Ensure costs are:
 - ✓ Allowable (authorized in the budget and agreement)
 - ✓ Within period of availability
 - ✓ Charged timely to project
 - ✓ Appropriately documented
- ✓ Make timely and allowable cost transfers

Additional Information

- [APM 60.07—Allowable Costs/Cost Principles](#)
- University Accounting Policies – [APM – Section 60](#)
- [Reference Guide for Sponsored Programs](#)
- Other related training available:
 - [Financial Compliance Training Website](#)
 - Contact your Sponsored Programs Office for departmental training sessions or further discussion

Click here to complete a brief
course evaluation.