



MAY 2021

ANSRS4U: ALLOWABLE COSTS, AGGIEBUY AND CORRECTIONS

PRESENTERS

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ALLOWABLE COSTS

When reviewing a cost for allowability, the following items must be considered:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
 - Will this item specifically benefit this project? Would any prudent person agree with charging this item to this project?
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
 - Is there anything in the agreement or any of its associated terms and conditions that restricts me from charging this expense to the project?
- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
 - Am I reviewing this expense consistently among all projects?
 - Is this a direct or indirect expense? Once determined, this item should be treated the same way across all projects.

BE NECESSARY AND REASONABLE

Is this expense necessary to be able to complete the scope of work of the project?

To consider the reasonableness of an expense, consider the following: Would a prudent person agree that this expense is allowable?

Examples:

- Dr. Smith would like to purchase a freezer for this project. The freezer will house samples that he will analyze as part of the project.
 - Is this expense necessary to complete the project: YES
 - Is it reasonable: YES
- Dr. Young would like to charge costs related to a morale boosting Painting with a Twist session for his team to his project. The individuals who attended the session are actively working on his project.
 - Is this expense necessary to complete the project: NO
 - Because the expense is not deemed necessary, there's no need to review any further. This item cannot be charged to the project. The PI will need to identify another source of funds to cover this expense.





CONFORM TO ANY LIMITATIONS OR EXCLUSIONS

The terms and conditions of an award can list specific types of expenses that can or cannot be charged to the project. Sometimes these items are general, but they can also be very specific to the project.

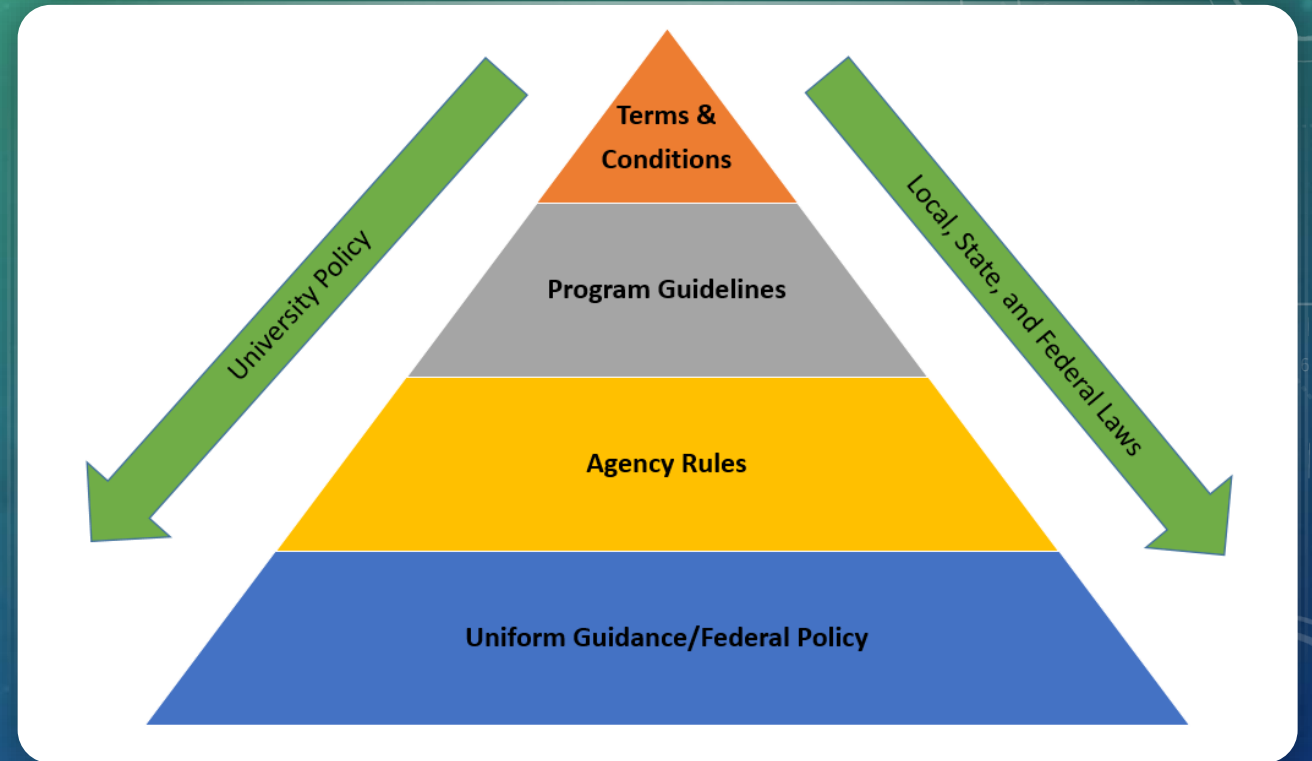
Examples:

- Dr. Strong would like to pay for a piece of equipment on his project. However, after review of the agreement, equipment is specifically listed as an unallowable expense.
- Dr. Freedman would like to purchase mangos as part of his research project. Typically food purchases are unallowable on projects. However, after review of the agreement, mangos are listed as an allowable expense because of the research being done.

ORDER OF PRECEDENCE

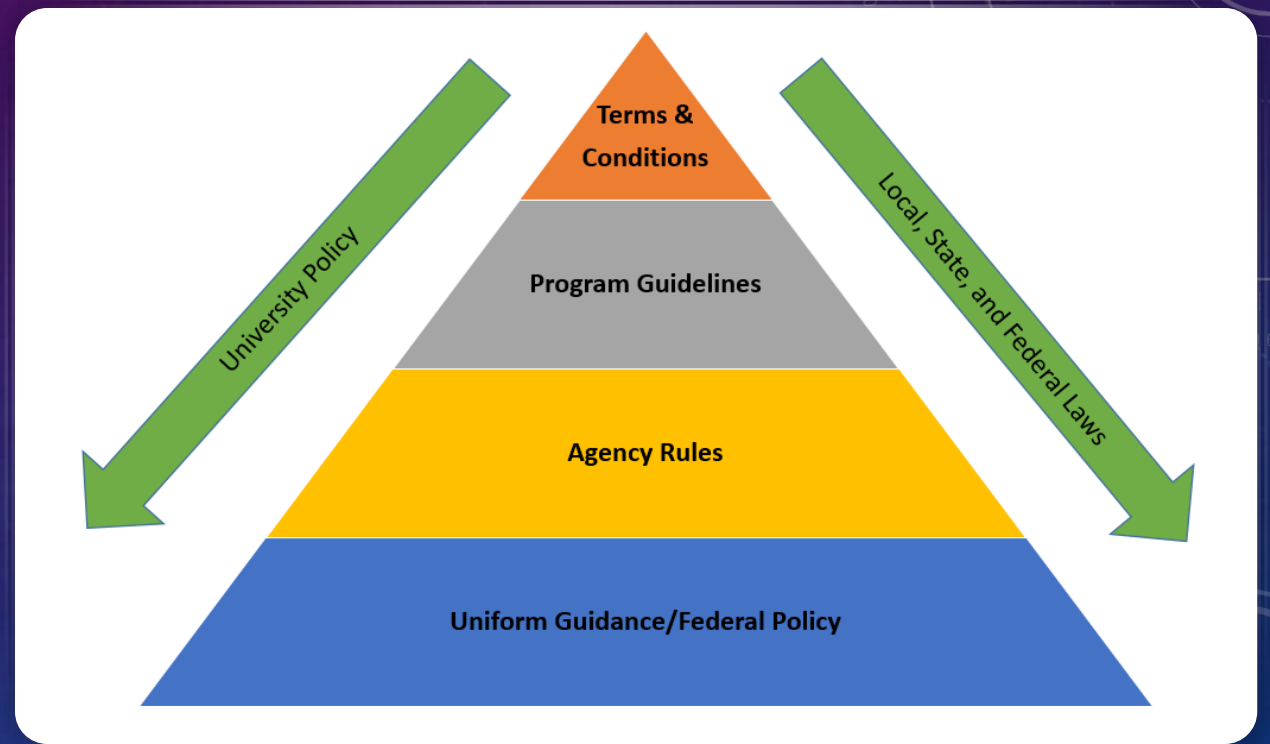
If agreement language includes contradictions on specific items, we will follow the order of precedence to identify which language to follow.

- Uniform guidance or federal policies are the base of the pyramid. UG houses our most basic guidelines for research projects.
- Agency rules are the guidelines set by sponsors to govern their projects. (Example: NSF, NIH, Research Terms and Conditions)
- Program Guidelines are specific to projects for a certain program of a sponsor's (Example: NIH's R35 projects include strict guidelines on carryforward that a standard R01 does not have.)
- Terms and Conditions are specific to your individual award. Anything listed in your award will take precedence over any of the other items.



On the sides of our pyramid, there are two green arrows that must also be considered: university policy and local, state and federal laws. These items would overrule any items on the pyramid.

- **University or institutional policy**
 - Example: During COVID-19, the university restricted any international travel. Regardless of whether the agreement allows it or not, this expense could not be charged to the project.
- **Local, State, and Federal Laws**
 - Example: Mileage rates are decided by state law. We must follow these rates regardless of what's listed in the agreement.



EXAMPLES

- Dr. Rabbit would like to purchase a microscope (equipment) on his project. During review of the agreement's terms and conditions, the following language has been found:

- Program rules: Equipment is not an allowable expense.
- Award's terms and conditions: The purchase of a microscope is allowable.

Because the agreement's terms and conditions allow for the purchase of this item, it can be charged.

- Dr. Steen would like to pay for airline tickets to France on his project. During review of the agreement's terms and conditions, the following language has been found:

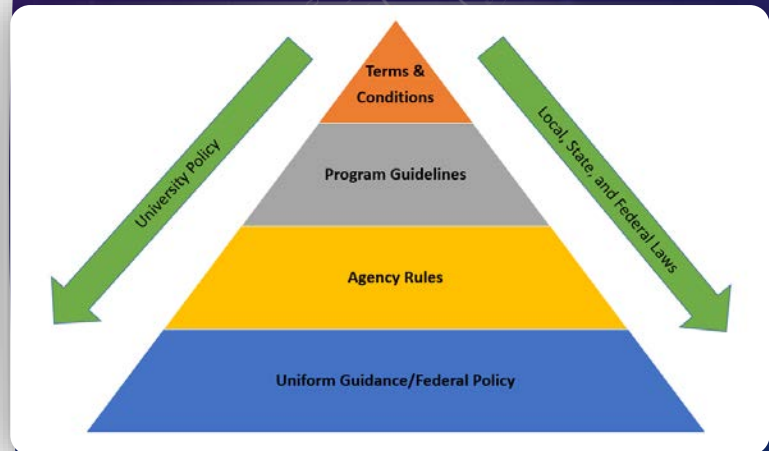
- Program rules: Foreign travel is allowable.
- Award's terms and conditions: Foreign travel is allowable.
- Institutional policy: No foreign travel is allowed for research purposes during this time.

Because institutional policy does not allow foreign travel, it cannot be charged to the project even though the agreement allows it.

- Dr. Hogan would like to pay for a freezer (equipment) on his project. During review of the agreement's terms and conditions, the following language has been found:

- Agency Rules: The purchase of equipment is allowable with prior approval.
- Program rules: The purchase of equipment is not an allowable expense.

Because the program rules do not allow equipment purchases, this expense cannot be charged.



For audit purposes it's important to treat expenses charged to sponsored projects consistently. This includes a review of the item to determine allowability as well as identifying whether the expense should be treated as a direct expense or an indirect expense.

Example:

- Dr. Parker would like to charge pencils, paper and other general office supplies to a sponsored project. These expenses were not listed in the budget or budget justification. General office supplies are typically considered to be an indirect expense which would not be allowable on a sponsored project.



BE TREATED
CONSISTENTLY

UNALLOWABLE EXPENSES

These expenses are traditionally considered indirect costs which cannot be paid on sponsored projects. However, the terms and conditions will be reviewed before making a final determination.

- Alcoholic Beverages
- Alumni Activities
- Bad Debt
- Commencement Costs
- Communication Costs (Cell phone charges)
- Contributions and Donations
- Depreciation
- Employee Morale, Health, and Welfare Costs
- Entertainment
- Equipment (General Purpose, example: printer)
- Fines
- Housing Expenses
- Interest
- Losses on Other Sponsored Projects
- Memberships
- Office Supplies
- Relocation of Employees

AGGIEBUY

SRS only reviews “high risk” invoices and requisitions in AggieBuy. This is identified by the object code associated with the expense. If the expense is not identified as high risk, SRS will not be included in the routing path or be reviewed for allowability by any group before it posts to the project.

High risk subcodes were identified by the Texas A&M Stakeholders Operations Committee (TSOC) which includes representatives from each system member.

Some of the high risk subcodes include:

- Tuition
- Equipment
- Participant Costs
- Professional Services
- Subawards
- Various Rentals

ROUTING

AggieBuy routes high risk invoices and requisitions to the Project Administrator listed as the Accountant Responsible on FRS 52 in FAMIS.

```
F0013 Please enter desired modifications
052 Support Account Attributes 2          03/07/21 12:42
                                          FY 2021 CC 06
Screen:  Account: 505315 30390          ROLE OF ARYL HYDROCARBON RECEPTOR I
                                          SRS: Y
Accountant Resp: 422005094 HOLLINGSWORTH, LAURA Funding:
```

If the expense is being split between multiple projects with multiple PAs, AggieBuy will include all PAs as part of the routing path.

If this field is empty, the item will route to the general SRS box. From there our office will review the item and forward it to the correct PA manually.

INVOICE & REQUISITION REVIEW

Project administrators will review the following items for each high-risk invoice:

- Allowability
 - All allowability steps previously discussed will be reviewed to ensure that the expense is allowable on the project.
 - Is this expense included in the budget? If not, budget flexibility is reviewed to identify whether sponsor approval and/or a PI justification is required.
 - If an invoice includes expenses that will be used for multiple projects, the expense must be split proportionately between the sponsored project and any other accounts being used.
- Goods received date
 - Items must have been purchased and received prior to the end date of the project to be considered allowable.
 - If an invoice includes timeframes that are both inside and outside of the period of performance, the invoice must be split proportionately between the sponsored project and any other accounts being used.
 - Any equipment purchases made within the last ninety days of the period of performance will typically require justification before the invoice will be approved by SRS.
- Funds
 - Are there funds available to cover this expense?



ADDITIONAL NOTES

- If sponsor approval or PI justification is required, we will hold the invoice in AggieBuy until the information is received.
- Should any changes be required to the account number or subcode originally submitted for the invoice, the Project Administrator will contact the department to discuss. Project Administrators can revise these items for you, or the invoice can be sent back, if requested.

AGGIEBUY UPDATES

- As a note, AggieBuy will be updating it's user interface on July 27th.
- The AggieBuy team will be providing training via webinar beginning in June.
- Please contact the AggieBuy team for more information at aggiebuy@tamu.edu.
- Information regarding the training webinars is sent out via the Controller Connection. THE Controller Connection Newsletter is distributed weekly to Accounting/Business personnel around campus who subscribe to the FMO ListServ. If you would like to subscribe to this ListServ, visit: <http://fmo.tamu.edu/listserv/>

PROJECT CORRECTIONS (EXCLUDING PAYROLL)

Departmental correction requests (DCRs) are a Canopy based action that provides the ability to initiate a correction transaction for accounting entries in FAMIS.

DCRs should be submitted when a voucher expenditure requires account or object code revisions.

This can be a voluntary action when errors are identified within the department, or it can be a required action based on allowability or sponsor request.

DCR REVIEW

Note: If the expense is being moved onto a sponsored project, a copy of the invoice must be attached. If it was not attached, the Project Administrator can either reach out to request a copy or send the item back for revisions.

The PA will review the following items for each DCR:

- Is the goods received date within the period of performance?
- If after the end date, has the final invoice already been submitted?
- Is the expense allowable?
- If moving between sponsored project accounts of multiple PIs, ensure that all PIs approve of the correction.
- Are funds available to cover the expense?
- Review justification code. Note: To clear a deficit is not an acceptable code.



WHEN IS THE JUSTIFICATION FORM REQUIRED?

Form requirements vary amongst system members. Please refer to the appropriate guidelines listed on the following screens. Any questions can be addressed by your Project Administrator.

If it is identified that a form is required, but it was not attached, the Project Administrator can either reach out to request a copy or send the item back for revisions. PAs cannot revise any information in the DCR module; this must be done by the department. However, we can upload attachments and add general notes to the record.

GUIDELINES FOR:

-TAMU

-TAMU-G

-HSC

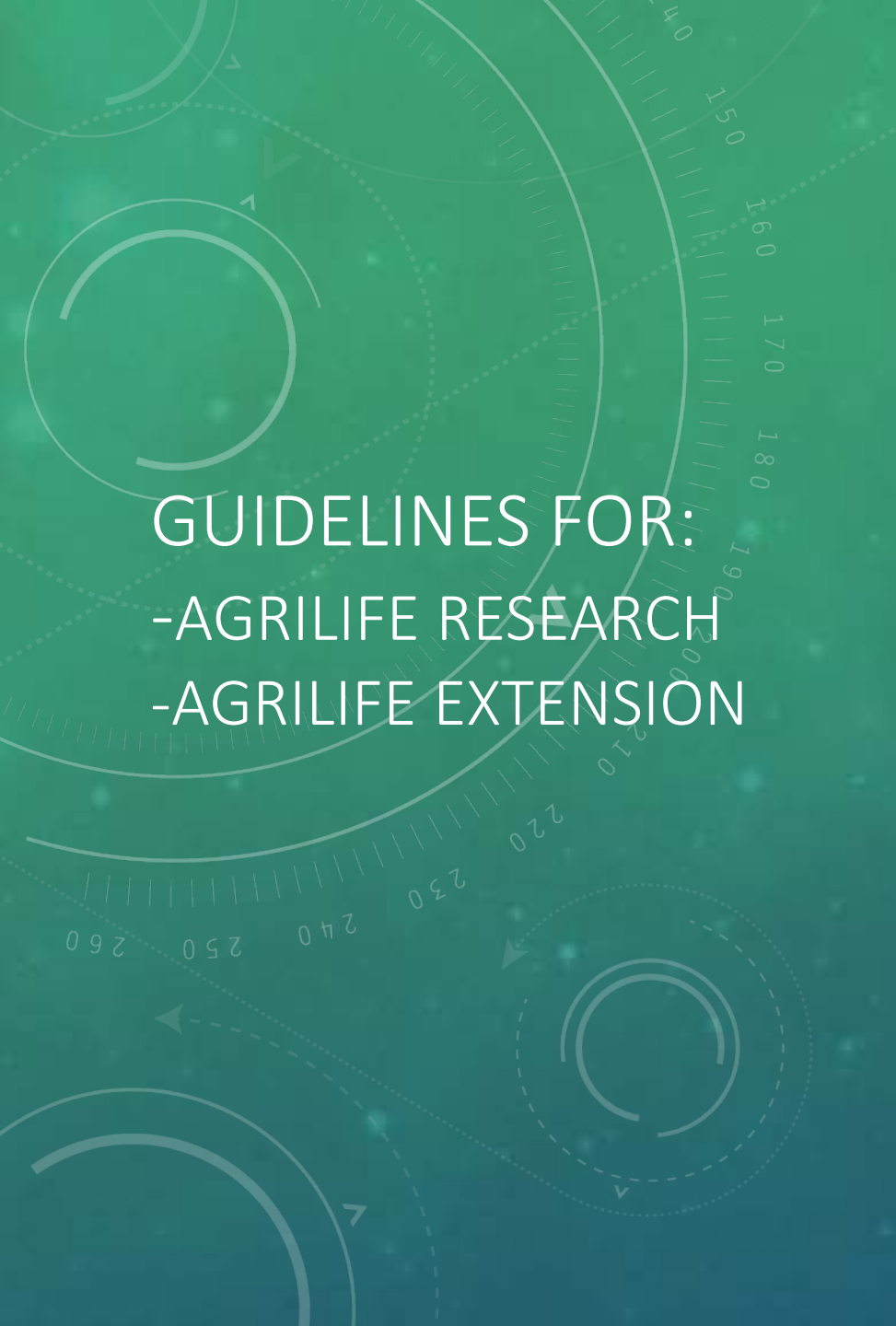
PI or PI delegate email confirmation of transfer required:

- Transfer between two sponsored projects under 90 days
- Transfer between SL to SL (same M record) over 90 days
- Transfer to sponsored project after project end date but within 90 days of project end date

Cost Transfer Justification Form required:

- Transfer between two sponsored projects over 90 days
- Transfer to a sponsored project over 90 days

Note: If the cost transfer justification form is required, the DCR will be forwarded to the appropriate SRS AD for additional approvals. Once all approvals are complete in Canopy, the correction will post to all associated accounts.



GUIDELINES FOR:

- AGRILIFE RESEARCH
- AGRILIFE EXTENSION

Cost Transfer Justification Form Required:

- Transfer under 90 days between two sponsored projects
- Transfer is submitted after the end date of the project
- Any transfers over 90 days unless it is considered an exemption.

Exemptions:

- Adjustments including object code only
- Adjustments between support accounts within the same project
- Adjustments made by system member property offices
- Adjustments where expenses are being removed from a sponsored project and added to a non-sponsored project

Note: If the cost transfer justification form is required, the DCR will be forwarded to the appropriate system member contact for additional approvals. Once all approvals are complete in Canopy, the correction will post to all associated accounts.

GUIDELINES FOR: -TTI

Cost Transfer Justification Form Required:

- Transfer under 90 days between two sponsored projects
- Transfer is submitted after the end date of the project
- Any transfers over 90 days unless it is considered an exemption.

Exemptions:

- Adjustments including object code only
- Adjustments between support accounts within the same project
- Adjustments made by system member property offices
- Adjustments where expenses are being removed from a sponsored project and added to a non-sponsored project

Note: If the cost transfer justification form is required, the DCR will be forwarded to the appropriate SRS AD and system member contact for additional approvals. Once all approvals are complete in Canopy, the correction will post to all associated accounts.



GUIDELINES FOR: -TEES

Cost Transfer Justification Form:

- Transfer between two sponsored projects accounts AND over 90 days
- Transfer is onto a sponsored project account AND over 90 days

Exemptions:

- Adjustments including object code only
- Adjustments between support accounts within the same project

Note: If the cost transfer justification form is required, the DCR will be forwarded to the appropriate SRS AD and system member contact for additional approvals. Once all approvals are complete in Canopy, the correction will post to all associated accounts.

QUESTIONS?

The background features a gradient from light green at the top to dark blue at the bottom. On the left side, there is a large, semi-circular scale with tick marks and numbers ranging from 140 to 260. Several circular patterns, including solid and dashed lines with arrows, are scattered across the image, suggesting a technical or scientific theme.

THANK YOU FOR JOINING US!

Reminder: There will not be an AnSRS4U presentation in June, but we will be picking back up in July.