



Expense Verification for Federally-Funded Sponsored Projects

I. Policy Statement

Verifications of Sponsored Project expenses are an element of a control structure designed to limit financial risk and maintain financial accountability.

To be considered timely and complete, monthly expenditures must be reviewed and verified by a knowledgeable individual Principal Investigator/ Program Director (PI/PD) and/or delegate at least quarterly.

Consistent and timely expense verifications are essential for an effective internal control environment to ensure that:

- Financial information reported to sponsors is accurate, complete and recorded in a timely manner, and irregularities are detected and resolved in a timely manner.
- The information can be relied upon for accurate financial reporting, reimbursement requests and effort certification.
- Corrections are documented, monitored and resolved timely.

II. Reason for Policy

Federally-funded sponsored projects are subject to federal regulations, including the Uniform Guidance (2 CFR 200 or UG) and the Federal Acquisition Regulations (FAR). These regulations direct the University to establish and maintain effective internal controls, to provide reasonable assurance of compliance, and ensure that costs charged to a sponsored project are allowable, allocable, reasonable, and benefit the project.

A sponsored project expense verification policy provides an important internal control and improves reliability of accurate reimbursements from sponsors. Failure to comply with federal regulations may result in repayment of disallowed costs and assessment of fines, penalties, and interest by the federal government.

III. Scope & Audience

University-wide. Approving colleges, departments and other units, as well as OSU personnel involved with the conduct and administration of sponsored award activities are affected by this policy. This policy will affect all federal or federal flow-through sponsored project funding.

IV. Definitions

- **Allocable Cost:** A cost assigned to a sponsored award or other cost objective where the goods or services involved are chargeable or assignable to that sponsored award or cost objective in accordance with relative benefits received.
- **Allowable Cost:** A reasonable cost that is allocable to the sponsored award(s). The cost must conform to any limitations or exclusions set forth in federal regulations or the sponsored award agreement and should be allocated to each project based on the relative benefit received.
- **Co-Principal Investigator/Co-Investigator (Co-PI/Co-I):** Depending on the agency, this person(s) serves as an additional member of the project team. A PI/Co-I must meet all eligibility requirements for PD/PI status, and be associated with the applicant/awardee institution. The presence of more than one identified PD/PI on an application or award diminishes neither the responsibility nor the accountability of any individual PD/PI. A Co-PI/Co-I is typically considered key personnel.
- **Cost Share:** Cost sharing is the support of a project through either cash or in-kind contributions, either required by some sponsors or volunteered by the institution. Cost sharing requirements vary, and often represent a percentage of the total cost. Cash contributions represent any cash expenditures by the institution and in-kind contributions are those provided by an outside entity. Cost share obligations of OSU E&G funds are tracked with a grant/index code provided by OSRAA at award setup. Non-E&G, in-kind, and third party cost share must be tracked outside of Banner and communicated to OSRAA for reporting purposes. Cost share should generally be recorded and tracked over the life of the award. OSRAA will prepare and submit cost share reports to sponsors as required by award terms and conditions.
- **Delegate:** An individual formally identified by the PI or Co-PI to act on their behalf in the expense verification process. The delegate will have personal knowledge of the sponsored project and expenses charged to the index, including personnel allocation. Delegate will need to be a permanent employee or an experienced employee on a 1039 appointment in support of the funded project. Delegates must be approved in advance to ensure proper routing.
- **Direct Costs:** Those costs that can be identified specifically with a particular project, or can be assigned to such activities relatively easily with a high degree of accuracy.
- **Principal Investigator (PI) / Program Director (PD):** The individual(s) judged by the applicant organization to have the appropriate level of authority and responsibility to direct the project or program supported by the sponsor. Some agencies also use the term Lead Principal Investigator for this role. The applicant organization may designate multiple individuals as PDs/Pis who share the authority and responsibility for leading and directing the project, intellectually and logistically. However, each award does designate a Lead Program Director/Principal Investigator. Each PD/PI is responsible and accountable to the applicant organization, or, as appropriate, to a collaborating organization, for the proper conduct of the project or program including the submission

of all required reports. The presence of more than one identified PD/PI on an application or award diminishes neither the responsibility nor the accountability of any individual PD/PI. The Lead PD/PI is always considered key personnel.

- Sponsored Projects:** Externally-funded programs, with unique grant codes, supporting indexes, and funds in Banner, per the university’s financial accounting system. Sponsored projects may be grants, contracts, or cooperative agreements. For purposes of this policy, refers only to projects sponsored with federal funds directly or flowing through another agency or university. (Also referred to as “award”.)
- Unallowable Costs:** Those costs that cannot be charged to a sponsored award due to sponsor and/or OSU policies, regulations and restrictions. These regulations vary by sponsor and the same sponsor may have different restrictions for different awards, depending on the source of the funding, the type of award (e.g. grant, cooperative agreement or contract), or the purpose of the award (e.g. research, equipment, conference, training). Therefore, whether a cost is considered allowable or unallowable for a sponsored award is ascertained by reviewing the award documentation, sponsor regulations and guidelines, and OSU policies and procedures.
- Verification:** A periodic review of award financial activity to confirm that income and expenses are timely, reflect the level of effort expended in support of the sponsored project, and are appropriately allocated to the award based on the benefit received. The verification process will include a review of personnel costs posted to the award with particular attention to level of effort by key personnel and identification of missing or incorrect postings. When reviewing supplies, travel and other non-labor expenses, verify charges were allocated appropriately among all awards relative to the benefit received. Verifications should include periodical reviews of charges posted to Cost Share and Program indexes as required for the award.

V. Website (specific to this policy)

<http://research.oregonstate.edu/osraa>

VI. Contacts

Department	Phone Number	Website
Office for Sponsored Research and Award Administration (OSRAA)	541.737.4933	http://research.oregonstate.edu/osraa

VII. Responsibilities & Procedures

- See Expense Verification Guidelines and Procedure Document
- Expense Verification FAQs

VIII. Forms & Tools

- See Expense Verification Guidelines and Procedure Document

IX. Related Information

- See Expense Verification Guidelines and Procedure Document

X. History

Last review date: 9/29/2020

Next scheduled review date: 10/10/2022

Original issue date: Effective Date 10/10/2020

Note: The Office of University Compliance will attempt to track the original issue date of policy and revision dates to existing policies but will not publish this information on the website.