

## **G&C Notice 08-I**

**September 19, 2007**

Web Grants Management Users -

This communication is intended as a reminder of the special rules and regulations governing expenses charged to sponsored projects. The Office of Grants and Contracts Accounting conducts regularly scheduled training sessions pertaining to allowable and unallowable costs. The training schedule may be accessed from the following web-site: <http://www.grants.gatech.edu/main/calendars/training-calendar/>. You can register for an upcoming session via the Office of Organizational Development web-site.

**The following expense types are typically unallowable and should not be posted as a direct charge to a sponsored project (list is not all-inclusive):**

- Office supplies or other general purpose supply/equipment items (paper, toner cartridges, pens, pencils, PCs, etc.)
- Hand-held communication devices and charges
- Dues and membership fees
- Administrative or clerical salaries
- Telephone charges
- Internet charges
- Postage
- First Class or Business Class travel
- Advertising
- Entertainment, including alcohol
- Fines and penalties
- Fund raising or development

From OMB Circular No. A-21, Section C, "Cost Principles for Educational Institutions":  
"The tests of allowability of costs under these principles (OMB Circular A-21) are:

1. They must be **reasonable**;
2. They must be **allocable** to sponsored agreements under the principles and methods provided herein;
3. They must be given **consistent treatment** through application of those generally accepted accounting principles appropriate to the circumstances; and
4. They must **conform** to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items."

It is the responsibility of PD/PIs, unit heads and staff delegated signature authority by unit heads to ensure that only allowable charges are posted as direct expenses to sponsored projects. Unit financial managers are in the most knowledgeable position with up-to-date information regarding the provisions and status of their respective sponsored projects. As such, local management's signature approval of a financial transaction indicates:

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1. Approval for the action requested
2. Goods or services are directly related to the project scope
3. Charges are allowable according to the approved project budget
4. Charges have been incurred within the project time period
5. Charges have been incurred in accordance with GIT financial and accounting policies and procedures
6. Charges have been incurred in accordance with Terms and Conditions of the sponsored agreement
7. Funds are available in the designated projects

The Office of Grants and Contracts Accounting performs a quarterly Sponsored Project Allowable Costs compliance review to accomplish the following objectives:

1. Provide means for monitoring compliance with OMB Circular A-21 and implementing adequate internal controls to ensure that departmental business managers are monitoring compliance with respect to expenditures charged to sponsored projects.
2. Implement systematic queries of sponsored project charges to evaluate the appropriateness of direct costs charged to projects.

G&C Policy Statement 3.4 is attached for your review and reference. Please contact our office at [gc.ask@business.gatech.edu](mailto:gc.ask@business.gatech.edu) if you have any questions related to specific expenses or your individual responsibilities in this regard.