

**G&C Notice 08-I**  
**February 12, 2015**

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.ohr.gatech/learning>, where you can review classes and register for an upcoming session.

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

- Office supplies
- Telephone toll charges / hand-held communications device charges
- Dues and membership fees
- Administrative or clerical salaries\*
- Postage
- First Class or Business Class travel
- Entertainment, including alcohol

\* Salaries of administrative and clerical staff may be charged directly only if all of the following conditions are met:

- 1) They are integral to the project or activity;
- 2) Individuals involved can be specifically identified with the project or activity;
- 3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- 4) The costs are not also recovered as indirect costs.

The following expense types are typically allowable as a direct charge to a sponsored project (2 CFR Part 200.453):

- In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.

From OMB 2 CFR Part 200.403: The factors affecting allowability of costs under these principles are:

- They must be necessary, reasonable, and allocable;
- They must conform to any limitations or exclusions set forth in the principles or in the Federal award as to types or amount of cost items;
- They must be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the non-Federal entity;

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- They must be accorded consistent treatment as either a direct or indirect cost;
- They must be determined in accordance with generally accepted accounting principles (GAAP);
- They must not be included or used to meet cost sharing or matching requirements of any other Federally-financed program; and
- They must be adequately documented

If any activity/expense cannot meet the above criteria, it may not be charged directly or indirectly to a sponsored project, regardless of its purpose.

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:

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 2 CFR Part 200 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.

Please reference G&C Policy Statement 3.4 for additional details related to allowable and unallowable costs. 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.