

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

*University of Missouri System*  
*Published 2009*

# 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



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# 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





# 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

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# 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



# Other considerations

- Allowability impacts the sponsored programs process from beginning to



# Responsibilities

<b>Activity</b>	<b>PI</b>	<b>Research Admin</b>
Overall Compliance Responsibility	X	
Knowledge of Compliance Requirements	X	X
Attend Training	X	X

# Common Issues

- Unallowable costs directly charged to award
- Lack of supporting documentation
- Purchases late in the award

# 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