

Policy:	Expenditure Analysis on Sponsored Programs		
Responsible Office:	Office of Sponsored Research	Prepared By:	Erica Kennedy, MBA, CRA Director, Office of Sponsored Research
Approved Date:	05/18/2018	Reviewed By:	James Krukones, PhD Associate Academic Vice President
Last Revised Date:	n/a	Approved By:	Nicholas R. Santilli, PhD Interim Provost and Academic Vice President

Scope

This policy applies to all sponsored awards and must be followed by all John Carroll University faculty, staff and students involved with sponsored awards and/or the processing of expenses charged to sponsored awards.

Policy Statement

It is the policy of John Carroll University that all costs charged to a sponsored program must comply with the sponsor’s terms and conditions, John Carroll University policies and procedures, and Federal regulations including [45 CFR 75 Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards](#) and [2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#). For proper management of a sponsored project it is imperative that activity statements are reconciled on a regular basis to ensure that expenditures are charged correctly and within appropriate guidelines. Using these tools, regular monitoring of your sponsored projects helps to:

- Ensure that costs are consistent with the project schedule and incurred between the start and stop dates of the project.
- Discover any errors in the budget, encumbrances, or expenditures.
- Confirm the availability of project funds as needed.
- Avoid overspending, which may cause a deficit and limit further spending.
- Verify that corrections and cost transfers have been made or are made in a timely manner.
- Maintain good documentation for an audit if one should occur in the future.

Monitoring Expenses

Expenditures for sponsored projects and cost sharing accounts must be reviewed by a knowledgeable individual, i.e., the PI or designee (typically the financial or research administrator) so that adjustments can be made in a timely manner, and that rates of expenditures can be monitored to assure availability of funds.

Any questionable charges must be brought promptly to the PI's attention, and, if needed, corrected by an appropriate transfer. Transfers should be initiated as soon as possible after a need has been identified. Cost transfers that represent corrections of errors should be completed within three months of when the error is discovered.

You should monitor actual against budgeted and identify and address variances (the difference between a budgeted cost and the actual expense incurred.)

When analyzing data keep in mind:

- A one-time expenditure or credit may skew the burn rate (i.e., a large equipment expense)
- Cyclical or trend-based work can effect a straight line forecast (i.e., summer downsize and fall ramp-up)

Determine the impact of a variance, both financial and programmatic. Determine whether it is recurring and must be addressed or if it is just a one-time aberration. What budget category was debited and credited? Why did the variance occur? What will you do about it?

Forecast future costs based on actual costs to date. Use expense to date to calculate how much can be spent monthly for the remaining months of the award to keep within budget.

Analyze forecasts and discuss with the PI items such as: Is spending to date in sync with the % of work complete? Will you need to request a “no cost extension”? Do subcontractors need to be contacted? If the PI makes changes, prior approvals from the sponsor or the university may be required. Check re-budgeting authority and Terms & Conditions.

Re-Budgeting

Although sponsors allow some flexibility with respect to re-budgeting, un-obligated balances, and pre-award costs, John Carroll University and sponsors expect expenditures to be reasonably consistent with the approved project and budget.

Sponsors may question or restrict expenditures that appear inconsistent with the project plan and budget. PIs are obligated to request prior approval when budget and program plan revisions indicate a significant change in scope.

Indicators of a change in scope can include, for example, significant expenditures beyond the amount authorized on the award, or requests for additional funding. PIs are obligated to request prior approval when budget and program plan revisions indicate a significant change in scope. Consult with OSR for additional guidance and to submit a formal request to the sponsor.

For federal grants, advance written approval by the sponsor is required for:

- Change in the scope or the objective of the project or program
- Change in the PI
- Disengagement for more than three months or a 25% reduction in time devoted to the project, by the approved PI and/or key personnel
- Additional federal funding
- The transfer, by contract or other means, of a significant part of the research or substantive programmatic effort (i.e., subaward).

Responsibility

The PI has overall responsibility for the technical and fiscal management of a sponsored project. This includes managing the project within funding limitations as well as adhering to reporting requirements and assurance that the sponsor is notified when significant conditions related to project status change. A PI's fiscal management responsibilities include regular monitoring of each awarded project's expenses against approved budgets.

While responsibility for the day-to-day management of project finances may be delegated to administrative staff, accountability for compliance with John Carroll University policy and sponsor requirements ultimately rests with the PI.

Sanctions

Failure to adhere to this policy and procedures may result in the administrative suspension and/or termination of a sponsored program agreement and other actions.

Related Information

[45 CFR 75.302](#)

[2 CFR 200.302](#)

[HHS Grants Policy Statement](#)

[HRSA Legislative Mandates in Grants Management for FY 2018](#)

[NIH Grants Policy Statement](#)

[NSF Proposal and Award Policies and Procedures Guide](#)