Expenditures for Award-Related Goods and Services

Clark University is responsible for managing all federal funds in a manner consistent with the standards set by the Office of Management and Budget (OMB), as well as with all applicable guidelines and policies set by federal agency and other funders. Principal Investigators (PIs) are held responsible for financial oversight of their grants and contracts to ensure that all charges conform to the requirements of the OMB, as well as any and all requirements and terms and conditions of the funder and project award. Grants Accounting and the Office of Sponsored Programs and Research (OSPR) provide additional oversight and support and should be contacted at any point with questions on the financial management of awards.

Determining Allowable Costs

OMB Circular A-21 (Cost Principles for Educational Institutions) establishes the principles for determining what costs are properly applicable to grants, contracts and other agreements with educational institutions.

According to OMB Circular A-21 all costs must be:

1. **Allowable** under the terms of the grant/contract. To be allowable, costs must be:
   
   - Reasonable,
   - Allocable to the sponsored agreement,
   - Given consistent treatment under accounting principles, and
   - Conform to limitations or exclusions set forth in A-21 or in the sponsored agreement.

2. **Reasonable.** PIs should consider the following guidelines for determining reasonableness:
   
   - The actions taken to incur the expense reflect those of a prudent person in those circumstances.
   - The cost is recognized as necessary for the operation of the institution or the carrying out of the sponsored project.
   - The persons incurring the expense acted prudently and with consideration of their responsibilities to their institution, its employees, its students, the Federal Government, and the public at large.
   - The actions taken to incur the expense are consistent with institutional policies and practices applicable to the work of the institution generally, including sponsored projects.

3. **Allocable.** A cost is allocable to a sponsored project if:
   
   - It solely advances the work under the sponsored agreement, or
   - It benefits both the sponsored agreement and other institutional work in proportions that can be reasonably approximated, or
   - It is necessary to the overall operation of the institution and is deemed allocable in part to sponsored projects in light of OMB principles.

Additional rules regarding allocable costs include:
1. Any costs allocable to a particular sponsored agreement may not be moved to other sponsored agreements to meet deficits caused by overruns, to avoid restrictions, or for any reasons of convenience.

2. If a cost benefits two or more projects in proportions that can be determined, the cost should be allocated to the projects based on proportional benefit. If these proportions cannot be determined, then the costs may be allocated or transferred to benefited projects on a reasonable basis consistent with the principles of OMB Circular A-21.

Unallowable Costs

[Unallowable Costs text]

Approval of Award Expenditures

[Approval of Award Expenditures text]
payment. See Sub-Recipient/Sub-Award Monitoring policy for more details.

Any payments/reimbursements made directly to the PI must be authorized by the Office of Sponsored Programs and Research.