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## WVU POLICY

### DIVISION OF FINANCE

### SPONSORED PROJECT EXPENDITURES

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#### 1. PURPOSE & SCOPE

- 1.1. **Purpose** – The purpose of this policy is to support the University’s application of cost principles for responsible administration of sponsored project expenditures.
- 1.2. **Scope** – This policy applies to all costs incurred on sponsored projects (grants, contracts, and cooperative agreements) administered by West Virginia University (WVU), inclusive of its divisional campuses, and the West Virginia University Research Corporation (WVURC).

#### 2. POLICY

- 2.1. WVU/WVURC policy is to adhere to *Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200 Subpart E)* when incurring costs to sponsored projects. These cost principles will apply to all sponsored project costs incurred unless the award terms or conditions stipulate a differing method or requirement.
- 2.2. The total cost of a sponsored project award is the sum of the allowable direct and allocable indirect costs minus any applicable credits.
  - 2.2.1.1. Direct costs are typically incurred specifically for that sponsored project. They can be identified specifically with a particular final cost objective or that can be assigned to such activities relatively easily with a high degree of accuracy. WVU/WVURC expends and administers direct costs through its applicable internal controls for labor costs/payroll and procurement and with the administrative, financial/budgetary, and programmatic terms and conditions of the sponsored project.
  - 2.2.1.2. Indirect costs are incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted. The term “facilities and administrative (F&A) cost” is often used to refer to indirect costs. WVU/WVURC administers and applies its indirect costs in accordance with its negotiated indirect cost agreement with the federal government.
  - 2.2.1.3. Applicable credits are transactions that offset or reduce direct or indirect costs allocable to a sponsored project award (such as purchase discounts, rebates or allowances, and adjustments of overpayments or erroneous charges).



## Division of Finance

### Policy #20

**Category:** Division of Finance

**Title:** Project Expenditures

**Responsible Unit:** Financial Projects & Compliance

**Adopted:** September 1998

**Revision History:** January, 2026, February, 2023,  
October 2019, September 10, 1998

**Review Date:** January, 2026

2.3. In accordance with 2 CFR 200.403, all costs charged to WVU/WVURC sponsored projects must meet applicable criteria to be **allowable**, including:

- Be necessary and **reasonable** for the performance of the sponsored project, and be **allocable** thereto.
- Conform to any limitations or exclusions set forth in for expense or type-specific principles or in the sponsored project award.
- Be consistent with policies and procedures that apply uniformly to both sponsored and non-sponsored activities.
- Be accorded consistent treatment. A cost is consistent when costs incurred for the same purpose in like circumstances are treated consistently as direct or indirect costs. Exceptions to the consistent treatment of direct costs charged to non-federal awards are dictated by the sponsor's policies and approval by the Office of Sponsored Programs.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing requirements of any other federally-financed program in either the current or a prior period. See Section 2.4 below for more information.
- Be adequately documented with transaction records that are complete, transparent and complies with the applicable University procedures/requirements. Refer to the University Procedure document [Business Purpose Explanations for Sponsored Award Purchases](#) for additional guidance.
- Be incurred during the project's period of performance or budget period unless a permissible exception applies (such as administrative closeout costs permitted per 2 CFR 200.403(h)).
- In accordance with 2 CFR 200.404, a cost is **reasonable** if the goods or services acquired reflect what a prudent person would pay, considering market prices, sound business practices and terms of the award supporting the project. Please refer to the University Procedure document [Charging Direct Costs to Sponsored Awards](#) for additional guidance.
- In accordance with 2 CFR 200.405, a cost is **allocable** to a particular project if it is incurred to advance the scope of work and is assignable to the project in proportion to the relative benefits received. Allowable costs must be incurred, received and provide a necessary and direct benefit between the start and end date of the applicable sponsored activity. Please refer to the University Procedure document [Allocating Costs to Sponsored Awards](#) for additional guidance.
- Be in compliance with the terms and conditions of the applicable sponsored project.



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**2.4. Cost Sharing** – Expenses incurred to meet the cost sharing commitments included within a sponsor’s award documentation require the same accounting, financial, legal and regulatory requirements as costs charged directly to sponsored projects. Expenditures recorded as cost sharing must follow the guidance in this document and the University’s [Cost Sharing/Matching of Sponsored Projects Policy](#) .

**2.5. Unallowable Costs** – Activities and transactions may be considered unallowable due to federal regulations, University policy, sponsor guidelines or terms and conditions of the sponsored award. Costs that are expressly or otherwise sustained as unallowable shall be identified and excluded from any billing, claim, application, or proposal applicable to a sponsored award. WVU/WVURC will also maintain internal procedures for prompt resolution of sustained unallowable costs.

### 3.0 RESPONSIBILITIES

**3.1 Interpretation** – The responsibility for interpretation of this policy rests with the Senior Associate Vice President for the Division of Finance or designee.

**3.2 Application** – Responsibility for support of this policy rests with all employees. Principal investigators, faculty, staff, administrators, and any other personnel with duties which initiate, facilitate, or otherwise administer sponsored projects expenditures are responsible for appropriately applying these cost principles with sufficient supporting documentation. It is also the responsibility of the dean or director to implement and maintain this policy within the department, unit, or organization.

**3.3 Procedure Development** – Responsibility for procedure development rests with the Sponsored Projects Accounting unit within Shared Services, Procurement Contracting and Payment Services within Finance, and the Financial Projects & Compliance unit within Finance.

### 4.0 AUTHORITY & REFERENCES

4.1 WVU Board of Governors Finance & Administration Rule 5.1 - *Approvals and Delegation of Authority for Financial and Administrative Matters.*

4.2 **2 CFR 200** - *Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*





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**5.0 SUPERCEDES**

5.1 This policy supersedes all other Sponsored Project Expenditures policies, procedures or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this policy.

Barbara A. Weiss  
Barbara Weiss  
Sr. Associate Vice President - Finance

2/7/26  
Date

