
WVU POLICY

DIVISION OF FINANCE

PROJECT EXPENDITURES

1. PURPOSE & SCOPE

- 1.1. **Purpose** – The purpose of this policy is to inform University departments of their responsibility to ensure that all costs charged to sponsored agreements and any associated cost share funds are allowable, reasonable, and directly allocable to that agreement.
- 1.2. **Scope** – This policy applies to all Principal Investigators and administrators at West Virginia University, inclusive of its divisional campuses and the West Virginia University Research Corporation, responsible for expenditures charged to sponsored awards.

2. POLICY

- 2.1. In accordance with Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 2 CFR Part 200 Subpart E for new and modified awards issued on or after 12/26/14 and OMB Circular A-21 for awards issued prior to 12/26/14, all costs charged to sponsored agreements (grants, contracts, and cooperative agreements) and associated cost share funds must be allowable, reasonable, and directly allocable to that agreement and incurred during the period of performance.
- 2.2. To be allowable, costs must be reasonable, allocable, and given consistent treatment.
 - **Reasonable** costs are those in which the nature and amount of the expense reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.
 - 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 benefit received. Allowable costs must be incurred, received and provide the necessary benefit between the start and end date of the applicable sponsored activity.
 - **Consistent** treatment refers to treating costs incurred for similar purposes in like circumstances in a like manner (as either a direct or indirect cost).
- 2.3 Costs, including those charged to cost share and program income funds, also must conform to any limitations or exclusions specifically set forth in federal regulations or in the sponsored project agreement.



Division of Finance Policy #20

Category: Division of Finance

Title: Project Expenditures

Responsible Unit: Financial Projects & Compliance

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2.4 Costs that are expressly unallowable shall be identified and excluded from any billing, claim, application, or proposal applicable to a sponsored agreement.

2.5 For costs incurred prior to receipt of a fully executed agreement, contact the Office of Sponsored Programs to establish an advance account based on verbal approval.

3. DEFINITIONS

3.1. **DIRECT COST** – Cost that can be identified specifically with a particular sponsored activity or can be assigned to such activities with a high degree of accuracy.

3.2. **FACILITIES AND ADMINISTRATIVE COSTS** – Costs incurred for common or joint objectives that cannot be readily identified with a specific sponsored activity (sometimes referred to as indirect costs).

4. RESPONSIBILITIES

4.1. **Interpretation** – Responsibility for interpretation of this policy rests with the Vice President for Strategic Initiatives or designee.

4.2. **Application** – Responsibility for support of this policy rests with all employees. It is the responsibility of the dean or director to implement and maintain this policy within the department, unit, or organization.

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

5. AUTHORITY & REFERENCES

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

6. SUPERCEDES

6.1. This policy supersedes all other 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.

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02/23/23

Date

