



Treatment of Unallowable Costs Charged to a Sponsored Project Best Practices

Background and Purpose

Reviewing accounts and removing unallowable expenses is a critical part of the University's internal control process ensuring that all posted expenses are appropriate, allowable, reasonable, approved and supported with documentation. Unallowable costs, erroneously charged to an award, must be promptly transferred to your Departmental University Cost Center, Discretionary Account, or other non-sponsored project account.

Abbreviations

Abbreviations	Meaning
DA	Department Administrator
PI	Principal Investigator
SP – POST RA	Sponsored Programs Post Award – Research Administrator

Roles and Responsibilities

Person	Role and Responsibility
DA	Review accounts on a monthly basis. Identify expenditures that are unallowable; promptly transfer to your Departmental University Cost Center, Discretionary Account, or other non-sponsored project account. Work with your SP - Post Award RA if you have any questions on how to resolve.
SP - Post RA	Review cost transfers moving unallowable costs from sponsored projects for accuracy and completeness and approve if appropriate.
PI	Work with your DA to identify unallowable expenditures charged to sponsored projects. Alert DA and SP – POST RA of any unallowable expenditures. Timely approve any cost transfers involving unallowable expenditures

Process Flow

- DA/PI conduct monthly review of accounts.
- DA/PI identify any unallowable costs charged to a Sponsored Project.
- DA promptly transfers the unallowable charges to a Departmental University Cost Center, Discretionary Account, or other non-sponsored project account.
- PI approves the cost transfer as applicable.
- SP - Post RA receives and reviews the cost transfer via workflow and if appropriate, approves the cost transfer.
- If there is an issue with the cost transfer, the SP - Post RA will contact the DA to discuss.

Reference Documents

- [Monitoring Expenditures](#)
- [Managing-an-award FAQs](#)
- [Charging-of-direct-costs-to-sponsored-award \(allowable, allocable, reasonable\)](#)
- [Sponsored Program non-salary-cost-transfer Procedure](#)



- [Sponsored Program Salary Adjustment Procedure](#)
- [After-The-Fact-Review](#)
- [Departmental Contacts](#)