

BLCA 250 – SIGNATURE DELEGATION

Lifecycle of An Account Series – Policy Training

**Presenters: Melissa Coghill, Kristi Mickle, Ken Sandel,
Kathleen Thomason**

**Contributors: Melissa Coghill, Susan Corwin, Susie Geswein,
Amanda Griffith, Lynn Grimes, Ken Sandel, Jeff Tatum, Kathleen
Thomason, Heather Toro, Brittany Vestal**

Agenda

- Signature Delegations Overview
- Fiscal Approval Delegation
- Programmatic Delegation
- Roles & Responsibilities
- Pre-Auditor Delegation
- Best Practices
 - Transactions \leq \$1,000
 - PI Signature Delegation
- Fiscal Approval Review
- Case Studies
- Basic Principles



Session Objectives

- Discuss the origins and policies associate with signature delegation
- Explain the various delegation types and levels
- Explain the roles and responsibilities associate with signature delegation
- Explain what to look for during the programmatic review
- Explain what to look for during the fiscal review
- Define allowable, allocable, and reasonable
- Discuss the importance of documented signature delegations by the Principle Investigator on sponsored program accounts

Delegations

An Overview

Most audits or compliance reviews contain a review of authority to approve transactions. Documented delegations are a key to this process.

Origins of Signature Delegation

- Indiana General Assembly establishes Purdue University (1869)
- Governance of Purdue vested in the Board of Trustees
- Board of Trustees establishes bylaws outlining the duties of the Treasurer ([Article IV: Officers](#))
- The Treasurer, or a representative duly authorized by the Treasurer, shall examine, approve, and sign the written instruments requiring the Treasurer's approval as provided in Article VII. The Treasurer shall have the authority and perform the duties usually attached to the office and as may be prescribed by law, the Board, or these Bylaws.

Delegations

Fiscal Approval

Fiscal approval delegation is granted through various fiscal authority levels by the Comptroller. Historically has been referred to as “Comptroller” approval.

Current policies:

- [EVPT Memo A-19](#) (March 7, 2000) - **under review**
Delegation of Authority and Responsibility for Making and Executing University Contracts and Written Agreements (Except Employment Contracts)
- [EVPT Memo A-35](#) (March 7, 2000) - **under review**
Delegation of Signature Authority for Approving the Obligation of University Funds for Procurements of Services, Supplies and Expenses, and Capital

Fiscal Approval

- The Fiscal Approval delegation is derived from the Bylaws of the Board of Trustees and through delegation from the Executive Vice President and Treasurer. The Bylaws of the Board of Trustees state that, “no disbursements shall be made, or moneys collected, used or distributed in conduct of the Corporation of the University and their business without authorization of the Treasurer.”
- Authority is referred to as Fiscal Approval
- Authority is delegated by the Comptroller
- Records are maintained in the IDM system

Who has Fiscal Approval?

- Designated business office staff
- Business office staff exist in order to assist Chief Administrative Officers in meeting their responsibilities related to financial management and oversight.
- Business office staff have been delegated specific fiscal authority to approve procurement and disbursement documents.
- SPS Post Award staff
 - Fiscal reporting to the sponsors
 - Authorize Billings and post payments
 - Processing of Subcontract Invoices
 - F&A adjustments, closing JV's (including residual transfers) and return of funds

How is the fiscal approval authority managed?

- Delegated individuals should have:
 - SAP Role (on the position)
 - Fiscal Approval Table by Business Area or Fund Center – maintained by Master Data team

- Workflow on certain transactions is automatically derived when routed through fiscal approval workflow

What are the various fiscal approval levels by position?

Level	\$ Limit	Position Delegated Authority
0	\$1,000 or less	Fiscal Approval Not Required
1	\$1,001-\$5,000	Account Assistant or higher
2	\$5,001-\$25,000	Business Manager or higher
3	\$25,001-\$100,000	DFA, ADFA, Business Manager or higher
3	Pre-Auditor	Designated Pre-Auditor
4	\$100,001-\$500,000	Senior DFA or Vice Chancellor Fiscal Affairs
5	\$500,001-\$1,000,000	Assistant Treasurer/Associate VP
6	\$1,000,001-\$2,000,000	Treasurer
7	\$2,000,001 or higher	BOT through the Treasurer

Required IDM Roles on the Position

LEVEL	\$ LIMITS	SAP ROLE NEEDED	POSITION TYPE TYPICALLY IN ROLE
1	\$1,001 - \$5,000	External_SRM_SM240_000 - Level 1	Account Clerk/Assistant or higher
2	\$5,001 - \$25,000	External_SRM_SM245_000 - Level 2	Business Manager or higher
3	\$25,001 - \$100,000	External_SRM_SM250_000 - Level 3	ADFA/DFA or higher "Large School" Business Managers may also have this authority
4	\$100,001 - \$500,000	External_SRM_SM255_000 - Level 4	Senior DFA or Vice Chancellor Fiscal Affairs
5	\$500,001- \$1,000,000	External_SRM_SM250_000 - Level 5	Assistant Treasurer/Associate VP
6	\$1,000,001- \$2,000,000	External_SRM_SM500_000 - Level 6	Treasurer
7	\$2,000,001 or higher	N/A	BOT however it routes to the Treasurer and then the Treasurer takes it to the Board.

Fiscal Approval Workflow

- Transactions that use fiscal approval workflow
 - Direct Invoice Vouchers – ZV60 KR doc type
 - Journal Vouchers – FV50 SA doc type requiring pre-auditor approval
 - Ariba
 - Concur
 - Property Accounting Documents

- SA docs with grant or federal appropriated funds will always route directly to BA level 3 approver for pre-audit approval

Other Documents that don't go through Fiscal Approval

- Grant subcontract payments are processed via ZV60 but are XR document type so they do not use the workflow fiscal approver table. It is approved by the SPS account manager and the PI
- Transactions less than or equal to \$1,000 do not require fiscal approval effective 7/1/2018
- JN's and various other financial document types will not route through workflow
 - Users will continue existing process except that backup documentation will be attached electronically by the user rather than routed on paper
 - Preparers should not be approving their own documents

Delegations

Programmatic Delegation

Programmatic delegation may be referred to as President's delegations or furthermore "Department Head, Director or Dean" delegation. This delegation provides programmatic approval at the unit or departmental level. This was historically managed by a Form 0009 and referred to as department or academic delegations.

Programmatic Delegation

Academic signature delegations are governed by

[Delegation of the President's Authority \(V.B.5\)*](#)

Programmatic Delegation

Department Heads, Directors and Deans

- Department Heads, Directors and Deans are the Chief Administrative Officers for their areas and are responsible to develop, operate, and maintain an organization that achieves maximum performance with the available resources at their disposal.
- Expenditures should align with department or unit programmatic needs.
- They are expected to exercise prudent and wise judgement in the expenditure of funds, in the utilization of services, and to make sure all programs and actions conform to the appropriate University policies.

Determination of Appropriate Delegations

- Executive officers of the University who have authority delegated to them by the President may choose to delegate responsibility and authority to their subordinate staff or to others who, by virtue of their professional qualifications and/or their functional relationship to the delegating officer's area of responsibility, are capable of exercising such responsibility and authority.
- An appropriate delegation of authority meets the following conditions.
 - Enhances the effectiveness and/or efficiency of operations while maintaining accountability.
 - Does not subject the University to a conflict of interest or circumvent checks and balances in place to minimize risk.
 - Is commensurate with the delegate's role within the organization. The delegate must be otherwise involved in and knowledgeable of the activity being conducted and have a level of responsibility within the University consistent with the authority being delegated.

Programmatic Delegation

- **Department Heads, Directors and Deans** are responsible for programmatic and financial activities.
- Expectations should be reviewed with unit leaders on an annual basis
- Each area makes their own delegation decisions. They may delegate signature authority on their behalf to:
 - ✓ DFA or ADFA
 - ✓ Business Manager
 - ✓ Business office support staff members
 - ✓ Other academic or departmental faculty and staff

Programmatic Delegation

What should not be delegated?

- Cost Share Form 32
- Proposal Routing in Coeus
- Notice to Proceed Form
- Leave Requests
- Employment Contracts
- Overload Authorizations
- Personnel Activity Reports (PARS)
- Outside Activity Forms
- Conflict of Interest Disclosures

Programmatic Delegation

What should the review include?

- Does the expenditure meet departmental/unit goals, objectives or programmatic needs?
- Does the expenditure adhere to University policies and procedures?
- Is the expenditure authorized by someone with first-hand knowledge of the need for the expenditure and authorized by someone delegated to commit funds?
- Is the expenditure appropriate for the type of funds?

Delegations

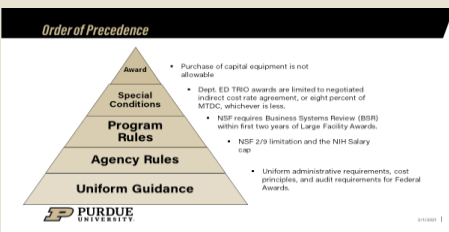
Roles & Responsibilities

The responsibilities for the various delegations across campus are distributed based upon role.

Roles & Responsibilities – Oversight and Authority

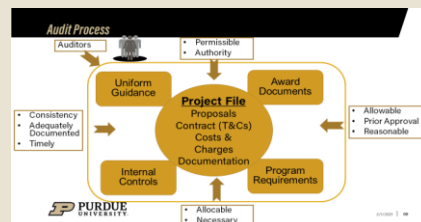
Allocability Certifications

- **UG 2 CFR 200 & Contract requirements**
- Included as part of the expectations of a PI
- Exercised by someone with first hand knowledge that the project benefitted from the proposed expenditure
- In most cases the authority to assign charges to sponsored accounts is vested in the Principal Investigator, however, the Dean, Director, or Department Head remains ultimately responsible for the cost assignment process and any budgetary implications arising from cost assignment



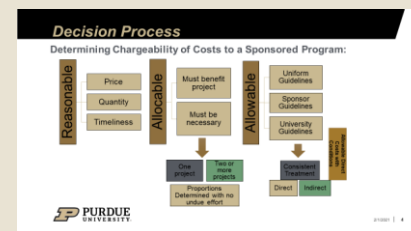
Programmatic and Administrative

- **V.B.5 - Delegation of the President's Authority and Specific Policy Authority (like I.A.1 for Intellectual Property)**
- VPs, Deans, Directors, Department Heads
- Expected to manage all programs and funds within their areas of responsibility in accordance with University rules, regulations and policies
- DFAs, Business Managers, etc. typically are delegated signature authority from the Dean/Department Head for programmatic and administrative authority
- The financial burden of audit disallowance reside with the academic unit



Fiscal Authority

- **A-35 - Delegation of Signature Authority for Approving the Obligation of University Funds for Procurements of Services, Supplies and Expenses, and Capital**
- Delegations have specific \$ limits defined by role
- Applies to DFAs, Business Managers, etc.
- Delegates assist in the determination of the allowability of costs and assist in the determination of appropriate cost allocations
- Ensure that certifications are obtained on source documents and retained based the retention policy



Contract Authority

- **A-19 Delegation of Authority and Responsibility for Making and Executing University Contracts and Written Agreements & BOT By-Laws**
- Limited to just a few individuals and their designees
- Delegations have specific \$ limits
- All contracts and agreements signed or approved under this delegation of authority and responsibility must conform to the general policies as prescribed by the laws of the State or the by-laws of the Board of Trustees of Purdue University and University operational policy and procedures.

Roles & Responsibilities

Business Office Staff

- Business office staff (Directors of Financial Affairs, Business Managers, Research Account Specialists, Account Managers, etc.) have been assigned primary responsibility for assisting Department Heads, Directors, and Deans in fulfilling their fiscal responsibilities.
- Business office staff may:
 - Provide assistance in the determination of allowable costs
 - Provide assistance in the determination of appropriate cost allocation techniques
 - Ensure certifications are obtained on source documents and that these documents are retained in accordance with University retention requirements.
- Business Management staff may exercise delegated signature authority from Department Heads, Directors, and Deans and the Comptroller. Must ensure the appropriate application of the following authorities granted by policy, delegation and role:
 - Allocability Certifications
 - Departmental or Programmatic Authority
 - Fiscal Authority
 - Contract Authority

Roles & Responsibilities

Principal Investigator

- From SPS Website select Training & Development gray box at left then select second bullet down – Expectations of a Principal Investigator <https://www.purdue.edu/business/sps/index.html>
- https://www.purdue.edu/business/sps/preaward/menu/1.gettingstarted/pi_role/pi_expectation.html
- Provides financial oversight of the funding
- **Certifies allocability and appropriateness** of charges to sponsored programs
 - Allocability is a test of necessity and benefit of the item to the project.
 - It is expected that most purchases or expenditures will benefit more than one project because it would be hard to say that no other project would or could benefit.
 - The determination of allocability is vested with the PI because of their first hand knowledge of project scope and deliverables.
 - Assigns signature authority delegations
- Ensures compliance with relevant University policies, federal regulations, and sponsor terms and conditions of an award

Sponsored Program Services – Post Award

- Responsible for providing detailed advice regarding sponsor regulations and business procedures pertaining specifically to sponsored programs and serve as liaison with the sponsors on budgetary matters
 - Monitor compliance with sponsor regulations
 - Obtain sponsor approvals and/or sponsor delegated approvals
 - Allowability of costs
 - Cost allocation guidance
 - Fiscal reporting to sponsors
 - Sponsor invoicing

Office of the Comptroller – Managerial Accounting Services

- Responsible for providing detailed advice regarding costing issues including cost allocation, indirect cost, effort reporting and effort certification, and business procedures pertaining specifically to these topics.
- Responsible for CAS Guidelines – Cost Accounting Standards
- Costing/Charging Instructions for Sponsored Programs
 - <https://www.purdue.edu/business/mas/costing/casGuidelines/Costing-ChargingInstructions.php>
- Cost Allocation Guidelines for Charges to Sponsored Programs
 - <https://www.purdue.edu/business/mas/costing/casGuidelines/CostAllocationGuidelines.php>

Roles & Responsibilities

Role of a SPS Contract Analyst

- Evaluate terms and conditions to determine
 - Types of approvals needed before entering into the contract
 - Whether Intellectual Property rights are defined appropriately
 - Whether the risks are appropriate
 - Whether payment terms are within guidelines

- Evaluate whether the university can/should comply with certain clauses obtain approvals as follows:
 - Regulatory/IRB
 - Export Control
 - Information Assurance
 - Private Business Use
 - Risk Management
 - Dean/Department Head

Roles & Responsibilities

Types of SPS Contracts in the support of Basic and Applied Research and Testing

- Master/Strategic Alliance Agreements
- Contracts and Subcontracts
- NDA: Nondisclosure/Confidentiality/Proprietary Agreement
<https://www.purdue.edu/research/regulatory-affairs/export-controls-and-research-information-assurance/external-confidential-information.php>
- MTA: Material Transfer Agreements
<https://www.purdue.edu/business/sps/contractmgmt/agrtemplates.html>

Roles & Responsibilities

Office of Legal Counsel (OLC)

- Agreements handled by OLC:
 - Facility Use Agreements
 - Equipment Use/Transfer Agreements
 - Technical Assistance Agreements
 - Student Affiliation Agreements
 - Academic Subscription or Content Agreements
 - Study Abroad/Student Exchange/Recruitment Agency Agreements
 - International MOUs and Collaboration Agreements
 - Editorship Agreements
 - Visiting Scholar/Scientist Agreements
 - Business Associate Agreements
 - Student Capstone Projects and associated NDAs
 - Purdue Online and Purdue Global
 - Data Mine Agreements
 - Software User/License Agreements (Procurement)

OLC Intake Form -

<https://www.purdue.edu/legalcounsel/working%20w%20us/Employees.html>

Roles & Responsibilities

Other offices at the University that handle contracts

- **Procurement.** Responsible for purchasing good and services.
- **Purdue Research Foundation/Office of Technology Commercialization.** Responsible for managing University's intellectual property assets.
- **Copyright Office.** Advises on copyright law.

Delegations

Pre-Auditor

The Pre-Auditor role is delegated to a small subset of Business Management staff.

Who is delegated the Pre-Auditor Role?

- The Pre-Auditor role is delegated to Level 3 fiscal approvers by Business Area.
- Generally the Pre-Auditor role is delegated to the DFA and/or ADFA only
- Workflow is applicable to FV50 SA correcting documents to ensure post-transactional changes are allowable

What is the role of the Pre-Auditor?

- Pre-Auditors assure that corrections and/or changes to sponsored program expenditures are appropriate and allowable.
- Pre-Auditors assure compliance with:
 - University rules, regulations and policies
 - Federal cost allocation guidelines
 - Sponsor guidelines
- Adjusting and correcting entries are targets for federal audits and potential cost disallowances.

SPS Delegations & Approval

What role does SPS play?

SPS Post Award Delegations & Approvals

- [Prior approval](#) as required by sponsor or Federal Demonstration Partnership (FDP) Matrix
 - Sub-recipient Invoices (via ZV60)
 - Change in Asset Forms involving grant funds (via Fiori)
 - Fiscal reporting to the sponsors
 - Authorize Billings and post payments
 - F&A adjustments, closing JV's (including residual transfers) and return of funds
 - Approval of Sponsor & Subaward Amendments
- § Request and Leave Action (RLA) forms when SPS funds are used to cover salary for a research leave greater than 22 days or the PI is the one requesting the leave (via SuccessFactors)

SPS Contracting Delegations & Approvals

SPS Contracting Signature delegation

- Legal entity is the Trustees of Purdue University (we just use “Purdue University”)
- Under our bylaws, authority to sign for certain matters is delegated
- Contract Analysts have been delegated authority under defined parameters to sign contracts
- Business managers, faculty members cannot sign these contracts on behalf of Purdue University. However, faculty are often asked to **acknowledge** their responsibilities for confidentiality agreements and material transfer agreements

BEST PRACTICES

Monthly review of transactions without prior fiscal approval

PI Signature Delegation Forms

Monthly Review of Transactions ≤ \$1,000

New review to be rolled out for FY22

Business office account management staff will be expected to perform a routine monthly review of a sample of transactions ≤ \$1,000 to ensure steps are being taken by the individual requesting the purchase to ensure certain criterion is met and to ensure the purchase is allowable.

Reason for the Review

- Reduce the risk of unallowable expenses on federal grants and federal appropriations
- Proactively work with requestors or initiators to provide corrective measures to mitigate future risk
- Provide an opportunity to review and correct incorrect postings


Monthly Review of Transactions ≤ \$1,000

Monthly Review of Transactions ≤ \$1,000 Cognos Report

- Primary focus will be on federal sponsored programs and federal appropriations
- Report may be ran for all operating or grant funds
- Report will bring back an audit selection (~10%) of Ariba PO's, ZV60 payments, and T-card/P-card transactions ≤ \$1,000
- Cognos report will be utilized to complete the monthly review & should be documented
- Cognos report will be published to the Standard Content folder
- Training and communication will be forthcoming
- Detailed report instructions and review instructions are forthcoming

Monthly Review of Transactions ≤ \$1,000

Report Sample

Purchase Orders Summary		Travel/P-Cards Transactions Summary		Non_PO/Direct Orders Summary								
		Transactions under \$1,000 Review Fiscal Year: 2021 Fiscal Year Period: 11 Financial Unit: 16010000 - Medchem/Molecular Pharm Grant Type Display: FA - Fed - Agency for Intl. Dev., FC - Fed - Dept. of Commerce, FE - Fed - Dept. of Energy, FF - Fed - Dept. of Defense, FG - Fed - Dept. of Agriculture, FH - Fed - DHHS, FI - Fed - Dept. of Interior, FL - Fed - Dept. of Homeland Sec., FN - Fed - NASA, FO - Fed - Other, FP - Fed - EPA, FS - Fed - Natl. Science Foundation, FT - Fed - Dept. of Transportation, FU - Fed - Dept of Education				Report Name: Monthly Review of Transactions Under \$ 1,000 _Standard Report Run Date: Jun 15, 2021 Run Time: 3:51:43 PM						
Purchase Orders under \$1,000 (Ariba Orders)												
* <input checked="" type="radio"/> Audit Selection <input type="radio"/> All Records												
Actuals											2021	
											2021-11	
											Actuals	
Purchasing Document Number	PO Line Item Text	FI Accounting Document Number	Line Item Text	Vendor Name	Grant Number	Grant Type Display	Funded Program Display	Commitment Item Display	FM Amount Type	Reference Transaction	Net Order Value in PO Currency	
4500941337	BIOHITTIP 200 UL REFILL PK960	5001733933	Ariba RC1163333	Fisher Scientific Co LLC	11000704	FH - Fed - DHHS	F.90004115.02.030 - CTR WATTS 20013409	523900 - Other Class & Scient S&e	Actual	MKPF	\$213.20	213.20
			BIOHITTIP 200 UL REFILL PK960	Fisher Scientific Co LLC	11000704	FH - Fed - DHHS	F.90004115.02.030 - CTR WATTS 20013409	523900 - Other Class & Scient S&e	Commitment		\$213.20	0.00
	PIPET SEROLOGICAL 10ML 200/CS	5001733933	Ariba RC1163333	Fisher Scientific Co LLC	11000704	FH - Fed - DHHS	F.90004115.02.030 - CTR WATTS 20013409	523900 - Other Class & Scient S&e	Actual	MKPF	\$142.52	142.52
			PIPET SEROLOGICAL 10ML 200/CS	Fisher Scientific Co LLC	11000704	FH - Fed - DHHS	F.90004115.02.030 - CTR WATTS 20013409	523900 - Other Class & Scient S&e	Commitment		\$142.52	0.00
	PIPT SEROL 25ML STR IND 200/CS	5001733933	Ariba RC1163333	Fisher Scientific Co LLC	11000704	FH - Fed - DHHS	F.90004115.02.030 - CTR WATTS 20013409	523900 - Other Class & Scient S&e	Actual	MKPF	\$159.98	159.98
			PIPT SEROL 25ML STR IND 200/CS	Fisher Scientific Co LLC	11000704	FH - Fed - DHHS	F.90004115.02.030 - CTR WATTS 20013409	523900 - Other Class & Scient S&e	Commitment			0.00



PI Signature Delegation

How do we know who is authorized to spend on a grant?

- Sponsored Program expenditures should be authorized by someone with first-hand knowledge that the requested expenditure benefits the designated project.
- The Principle Investigator may delegate his or her authority to designated lab members.
- All grant accounts should have a signature delegation authority memo indicating who is authorized to spend on the grant.
- Memo should include:
 - Grant or Sponsored Program number
 - Project Period
 - Employee Names (can be a list) – include alias if possible
 - Restrictions
 - Ensure restrictions are enforceable since transactions under \$1,000 are auto-approved
- Delegations should be reviewed and updated regularly (at least annually).
- Approved memos should be stored in the departmental grant file.

Delegations

Dual Roles

Designated business office staff may be delegated approval to exercise both fiscal approval and programmatic approval.

For Business Management Area

- Business Managers and Directors frequently are delegated both fiscal delegation and programmatic delegation due to the nature of their position.
- They must be certain what each signature means because these delegations should be reviewing for different things.

Programmatic Review

- Does the expenditure meet departmental/unit goals, objectives or programmatic needs?
- Does the expenditure adhere to University policies and procedures?
- Is the expenditure authorized by someone with first-hand knowledge of the need for the expenditure and authorized by someone delegated to commit funds?
- Is the expenditure appropriate for the type of funds?

Fiscal Review

- Allowable
- Allocable
- Reasonable
- Funded program is valid (project period)
- Funds are available (available balance)
- Correct GL account is used
- Appropriate supporting documentation is included
- Programmatic approvals are obtained if not delegated

Fiscal Approval Review

What should it include?

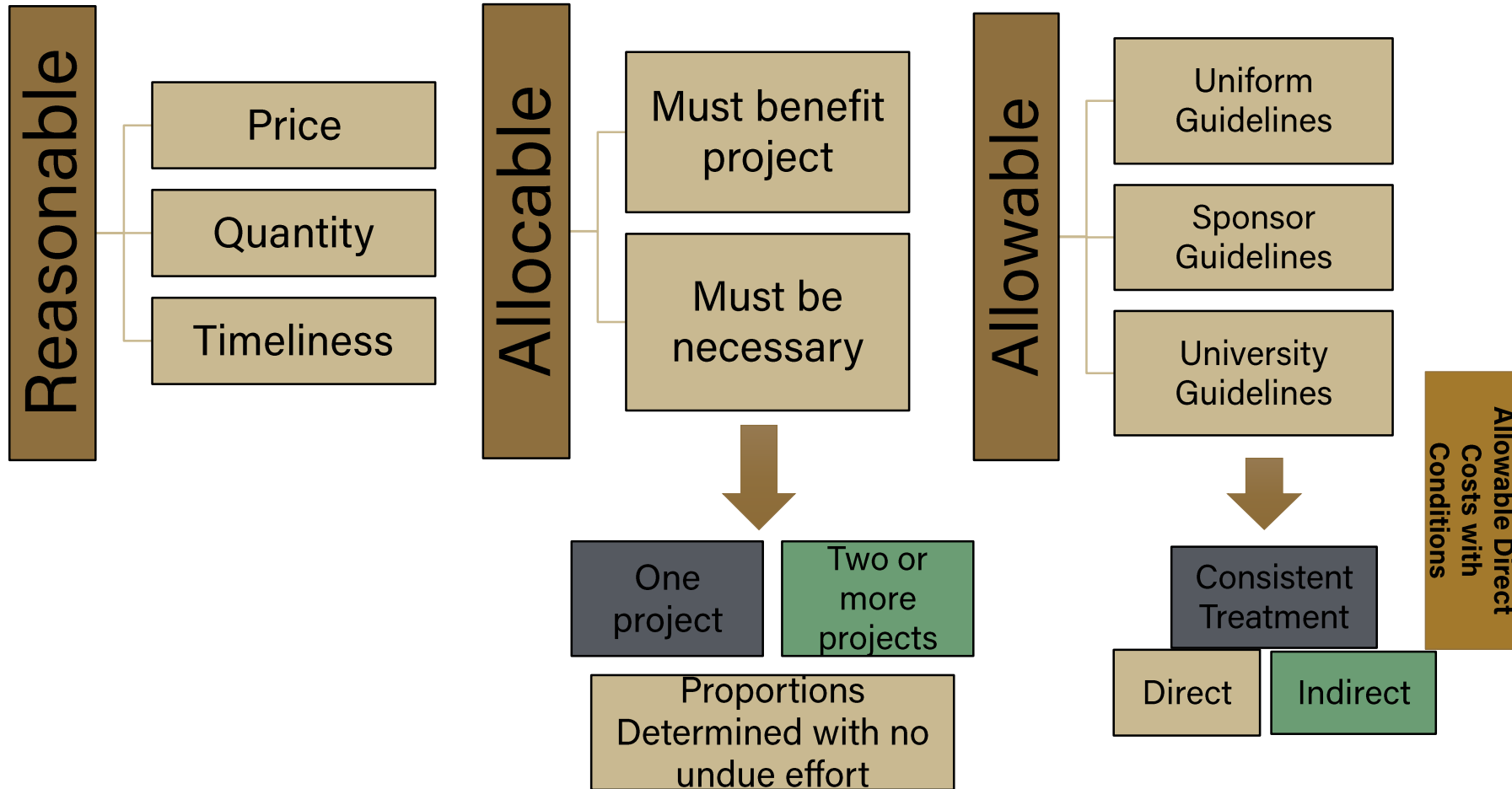
The Fiscal Approval review should ensure that expenditures are allowable, allocable and reasonable.

For Business Management Area

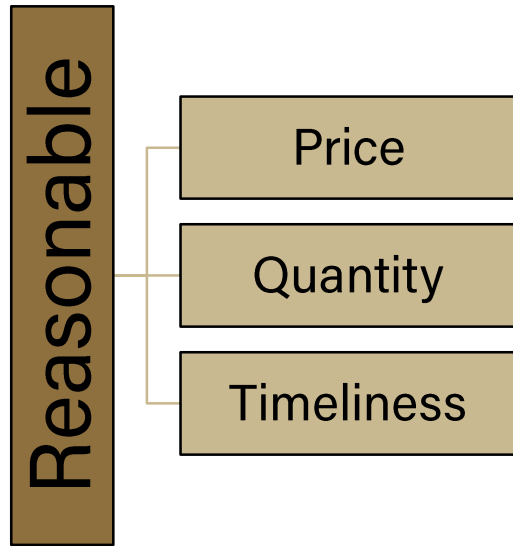
- Business office staff with Fiscal Approval have authority to sign for procurement of goods and services and personal payments to individuals, up to their delegated dollar limit – regardless of the purchasing mechanism used.
- Business Office staff should ensure that the test for allowability, allocability and reasonableness have been met.
- Meeting these tests requires not only knowledge of University, state, federal and donor requirements, but also the ability to make reasonable judgements given the facts and circumstances concerning the transaction.

Fiscal Approval Review

Determining Chargeability of Costs to a Sponsored Program:



Fiscal Approval Review



- Are the prices and quantities requested appropriate under the circumstances?
- Is the timing appropriate?

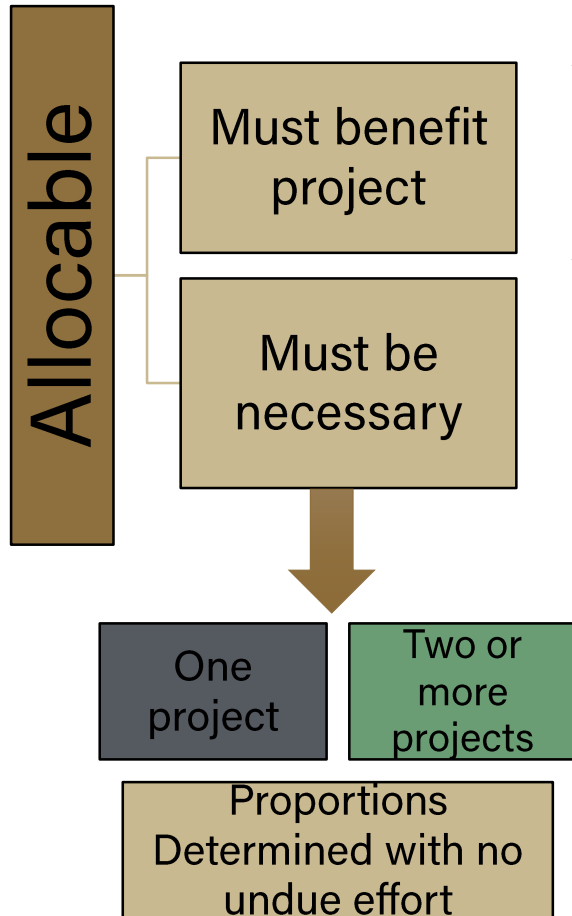
Fiscal Approval Review

Allocable = benefits the project

Allocable to two or more projects:

If a cost benefits two or more projects it may be charged directly **IF** proportional benefit can be determined without undue effort or cost.

Allocation method is relatively easy with a high degree of accuracy



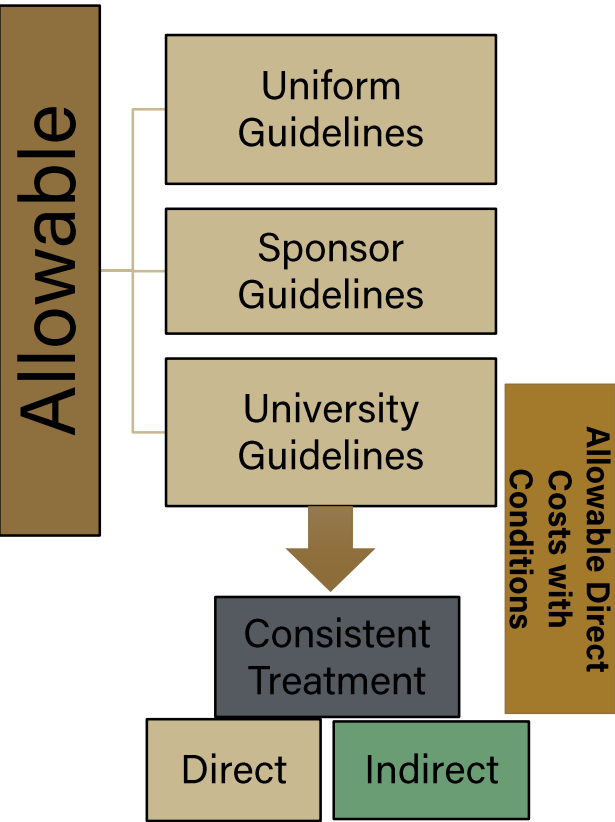
Relatively Easy:

- Quick: Does not take much time
- Easy: Most people can understand the allocation method
- Cheap: Benefit to project is clear and obvious, thus making identification method relatively inexpensive

High Degree of Accuracy:

- One-to-one relationship to project
- Clear and objective measure
 - number of items consumed
 - usage logs
- Individual investigator estimates and certifies in the procurement source documentation
- For costs that benefit multiple projects, the Investigators estimate proposed usage by project using an allocation based on:
 - Time used or expended (usage logs)
 - Materials or units produced (an output measure)

Fiscal Approval Review



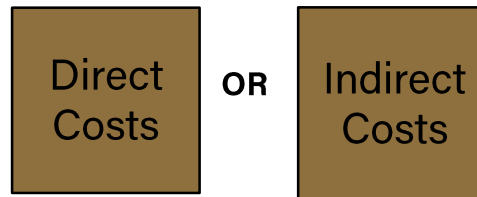
Cost must conform to limitations set forth in the Uniform Guidance

- Designates certain costs as allowable or unallowable
- Designates certain costs as direct or in-direct

Unallowable Cost – a cost which does not constitute a proper charge to a sponsored project, either as a direct or indirect cost

- Examples of OMB Uniform Guidance (Federal) Unallowable Costs:
 - Alcoholic Beverages Alumni Activities
 - Fund Raising Development Activities
 - Personal Costs
 - Lobbying Costs

Similar costs in like circumstances must be allocated consistently as either:



Direct Cost Examples:

- Salaries, Fringe Benefits
- Travel
- Materials

Indirect Cost Examples:

- Office Supplies
- Clerical/Administrative Costs
- Original Proposal Costs

What to look for

- Allowable
- Allocable
- Reasonable
- Funded program is valid (project period)
- Funds are available (available balance)
- Correct GL account is used
- Appropriate supporting documentation is included
- Programmatic approvals are obtained if not delegated

Sponsored Program Funds

- Expenditure is authorized by someone with first-hand knowledge
 - Principle Investigator or authorized individual
 - Business office staff must ensure that certifications are obtained, and that these documents are retained in accordance with University and sponsor retention requirements.
- Purchases made within the last 90 days of the project period should have sufficient evidence of benefit to the project.
- Backup documentation is included in the source document such as Ariba, Concur, SAP, iLab, etc.
 - [BLCA 330 Audits, Backup Documentation and Records Retention](#)

What else to look for...

- Are additional signatures required based on dollar amount, commodity or funding source?
- Equipment purchases greater than \$25,000 require an equipment screening if the funding source is federal funds, including subs using federal funds.
- Special Purchase Form > \$10,000
- Compliance with applicable laws and University policy
- Exception items
- Document is “audit ready”

Fiscal Approval Review

Case Studies



Case Study Example 1

A Computer Science Professor wants to purchase an Xbox console, typically used for games and entertainment.

- How will this purchase be used?
- How does it support the mission?
- Is this allowable?
- What funding source is appropriate?
- Are funds available?

Case Study Example 1 - Polling Question 1

In which scenario might this purchase of the Xbox be allowable as a University expenditure?

A: The faculty member's research is in the area of 3D computer graphics, computer vision and visualization. He needs the Xbox for a current research project that requires parts from the Xbox.

B: The faculty member promised the graduate students they could purchase the Xbox for gaming and entertainment during down-time in the lab.

Case Study Example 1

Answer is A

- This expense is necessary to further the research mission.
- If the programmatic need or University benefit is not immediately evident, additional questions should be asked.

NOTE: If **B** was the response given by the faculty member, then we would need to consider whether the expenditure aligned with departmental goals, objectives and program needs. In this case, this would not be allowable.

Case Study Example 1

Would this purchase be allowable on a grant?

- Was it budgeted? Check budget & budget justification.
- Does the grant require prior approvals to purchase non-budgeted items?
- Does the proposal narrative support the purchase?
- Ensure appropriate backup documentation is included with the purchase.

Case Study Example 2

A department wants to purchase three dozen eggs on departmental funds.

- How will this purchase be used?
- How does it support the mission?
- Is this allowable?
- What funding source is appropriate?
- Are funds available?

Case Study Example 2 - Polling Question 2

In which scenario might this purchase be allowable?

A: The faculty member teaches an engineering class that challenges students to design protective packaging materials. The students' grade is dependent on whether the package protects an egg when dropped.

B: The department head promised the faculty he would treat them to a made-to-order omelet lunch at their next faculty meeting in order to encourage attendance.

C: The Department of Human Development and Family Studies needs to purchase the eggs so children enrolled in the Lab School can decorate the eggs as part of a spring celebration.

D: All of the above.

Case Study Example 2

Answer is D, all of the above.

- Answer A demonstrates a benefit to the teaching mission.
- Answer B aligns with the hospitality policy as long as the purpose is to conduct University business and time is given up over the lunch hour to do so.
- Answer C demonstrates age appropriate activities as part of a curriculum for the Lab school that exists to serve the learning, discovery and engagement missions at Purdue.
- Therefore, the answer is D, all of the above.

Case Study Example 3

A faculty member in Agriculture wants to purchase a beaver skull.

- How will this purchase be used?
- How does it support the mission?
- What funding source is appropriate?
- Are funds available?

Case Study Example 3 - Polling Question 3

In which scenario might this purchase be allowable?

A: The faculty member is assembling a mobile Ag. extension exhibit to teach children about wildlife in their own backyards. The exhibit will be on display at museums in the Midwest and at state fairs.

B: The faculty member works in wildlife and forestry and thinks the skull on his desk will make him more authoritative when students visit his office.

Case Study Example 3

Answer is A

- The faculty member is assembling a mobile Ag. extension exhibit to teach children about wildlife in their own backyards. The exhibit will be on display at museums in the Midwest and at state fairs.
- Answer A demonstrates both a teaching and engagement mission benefit, since the item is being used in a mobile display in museums and fairs, teaching children about wildlife as an extension program, as a part of our University land grant mission.

Case Study Example 4

A faculty member in Veterinary Medicine requests to purchase 5 floor piano mats on a grant.

- How will this purchase be used?
- How does it support the mission?
- What funding source is appropriate?
- Are funds available?

Case Study Example 4 - Polling Question 4

In which scenario might this purchase be allowable?

A: Faculty member has recently taken an interest in music and wants to use the vet hospital animals as his audience.

B: Graduate students in the lab want to start up a band.

C: Faculty member has a research project on sensory-based neuro-rehabilitation strategies in dogs with acute spinal cord injury (SCI). Floor piano mats will enable for simple tactile and auditory enhanced exercises into the canine SCI rehabilitation protocols.

Case Study Example 4

Answer is C

- Answer C demonstrates a clear benefit towards research in the discipline of SCI, in which the canines will exercise tactile and auditory functions as part of rehab.

Case Study Example 4

Would this purchase be allowable on a grant?

- Was it budgeted? Check budget & budget justification
- Does the grant require prior approvals to purchase non-budgeted items?
- Does the proposal narrative support the purchase?
- Ensure appropriate backup documentation is included with the purchase

Case Study Example 4

Proposal Title: Pilot study on feasibility of sensory-enhanced rehabilitation in canine spinal cord injury

Budget

Item:	Cost:	Total:
Study Visits		
Physical Rehabilitation	\$56/hr x 0.5hrs x 4 rechecks x 20 dogs	\$2240.00
Assessment Recheck Fee		
Supplies		
Artificial Grass (Greenline Jade 50 Artificial Grass)	\$2.00/sq ft x 150 sq ft (allowing creation of 5 pieces of 3ft width x 5ft length)	\$150
Floor piano (Click N' Play Gigantic Keyboard Play Mat)	\$34.50 each x 5 mats	\$173.00

Case Study Example 4

Result of Action

- Since the expenditure was clearly outlined in the budget and budget justification, this expense would be allowable.

Case Study Example 5 - Polling Question 5

Dr. Shirley Whynot has an Expense Report for approval in Concur on her DOE grant for \$1719.83, to St. Paul, Minnesota to attend the Wing Wildlife Meeting.

What action should we take first?

- A. Check expense line item details for allowableness and reasonableness and approve.
- B. Approve the Expense Report, because the Procurement/Travel Center has already reviewed the report.
- C. Check the budget to see if travel is budgeted.
- D. Check to see if any travel restrictions exist.
- E. Both A and D.
- F. Both C and D.

Case Study Example 5

Answer is F, both C and D are correct to do first.

- Check the budget to see if travel is budgeted and any restrictions exist.
- The source of truth is the grant file and budget justification.
- Fiscal Approvers are responsible for the content of the Expense Report for approval.

Case Study Example 5

Results of Action

Budget Justification for DOE/AVG grant

Travel

The portable equipment will be shipped to a location to be determined in the West Coast (probably a University campus), which is relatively close to the different rehabilitation centers that will be involved in the project. We request funds for the shipping charges (to the West Coast and back to Purdue), renting a vehicle to transport these pieces of equipment and drive to the different rehabilitation centers, gas, and airfare, hotel fees, food expenses, and miscellaneous for the post-doc and technician.

We had to use a generic approach to estimate the travel expenses because we cannot predict which specific rehab centers will have golden eagles and make a decision about the need to euthanize the animals. Consequently, we estimated travel based on a hypothetical number of rehab centers located in the West Coast.

Case Study Example 5

Travel Budget for DOE/AVG grant

c. Travel											
INSTRUCTIONS - PLEASE READ!!!											
1. Identify Foreign and Domestic Travel as separate items. Examples of Purpose of Travel are subrecipient site visits, DOE meetings, project mgmt. meetings, etc. Examples of Basis for Estimating Costs are past trips, travel quotes, GSA rates, etc.											
2. All listed travel must be necessary for performance of the Statement of Project Objectives.											
3. Federal travel regulations are contained within the applicable cost principles for all entity types. Travel costs should remain consistent with travel costs incurred by an organization during normal business operations as a result of the organizations written travel policy. In absence of a written travel policy, organizations must follow the regulations prescribed by the General Services Administration.											
SOPO Task #	Purpose of Travel	Depart From	Destination	No. of Days	No. of Travelers	Lodging per Traveler	Flight per Traveler	Vehicle per Traveler	Per Diem Per Traveler	Cost per Trip	Basis for Estimating Costs
Domestic Travel		Budget Period 1									
1	EXAMPLE!!! Visit to PV manufacturer			2	2	\$250	\$500	\$100	\$160	\$2,020	Current GSA rates
7	Rehabilitation center one CA	IN	CA	10	2	\$801	\$420	\$200	\$510	\$3,862	Current GSA rates & websearch based on possible destinations in CA
7	Rehabilitation center two CA	IN	CA	10	2	\$1,188	\$570	\$100	\$640	\$4,996	Current GSA rates & websearch based on possible destinations in CA
7	Rehabilitation center three CA	IN	CA	10	2	\$801	\$420	\$200	\$510	\$3,862	Current GSA rates & websearch based on possible destinations in CA
7.1, 7.2, 10	Rehabilitation center four CA	IN	CA	10	2	\$1,080	\$420	\$150	\$740	\$4,780	Current GSA rates & websearch based on possible destinations in CA
International Travel										\$0	
Budget Period 1 Total										\$17,500	

Case Study Example 5 - Polling Question 6

True or False?

Based on the Budget Justification review and line item Travel Budget, we should contact the PI and let her know that this travel to Minnesota for a meeting is unallowable in accordance to the grant. She will need to provide an alternate account to which this trip can be appropriately charged.

Case Study Example 5

Answer is False.

- Ask the PI if she will be visiting any rehabilitation centers for the eagles while there.
- Ask the PI if the meeting benefits the grant and how.
- Because the Budget Justification left some room for interpretation of “West Coast”, and/or if the reason for the meeting benefits the grant, we should inquire if it is allowable.
- Have the PI request prior approval from the Sponsor for the trip, if they indicate it does benefit the project.

Case Study Example 5

PI Response for purpose of travel

From: [REDACTED]
Sent: Friday, January 4, 2019 5:52 PM
To: [REDACTED]
Subject: RE: St Paul MN travel

Hi [REDACTED],

No, will not be visiting any eagle rehabilitation centers on this trip. The purpose of the trip is to present the preliminary results of the project that the very DOE funded. Actually, DOE expects us to be in that meeting. We will meet with DOE to discuss the progress of the project. DOE will introduce us during that very meeting to some people who could benefit from the results of our project, which is funded by DOE.

Dr. Shirley Whynot

Result: DOE approved the travel to Minnesota meeting.

Case Study Example 6

Professor Whynot copies the Business Office on a purchase request for a microwave on her NSF grant. Is this purchase ready for processing?

Form 12		INSTRUCTIONS - INCLUDE IN EACH REQUISITION ONLY SUCH ARTICLES AS MAY BE PURCHASED FROM ONE FIRM.										
PURCHASE REQUISITION for Limit PO's		Rev. 3/2012 IF SPECIAL HANDLING IS DESIRED, NOTE SEE REVERSE SIDE FOR SPECIAL COMMENTS BY REQUESTER.										
DEPARTMENT COMPLETES UNSHADED AREA						PROCUREMENT SERVICES COMPLETES SHADED AREA				PURCHASE ORDER NO.		
DEPT. OR FUNCTION						PRODUCT CATEGORY		ORDER TYPE				
Line	ACCOUNT NUMBER		GL Account (06)	TOTAL AMOUNT	FUND EXPIRATION DATE	NAME/PHONE NO		PRICING METHOD				
	WBSE/Internal Order #	%				Whynot						
1	F.200000123.02.014		536010	\$129.99		DEPT/BLDG/ROOM			<input type="checkbox"/> 1 Phone/Email/Web <input type="checkbox"/> 2 Agreement/Contract <input type="checkbox"/> 3 Price list on File <input type="checkbox"/> 4 Repair Negotiation <input type="checkbox"/> 5 None of the above BUYER			
2					PUDS							
3					STREET ADDRESS							
4					100 Hovde Dr Rm 1							
5					WLafIN 47907							
Purpose/Benefit of Purchase			VENDOR SUGGESTED (name/address/contact)			VENDOR NAME		VENDOR NUMBER				
for lab			Best Buy website									
FOB		DESTINATION		PREPAY & ADD		SHIPPING POINT		FREIGHT ALLOWED		M/A		
Item #		ITEM DESCRIPTION				MFC	QUANTITY	UNIT	UNIT PRICE	EXTENDED PRICE	TERMS	
M123		1000W micro w. turntable www.bestbuy.com/microwaves/m123					1		\$129.99	\$129.99		
NOTE: All PACKING SLIPS must be returned to the Procurement Center within 48 hrs.												
Purchaser Name:		Dr. Shirley Whynot										
Email:		wyhnot@purdue.edu										
								\$129.99		Procurement Approvals		
APPROVED - Faculty/Rep w/ Signature Authority:				DATE		APPROVED - FOR THE COMPTROLLER				DATE		
see email request												
RECOMMENDED - Head/DEAN OR ADMINISTR.				DATE		APPROVED - FOR SR VICE PRESIDENT Treasurer Org				DATE		
										APPROVED - FOR University COMPTROLLER		



Case Study Example 6 – Polling Question 7

Why is this purchase not ready for processing?

- A. The requisition does not have a fiscal approval signature.
- B. The purpose of the purchase is not sufficient.
- C. The PI or Lab member with delegated authority must sign the requisition.
- D. Both B and C.

Case Study Example 6

Answer: B

- The purpose of the purchase is not sufficient.
- We must ask the PI how will the lab use the microwave? How does this benefit the grant?
- Since the expenditure is less than \$1,000, fiscal approval is not required.
- Requisition form indicates that programmatic email approval was provided which is sufficient for PI approval, if attached with Req Form for approval.

Benefit of Purchase from PI:

- Microwave will be used to heat liquid solutions for the project. The old one is defunct.
- We now have satisfactory information to process the purchase. True or False?

Case Study Example 6 – Polling Question 8

FALSE!

- The lab not only mentions that the previous microwave is no longer working, but we also know microwaves are common in the labs for this purpose. How is this item allocable to only this grant?
- The PI responds that the old unit was given to her by the department and needs replaced. The lab currently only has the one grant for research.

**We now have all sufficient information to allow this purchase to be processed.
True or False?**

Case Study Example 6

Answer is False.

- Because the PI states that the time will benefit the project and it is her only grant at this time, does not justify that the common lab item is allocable only to the grant she has indicated.
- If the research on the specific grant required an inordinate amount of use of the microwave, then we would ask SPS if we can ask for sponsor approval. However, the PI has not indicated this special need.
- The microwave is commonly used for the type of research and can benefit other non-sponsored projects in the lab. Therefore, the item should be purchased using discretionary funds such as startup or other non-sponsored funds.

Result: Purchase microwave on discretionary funds.

Case Study Example 7

A PI wants to purchase a computer monitor on her DOE grant.

- The purchase requisition has all necessary information, including the purpose of purchase, “to watch bird videos for research”.

- What questions should we be asking?
 - Why is a new monitor necessary to watch bird videos?
 - Will the monitor be used for other projects?
 - Is the monitor in the Budget Justification?
 - If not, why is the PI asking for a common IT item on the grant?
 - Does the PI have prior approval from the sponsor?

Case Study Example 7

PI provides new response.

From: [REDACTED]
Sent: Monday, March 11, 2019 1:24 PM
To: [REDACTED]
Subject: Re: grant # [REDACTED]

There are two stages to this grant. One is to collect sensory physiological data that allows us to identify stimuli that are potentially alerting to eagles. The second is to then test these stimuli on eagles in rehab centers to see which of our candidate stimuli actually generate a response in the birds. This second stage requires video taping the birds then going through the tapes frame by frame. Our tech [REDACTED] is using a laptop to do the data analysis – this particular model of computer monitor with higher resolution will provide more clarity and accuracy in observations of subtle reactions of the birds and provide more efficiency in the process of identifying the distinction between responses to stimuli. To date, observations for other projects have been captured in still shots, clearly viewable on regular monitors or laptops. The detail observed in this project, using videos, requires a 2x higher resolution than that of the ordinary monitors we currently have available to the lab. I did not know I needed prior approval for the purchase. Is this explanation sufficient to send to my Program Manager?

On 3/11/2019 1:17 PM, [REDACTED] wrote:

Hi Dr. [REDACTED].

Can you send me a justification for the purchase? I do find this IT item in the budget justification, so we will need an explanation why this monitor is needed and why it is only being charged to the DOE AV1 grant? If you already have approval from the Sponsor, please forward this for the grant file audit record.

Result: The benefit to the research project is clearly defined. The Sponsor approved the purchase.

Delegations

Basic Principles

Remember Delegations are a Privilege

If you aren't comfortable, don't approve.

Instead ask additional questions.

Call someone and talk it over if needed.

- **Business Manager**
- **Director of Financial Affairs (DFA or ADFA)**
- **SPS Post Award**
- **Managerial Accounting Services**

What's coming?

- "Deep Dive" training on executing fiscal approval delegation
 - Targeted towards those with the fiscal approval role
 - Module-based training in SuccessFactors
- Showcase/training sessions on Monthly Review of Transactions ≤ \$1,000

Resources

- [Accounting and Financial Management Governance Manual](#)
- [Uniform Guidance](#)
- [Cost Accounting Standards Guidelines](#)
- [Cost Allocation Guidelines for Charges to Sponsored Programs](#)

THANK YOU