

Principal Investigator Expenditure Certification Checklist

The Principal Investigator (PI) is the individual with responsibility for ensuring that all costs charged to each contract or grant are appropriate -- in conformance with the cost principles contained in Office of Management and Budget (OMB) Circular A-21, University policy, and the specific terms and conditions of the award.

To assist PIs in reviewing and certifying sponsored project expenditures when required, the following checklist has been developed.

Overview of Cost Principles:

Any cost being charged to a sponsor must satisfy the following OMB Circular A-21 criteria:

1. Costs must be ALLOWABLE as defined by OMB Circular A-21, Section J and/or the terms and conditions of the particular award.
2. Costs must be ALLOCABLE -- the cost must have a demonstrable and specific benefit to the sponsored project to which it is charged.
3. Costs must be REASONABLE, that is, the cost must reflect what a “prudent person” would pay.
4. Costs must be treated CONSISTENTLY across the University. Costs incurred for the same purpose may not be charged *directly* to sponsored projects in one department and charged to non-sponsored funds (and, by extension, *indirectly* via the F&A rate) in another department. Certain types of costs have been designated as indirect costs and may not be charged directly (unless there is an exceptional circumstance), including but not limited to administrative and clerical salaries, office supplies, books, and basic telephone and network ID.

Specific Review:

The following elements should be considered when reviewing the activity on a specific sponsored project:

_____ Effort committed by the PI and other key personnel in the budget have been fulfilled; if effort reports have been completed for the period, they document that committed effort was met.

_____ Payroll expense by individual has been verified; payroll charged to the project accurately reflects individuals who worked on the project and is commensurate with (or, if cost sharing, less than) actual time spent. (*The HR VISTA report provides a detailed listing of payroll expense.*)

_____ Non-labor expense has been verified by expense account; all direct non-labor costs charged to the project specifically and proportionately benefited the project and meet the criteria outlined above; no costs related to another activity, including another sponsored project, were charged to the project.¹ Conversely, all costs that should have been charged to the project were charged to the project. (*The Cognos Reports GL008 and GM045 provide a detailed listing of non-labor expense.*)

_____ Expenses charged to the project were incurred within the applicable project period.

_____ Cost sharing requirements, if applicable, have been fulfilled and can be documented either through effort reports (for salary cost sharing) and/or through expenditure activity on projects designated to capture the cost sharing (for non labor cost sharing).

_____ Facilities and Administrative (F&A) and fringe benefit rate assessments appear appropriate.

_____ Program income, if applicable, has been reported.²

Any questions regarding expenditure activity on sponsored projects may be directed to the designated Grants and Contract Financial Administrator (GCFA) in Accounting Services for Research and Sponsored Programs (ASRSP).

Notes:

1. See http://www.research.northwestern.edu/osr/account_guide.html for a description of expenses, by account, not normally allowed on federal projects and a link to the full sponsored account listing. Certain types of expense require sponsor prior approval, including capital equipment and foreign travel.
2. Program income is defined as gross income earned by an applicant organization that is directly generated by a [sponsor] supported activity or earned as a result of an award.