



SUPPLY PURCHASES MADE WITHIN 30 DAYS FROM AWARD END DATE

Your department is attempting to purchase supplies on a federal or federal pass-through grant or contract that has an award end date less than 30 days from today. Supplies and equipment may not be purchased simply to use an unobligated balance remaining at the end of a project or used to restock inventory to replenish supplies used during the life of the project. Supply purchases near the end of an award period generate intense scrutiny and red flags to an external auditor and will require project-specific justification and/or sponsor approval. Departments / Principal Investigators will be held responsible to provide such documentation to an auditor. Any expenditures made for budgetary convenience ("use up remaining funds") is not allowable.

Please complete the following items below:

- 1. Check here if this particular award is to be receiving a continuation increment or a no-cost extension that has not been processed yet by OSRA, which will push the award end date forward to a period greater than 90 days from today.

If Box 1 is not checked, then please complete items 2 and 3 below:

- 2. It is highly recommended that any supply purchases made fewer than 30 days of an award end date receive written prior approval from the sponsoring agency.

Did you receive prior written sponsor approval? YES or NO

If YES, please indicate the date approval was received from sponsoring agency, as well as the agency contact granting approval and attach approval to this form:

Sponsoring Agency Approval Date: \_\_\_\_\_

Name and Title of Sponsoring Office: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

- 3. Provide the detailed project-specific justification below as to the need to purchase supplies after 30 days from the award end date, especially if your response in item 2 above was NO, as detailed explanation will be required to external auditors during audit:

[Empty rectangular box for justification]

APPROVED:

Principal Investigator/Delegate

Department Chair

## **General Materials & Supplies Purchasing Guidelines**

Based on the Uniform Guidance, the following is a summary of the important considerations when determining whether a cost can be charged to a Federal award. There may be additional flexibility and/or restrictions related to specific non-federal sponsored projects.

### **Allowability**

Costs charged to a Federal award must be **allowable, reasonable** and **allocable**.

**Allowable** costs are necessary and reasonable for the performance of the award; are not restricted in Uniform Guidance or the terms and conditions of the Federal award; are consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the University; are not be included as a cost or used to meet cost sharing or matching requirements of any other Federally; and are adequately documented.

A cost is considered **reasonable** if the type of the goods or services acquired and amount does not exceed that which would be incurred by a prudent person under similar circumstances.

A cost is **allocable** to a Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with the benefits received. The percentage of time remaining on a project in relation to the cost of the item being purchased should be proportional to what is charged to the sponsored project account. See audit findings on the following page.

### **Unused Supplies**

If there is a residual inventory of unused supplies that were charged to the Federal award, and the total aggregate value exceeds \$5,000 upon termination or completion the project, or the supplies are no longer needed, the applicable amount must be credited to the award as a cost reduction.

Ohio State Audit (August 2019)

- In December 2015, OSU charged NSF Award No. for \$6,003 of expenses incurred on November 23, 2015 to purchase a water chiller. The PI stated that the chiller was necessary for a graduate student to continue performing work related to the award; however, it does not appear reasonable to charge the full cost of this expense to this NSF award, as **the equipment would only have been available for a maximum of 7 days of the award's 5-year POP**.
- In April 2016, OSU charged NSF Award No. for \$15,211 of expenses incurred in February 2016 to purchase spare parts for an automated machine. Although OSU purchased the parts before the award expired on March 31, 2016, it noted that installation would not take place until January 2017, 10 months after the award expired. As a result, it **does not appear reasonable to allocate any of this expense to this NSF award**.
- In February 2017, OSU charged NSF Award No. for \$16,394 in subaward expenses that the University invoiced to OSU for the purchase of supplies/equipment. was able to provide support indicating that it had **purchased the supplies/equipment before the award expired; however, did not receive the supplies/equipment until December 2016, the final month of the award's POP, and it did not invoice any labor expenses during that month. As a result, it does not appear that these expenses directly benefited this award.**
- In June 2015, OSU charged NSF Award No. for \$10,944 of expenses incurred to purchase a 2-year software license. OSU appears to have used this software to benefit this grant; however, **because only 8.5 months of the 24-month software license was within the award's POP, OSU should only have charged the award for \$3,876, or 35.42 percent of this expense (8.5 months/24 months). Therefore, OSU should not have charged \$7,068 of this expense to this NSF award.**

OIG Audits (2018-2019) Unallowable and Questionable Findings:

- Auditors questioned \$5,068 (\$3,334 direct costs plus \$1,734 indirect costs) for the purchase of computer equipment that was allocated 31.78 percent to NSF award. According to the organization the allocation was based on funds available in the NSF award for software, which turned out not to be needed. **The allocation was based on funding availability and the budget, rather than on the proportional benefit received or other documented methodology;** therefore, we questioned the amount charged to the NSF award.
- Auditors questioned \$5,083 for the purchase of an equipment accessory. The cost of the accessory was \$6,354 and was charged 100 percent to NSF award ; however, **according to the PI, the equipment was used 20 percent on the NSF award and 80 percent on another NSF award.** Therefore, \$5,083 (80 percent of 6,354) of the cost of the equipment should not have been allocated to NSF award.
- An organization charged approximately 81 percent of the expenses incurred to purchase access to a Deed and Tax data set for 96 months to an NSF Award. The **81% correlated with the remaining \$61,984 of funding on the award.** While the PI noted that the data set was used to perform grant related research, **but only 2 percent of the data set access period fell within award period.**
- Supplies were ordered on April 11, 2014, the materials transaction was received on July 23, 2014, recorded in the GL on July 24, 2014, with an invoice date of June 27, 2014; however, the award expired on June 30, 2014.