

Sponsored Projects Financial Management – FAQs

Welcome to the Research Financial Services LISTSERV series on “Sponsored Projects Financial Management” answering common questions. Sponsored project financial management requires the application of award terms and conditions along with Sponsor, Federal and Institutional policies and procedures. Note underlined sections are hyperlinks for further information.

Benefit to the Project



What is the meaning of benefit to the project? Uniform Guidance states a cost is chargeable to the Federal award in accordance with relative benefits received. An expense is beneficial if it is assignable and supports the project’s purpose and activity to meet scope of work requirements. The expense must be [allocable](#), reasonable and necessary to a specific project.

Why does an expense need to benefit the project? Responsible persons are tasked with efficient and effective management of funds. [Uniform Guidance](#) states costs charged to a project must be specially incurred and necessary in accordance with the benefits received to accomplish the scope of work.

How is the benefit demonstrated? Adequate documentation is required to support costs charged. It must be able to demonstrate appropriate use of funds. The document needs to include the purpose and time period for which it was incurred, and the amount of the cost (itemized as necessary). Examples include, but not limited to invoices, packing receipts, email correspondence, department forms, and performance reports.

What if the expense benefits more than one project? [Allocation](#) of an expense to more than one project is possible if distributed by quantity, payroll cost distribution, or other reasonable method.

1. Example by quantity: Five microscopes are purchased for a total of \$150. Three are used on project A and two on project B. The cost of 3, \$90, is charged to project A and cost of 2, \$60, is charged to project B. The distribution is based on the dedicated use for each project.
2. Example by payroll cost distribution: All five microscopes will be used on both project A and B. The user has 25% cost distribution to project A and 10% to project B. Project A is $\$150 * (25\% / 35\%) = \108 and likewise for project B $\$150 * (10\% / 35\%) = \42 . [Total cost] * ([Project %] / [Total %]). The cost distribution is based on the user’s payroll cost distribution for each project.

What if there is available budget? Posting an expense to a project based on available budget is not an acceptable allocation method. Stocking supplies for future use is an unallowable cost if the supplies are not used on the project charged.

Who is responsible? Principal Investigators or individuals with first-hand knowledge of project activity are responsible and accountable for fiscal activity. Department Heads by providing guidance and oversight and College/Unit Business Officers are responsible to develop, adopt, implement, follow and/or monitor internal controls for all fiscal processes.

What if the cost does not benefit the project? If the expense does not directly benefit the project, it is deemed unallowable. An expense not specifically used to meet the scope of work may not be charged to the project.

What about charging to a cost share fund? Expenses charged to a cost share fund must follow the same guidelines as expenses that post to the sponsor's fund. This includes the need to benefit the project. All expenses must be allocable, applicable, reasonable, and necessary, and follow Sponsor, Federal and Institutional policies and procedures.

Additional Resources:

- RFS: <https://www.uky.edu/ufs/research-financial-services>
- OSPA: <https://www.research.uky.edu/office-sponsored-projects-administration>
- BPM: <https://www.uky.edu/ufs/business-procedures-manual>
- Sponsored Project Bits & Pieces Presentations: <http://www.uky.edu/ufs/sponsored-projects-bits-pieces-presentations>
- UG: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

