SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY

Policy Manual

SUBJECT: Expenditure Approval

NUMBER: Policy IX-18

Introduction & Purpose

There are two essential functions of the grant accounting process in relation to charging expenditures to an award. The first is the ability to ensure that only authorized individuals are approving expenditures on an award. The second is the determination of whether or not an expense is allowable and properly allocated to the award and therefore appropriately charged to the award. The purpose of this policy is to ensure that only those expenses appropriate to the award are approved and charged to the award.

Policy

The Principal Investigator (PI) or their designee (Business Manager) shall initiate or review all forms approving expenditures to their award, checking for timeliness, allowability and allocability of the expense. Their signature shall be evidence that they have thoroughly reviewed the expenditure and that they believe it to be appropriate and necessary to discharge their obligations under the award.

Definitions

Business Manager – someone authorized to approve the expenditure of funds on behalf of the Institution and/or specifically designated by a Principal Investigator to approve expenses for their Award. For institutional administrative accounts: Department Chairs/Heads, Directors, Vice Presidents, Provost and President.

Principal Investigator (PI) - person designated by an award document as the lead on a specific award. This person is the de facto Business Manager for all Funds associated with the award.

Regulations & Guidelines

OMB Circulars A-21 - Cost Principles for Educational Institutions
OMB Circular A-87 - Cost Principles for State, Local, and Indian Tribal Governments
OMB Circular A-110 - Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
OMB Circular A-122 - Cost Principles for Non-Profit Organizations

OMB Circular A-133 – Audits of States, Local Governments, and Non-Profit Organizations
SDSM&T Accounts Payable Manual
SDSM&T Policies:
V C. 13 Basic Cost Principles
V C. 14 Budget & Expenditure Monitoring/Monthly Financial Reconciliation Process
V C. 16 Cost Transfers
South Dakota Board of Regents Policy No. 5 et seq.
Specific Guidelines from funding sources (e.g., NSF FATCs)

Responsibility

Business Services: review invoice contract for services, travel reimbursement etc. for accuracy and sufficient budget at the fund level and expenditures/commitments occurred before the end date of the grant when submitted by PI/Business Manager for payment. Submit related documentation in State system if required. Verify signature and compare with list of authorized signatures on the account, rejecting if signature is not on file.

PI/Business Manager: think about expenditure and decide whether it is reasonable, timely, allowable and allocable to the award and if so complete and submit the appropriate internal paperwork (invoice, contract for services, travel reimbursement, etc.) to Business Services approving the expenditure.

Sponsored Programs: Assist PI/Business Manager in determining allowability of an expenditure prior to accruing the expense; assist PI/Business Manager in the monthly review of expenditures via the Monthly Financial Reconciliation process.

Procedures

Journal Vouchers
1. Business Manager/PI reviews Basic Cost Principle Policy (SDSM&T Policy V C. 13 Basic Cost Principles) for timeliness, allocability, allowability and reasonableness of costs prior to any submission of appropriate internal form to Business Services.
2. Business Manager/PI completes journal voucher request to incur a campus expense.
3. Business Manager/PI submits to Business Services.
4. Business Services reviews, checking:
   •Approved signature on form (i.e. that it came from someone with signature approval for the grant)
   •Appropriate account code
   •Is grant/fund still active
   •Are there funds in the budget
   •If no to any of the above, return to Business Manager/PI
   •If yes to the above, process journal voucher

Purchase Orders
1. Business Manager/PI reviews Basic Cost Principle Policy (SDSM&T Policy V C. 13 Basic Cost Principles) for timeliness, allocability, allowability and reasonableness of costs prior to any submission of appropriate internal form to Business Services.
2. Business Manager/PI completes purchase order request.
3. Business Manager/PI submits to Business Services.
4. Business Services reviews, checking:
    •Approved signature on form(i.e. that it came from someone with signature approval for the grant)
    •Appropriate account code
    •Is grant/fund still active
    •Are there funds in the budget
    •If no to any of the above, return to Business Manager/PI
    •If yes to the above, approve requisition and create encumbrance
    •Business Manager/PI monitors account monthly
    •When all items are received under the encumbered purchase order, Business Manager/PI requests it to be closed if it has not already

Direct Billed Expenses
    Occasionally, Invoices or other expenditures for payment are received without having a Purchase Order in place. The following are the steps to approve such expenditures:
1. Business Manager/PI reviews Basic Cost Principle Policy (SDSM&T Policy V C. 13 Basic Cost Principles) for timeliness, allocability, allowability and reasonableness of costs prior to any submission of appropriate internal form to Business Services.
2. Business Manager/PI receives item for payment (Invoice, Bill, etc.).
3. Business Manager/PI reviews expenditure and, if allowable and appropriate, approves.
4. Business Manager/PI submits to Business Services.
5. Business Services reviews, checking:
    •   Approved signature on form (i.e. that it came from someone with signature approval for the grant)
    •   Appropriate account code
    •   Is grant/fund still active
    •   Are there funds in the budget
    •   If no to any of the above, return to Business Manager/PI
    •   If yes to the above, enter into BANNER system for payment

Associated Forms

Delegation of Authority Form
Invoices
Purchase Order Requests

Travel Vouchers

Related Training Modules
Monthly Financial Reconciliation Process
Unallowable and Allowable Expenditures