



Assistance Document – Timing of Expenditures

The spending of any funds awarded by the federal government to Brandeis is governed by 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, or UG), published by the Office of Management and Budget (OMB). The Uniform Guidance includes four Standards that apply to colleges and universities; costs must be allowable, allocable, reasonable, and consistently treated.

In addition, there are several factors to consider regarding the timing of expenditures.

Expenditure Timing

To be consistent with the regulations set forth in the Uniform Guidance (2CFR200), Brandeis University requires that all expenditures are *incurred, good or service received, and provide a necessary benefit* between the start and end dates of the applicable award or budget period (§ 200.403 Factors affecting allowability of costs).

There are two common situations where expenditures may be processed outside of the applicable award or budget period. Some Sponsors allow expenses to be incurred prior to the start date of the award or budget period. These are called pre-award expenditures and advance account must be requested, approved, and set-up before pre-award expenditures can be processed.

In accordance with sponsor-imposed limits, it is also acceptable to process payments for costs that were incurred prior to the end of the project or award but posted to the project after the end date but before the reporting deadline (e.g., 90 days for Federal). Such costs must be posted to the project prior to financial reporting deadline prescribed by the sponsor.

Any charges posted after the applicable end date will need to be explained and justified for allowability.

Examples of common “after award-end date” charges include:

- Payroll expenses
- Service center charges
- Subaward/subcontract invoices
- Consultant/contractor invoices

In addition to the conditions set forth above, documentation is required to justify any expense charged to a sponsored award. The backup for expenditures should be adequate to support and justify that:

- The expense provides a direct benefit to the award.

- The expense complies with any award restrictions and approval requirements outlined in the terms and conditions of the award.

Additional documentation is required under certain circumstances

Pre-Award Expenditures

Prior to incurring pre-Award expenditures review the award agreement to determine if the sponsor allows pre-award expenditures. If the award agreement is silent on the issue, review the sponsor regulations to determine if they allow pre-award expenditures. Some federal sponsors allow expenditures up to 90 days prior to the award start date. If pre-award expenditures are allowed, determine if there are any requirements (e.g., prior written sponsor approval).

1. An advance account must be requested and approved before placing any expenditures.

Scenario: The start date of an award is January 1, 2021. The sponsor allows pre-award expenditures up to 90 days before the award start date (October 1, 2020) without written approval.

Allowable: Lab supplies were incurred in late December 2020 and charged to a department budget. The expense was moved to the award in February 2021.

Unallowable: Lab supplies were incurred in December 2020 and charged to an advance budget. The award was delayed and did not start until June 1, 2021. The expense was incurred more than 90 days prior to the start date of the award.

End of Award Equipment Expenditures

It is recommended that equipment expenditures near the end of the project or budget period should be reviewed to determine:

- If the equipment was included in the original budget proposal. If so, include documentation (copy of the budget and/or budget notes) showing that the equipment was identified as part of the proposal. Include this information with the purchase documentation.
- If the equipment was identified but not purchased until the end of the award, document how the equipment benefited the award given the limited amount of time left on the award.
- If the equipment was not included in the original budget proposal, determine and document how it benefited the award, given the limited time remaining.
- If sponsor approval, as required, was obtained for the purchase of the equipment, include the approval in the purchase documentation.
- If the equipment will not be used exclusively on this award, document how the cost was allocated to other funding sources.

- If applicable, document why the purchase was necessary when the proposal indicated that the project had access to necessary equipment and/or facilities.
- If the equipment was purchased to replace existing equipment, provide disposition (location, status, and/or current use) of the equipment being replaced.

End of Award Expenditures

It can be difficult to demonstrate how expenditures near the end of a project or budget period benefited the award in a limited amount of time. All purchases incurred within the last 90 days of a project or budget period should be reviewed to:

- Ensure the item/service was received during the project period or budget period.
- Determine how the item/service provided benefit during the project or budget period, given that it was purchased close to the applicable end date. Providing benefit means having a reasonable amount of use during the project or budget period.

In general, purchases made under 90 days prior to the end of a project may be subject to additional scrutiny. Like all purchases, they must strictly follow the cost principles of being necessary and reasonable for the performance of the project, allocable to the project based on benefit received and consistently applied (Applicable Uniform Guidance section: 200.403).

Expenditure Timing/Benefit for Different Award Types

It is important to be aware of the different award mechanisms and how the timing of expenditures will be viewed for allowability.

1. Award does NOT have designated budget periods.

Expenditures must be incurred, received, and provide a necessary benefit between the start and end dates of the total period.

Scenario: An award has a project period from January 1, 2018 - December 31, 2020.

Allowable: Lab supplies purchased (incurred) and received in November 2020 and used (provided benefit) before the end date of December 31, 2020. The transaction was posted in January 2021.

Unallowable: An airline ticket was purchased in November 2020 for travel to a conference in February 2021. The benefit (conference) was not received during the project period.

Unallowable: A laptop was purchased in December 2020 and received in January 2021, after the end date of the project period. It could not provide benefit to the award under which it was purchased.

2. Award has designated budget periods and automatic carry forward.

If the Sponsor allows for automatic carry forward expenditures must only be incurred, received, and provide a necessary benefit between the start and end dates of the total (not budget) Period.

Scenario: An award has a project period from January 1, 2016 - December 31, 2021. The current budget period is January 1, 2020 - December 31, 2020.

Allowable: Lab supplies were incurred and received in late December 2019 and used (provided benefit) during the current budget period and the subsequent budget period (January 1, 2020 - December 31, 2020).

Allowable: Registration costs were incurred in December 2020 for a conference in March 2021. The benefit (attending the conference) was within the project period.

Unallowable: Lab supplies are purchased in December 2021 and not received until January 2022, after the end date of the project period.

Scenario: An award has a project period from January 1, 2010 - December 31, 2013. The current budget period is January 1, 2013 - December 31, 2013, which is the last Budget Period of the Award.

Allowable: Lab supplies were purchased, received, and used in December 2013; the transaction was posted in January 2014.

Unallowable: Lab supplies were purchased in December 2013 but not received until January 2014, after the end date of the Total Period. The supplies could not be used (provide benefit) during the Total Period.

3. Award has designated budget periods and the sponsor does NOT allow automatic carry forward between budget periods.

Expenditures must be incurred, received, and provide a majority of benefit during the budget period.

Scenario: An Award has a Total Period from January 1, 2010 - December 31, 2013. The current Budget Period is January 1, 2010 - December 31, 2010.

Allowable on the current budget period: An airline ticket was purchased in March 2010 for a conference in June 2010. The benefit (attending the conference) was within the current Budget Period.

Unallowable on the current budget period: An airline ticket was purchased in November 2010 for a conference in March 2011. The benefit was after the current Budget Period ends.

Unallowable on the current budget period: A piece of equipment was ordered in December 2020 and received in January 2021. The benefit was after the current budget period ends.

Timing of Expenses Moved via Cost Transfer

If an expenditure is moved to an award via cost transfer (PAA or Journal Entry), the date the expense was originally incurred must fall within the start/end dates of the benefiting award or budget period (where the expense was moved).

Scenario: The current budget period on an award is January 1, 2020 - December 31, 2021.

Allowable: An expense was incurred and received in January 2020 and posted to a department budget. The expense was transferred in February 2020 to the award.

Unallowable: An expense was incurred in September 2019 and posted to a department budget. The expense was transferred in February 2021 to the award. The expense was incurred prior to the start date of the award and was prior to the 90-day pre-award spending period.

Questions?

If you need help determining the allowability of an expense or if you have any questions about the overall process please contact the [Sponsored Programs Accounting](#) office.

Reference Material

1. Brandeis University's Unallowable Cost Policy.
 - a. <https://www.brandeis.edu/business-finance/sponsored-accounting/policies/Unallowable%20Costs%20Policy.pdf>
2. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) and Office of Management and Budget (OMB) Circulars.
 - a. § 200.403 - Factors affecting allowability of costs
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.403>
 - b. § 200.404 - Reasonable costs
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.404>
 - c. § 200.405 - Allocable costs
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.405>
3. The NIH Grants Policy Statement (NIHGPS) (Rev. 11/16) Part 7
 - a. https://grants.nih.gov/grants/policy/nihgps/html5/section_7/7.2_the_cost_principles.htm

4. The NSF's Grant Policy Manual NSF 05-131_III. Grant Administration
 - a. https://www.nsf.gov/pubs/manuals/gpm05_131/gpm6.jsp