



GUIDANCE ON EXPENDITURE TYPES FOR SPONSORED AWARDS

SCOPE

This document sets forth the California Institute of Technology (Caltech) guidance on the use of expenditure types when initiating charges against sponsored awards. The purpose of this guidance is to provide an understanding of the importance of choosing the correct expenditure type on sponsored awards.

DEFINITIONS

As used in this policy:

Allocable Cost

A cost is allocable to a particular award, PTA, activity, or organization if the goods or services involved are chargeable or assignable to that award, PTA, activity, or organization in accordance with relative benefits received. In order to be allocable, a cost must meet the following requirements: (1) Be necessary to the overall operations of the non-Federal entity and assignable in part to one or more award, PTA, activity, or organization consistent with the cost principals in subpart E of 2 CFR 200; (2) be incurred specifically for the award(s) or costs objective(s); and (3) if the cost benefits more than one award or activity then the cost must be distributed to the benefitting awards or activities in proportions that may be approximated using reasonable methods.

Allowable Cost

A cost must meet the following general criteria to be allowable: (1) be necessary and reasonable for the performance of the award, PTA, activity, or organization as well as allocable; (2) conform to any limitations or exclusions set forth in the Uniform Guidance or the award terms and conditions; (3) be consistent with policies and procedures that apply uniformly to both Federal funded activity and other activities of Caltech; (4) be accorded consistent treatment; (5) be determined in accordance with general accepted accounting principles; and (6) be adequately documented. The determination as to what is an allowable cost is dependent on the specific circumstances.

Expenditure Category

In the Oracle system, an expenditure category is the top level categorization of costs and represents the major cost categories of sponsored award expenditures. An example of an expenditure category is Materials and Supplies.

Expenditure Type

In the Oracle system, an expenditure type is a more specific categorization of costs which roll up to an expenditure category. An example of an expenditure type is "Supplies - Allocable." This expenditure type rolls up to the Materials and Supplies expenditure category. Expenditure types

are mapped to object codes in the Oracle General Ledger.

GUIDANCE

This guidance is provided to assist Caltech researchers and administrative staff members who are involved in sponsored research to utilize expenditure types accurately. Costs must be classified correctly so that Caltech may be reimbursed for its allowable direct costs on sponsored awards as well as for its fair share of allowable recoverable indirect costs. Correct use of expenditure types also ensures compliance with federal costing regulations and Caltech accounting policies and procedures. Failure to classify costs appropriately can have a negative impact on Caltech, including disallowed costs, audit findings, and other potential consequences.

Expenditure Categories and Types

Caltech has approximately 75 different expenditure categories. Sponsored award expenditures typically fall into the following major categories: Salaries and Wages, Staff Benefits, Student Aid, Stipends, Material and Supplies, Subcontracts, Travel, Equipment, Indirect Costs, and Tuition Remission.

Caltech utilizes many different expenditure types; they are more specific than expenditure categories. Some of the more common expenditure types used on sponsored awards are Bi-Weekly Research Staff; Staff Benefits; Supplies – Allocable; Other Internal Charges; Subcontracts – Under 25K/Over 25k; Travel – Domestic Allocable, and Indirect Costs. A complete listing of expenditure types can be reviewed at [Caltech Web Queries – Expenditure Type Details](#).

Allocable, Allowable, and Restricted Expenditure Types

If an expenditure type is allocable as defined in the Uniform Guidance, it may be used to charge costs to a federal award consistent with the benefit received by the award (as long as the cost is allowable and reasonable). If an expenditure type is unallocable, it cannot be used to charge expenses to the federal award. Nevertheless, such costs may still be considered appropriate business expenses of Caltech and could be charged to a non-federal or discretionary account. When charging unallocable costs to a non-federal or discretionary account, the correct expenditure type will have the word “Unallocable” at the end of the expenditure type name (for example – “Supplies – Unallocable”).

Similarly, if an expenditure type is allowable as defined in the Uniform Guidance, it may be charged to a federal award (as long as the cost is reasonable and allocable to the award). If the expenditure type is unallowable, the costs cannot be charged to the federal award. Nevertheless, such costs may still be considered appropriate business expenses of Caltech and could be charged to a non-federal or discretionary account using an appropriate expenditure type (for example, “Supplies – Unallocable”).

Restricted expenditure types are those expenditure types for which additional scrutiny is required to determine allowability on federal awards. These expenditure types include: administrative salaries and other costs usually considered as part of the indirect cost base; stipend payments; food and entertainment; foreign travel; participant support costs; honoraria; and equipment. Other expenditure types may also be considered restricted depending on sponsor rules or the terms and conditions of the award.

Additional Information on Expenditure Types

Expenditure type information can be researched by using the [Caltech Web Queries – Expenditure Type Details](#) portal. Utilize the search function to find the expenditure type and the Area Being Used field to determine which Caltech office to contact if there are questions about the expenditure type.

When an incorrect expenditure type has been utilized for an expense, in most cases, a correction to the expenditure type can be made. Supplies and travel expenditure type corrections can be requested through Procurement Services; labor expenditure type corrections can be requested through Payroll as long as the correction occurs within the same calendar quarter during which the cost was incurred. Correction requests should be made in a timely fashion (typically within 90 days of the discovery of the incorrect expenditure type or, in the case of Payroll-related changes, as soon as possible after discovery.)

ROLES AND RESPONSIBILITIES

Principal Investigator

- Responsible for ensuring that only reasonable, allowable, and allocable expenses are charged to sponsored awards

Division Administration

- Determines appropriate expenditure type for costs when processing sponsored award expenses
- Makes timely corrections to expenditure types as necessary

Procurement Services

- Assists in determining appropriate expenditure types for unusual or rare purchases
- Corrects expenditure types when requested and appropriate

Office of Sponsored Research

- Ensures proposal and award budgets appropriately categorize types of costs
- Seeks sponsor approval when required for costs not in approved budget at time of award

Post Award Administration

- Reviews restricted costs on a regular basis for compliance with sponsor requirements
- Authorizes cost transfers; submits invoices and financial reports

Cost Studies

- Ensures costs are properly classified and treated in the development of Caltech's indirect cost rate proposal

RELATED REFERENCES

[Guidance on Business Expenses](#)

[Expenditure Type Matrix for Sponsored Awards](#)

[Cost Transfers to Federally Funded Awards Policy](#)

[Financial Services Policies](#)

[Post Award Administration Policies](#)

[Web Queries \(requires login to Access\)](#)

ISSUED BY

This policy is issued by the Post Award Administration and Cost Studies.

EFFECTIVE DATES AND UPDATES

Action Take	Date	Description of Action
Original Guidance	Effective 12/21/17	Approved by the Associate Vice President for Finance and the Associate Vice President for Research