

Documentation Required to Support Charges to Sponsored Projects

This document is provided as guidance to campus departments to ensure that charges to sponsored projects are supported by proper documentation.

- All expenses must meet the criteria defined in [2 CFR 200, Subpart E \(Cost Principles\)](#), University policy, sponsor policy, and individual award terms and conditions. If policies differ, the strictest rule applies.
- Documents not found in a University system must be maintained by the department.
- Any dollar amounts charged in the ledger must be clearly identified on the supporting documents.

Type of Expense that directly supports the project	Risks to Mitigate/Minimize	Documentation Provided on request to auditors	Special Notes
Salaries, Wages, and Associated Fringe Benefits	<p>This is the largest category of expense, comprising about 2/3 of all sponsored project charges, so this is where we have the biggest risk.</p> <p>Employee doesn't exist or was otherwise ineligible to have payroll charges on the award.</p> <p>Inaccurate time reporting, or actual work performed is not reasonably proportional to the percentage of salary charged.</p> <p>Administrative salaries were charged when they were not allowable.</p>	<p>Proof of appointment, distribution of salary expenses, salary rate, and title code, such as:</p> <ul style="list-style-type: none"> -HADF report from PPS -Appointment letter -Position description <p>Requests/approvals from Principal Investigator (PI) or Project Director to charge payroll or change payroll distributions.</p> <p>DS-339 Payroll Expense Report, and evidence that payroll ledgers have been reviewed monthly via the Analytical Ledger Review (ALR).</p>	<p>Some awards may require maintenance of additional documentation. Check your award terms and conditions.</p> <p>Payroll charges to the sponsored project must represent effort expended in support of the project.</p> <p>Click here for information on Analytical Ledger Review</p>

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	<p>Salary and/or benefit costs are reported incorrectly.</p> <p>Tuition remission was given to an ineligible graduate student researcher.</p>	<p>Certified effort reports covering all payroll periods during the award period (Federal and Federal Flow-Through projects only).</p>	
Equipment	<p>Equipment purchase is not allowed by the sponsor, or not pre-approved when required.</p> <p>Equipment did not benefit the project that paid for it.</p> <p>University purchasing policies and procedures were not followed.</p> <p>Assets are not tracked and inventoried per University policy.</p>	<p>Purchase requisitions, bids and bid analysis (if required).</p> <p>Justification and authorization to buy.</p> <p>Vendor invoice.</p> <p>Evidence of receipt of goods such as a receiving document, log, a departmental receipt certification on the invoice, or KFS Receiving document.</p> <p>Evidence of CAMS inventory tracking.</p> <p>If invoice was split-charged to multiple accounts, a valid allocation methodology must document the amount charged to each account AND how the split was derived (for example, based on estimated usage of the equipment).</p>	<p>Third-party reviewers must be able to follow a clear audit trail where dollars charged to the ledger can be readily identified on the supporting documents.</p> <p>Equipment must be purchased at least 60 days prior to the end of the project period. Requests for exceptions should be submitted in writing to Sponsored Programs. Ref: UC Davis Guide to Research Compliance, page 18.</p> <p>Some awards may require written sponsor authorization to purchase equipment.</p>

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Supplies	<p>Supply is unallowable on the award, or sponsor approval was not obtained when required.</p> <p>Supply did not benefit the project charged.</p> <p>Administrative supplies were charged when they were not allowable.</p> <p>Supply was received or service was provided outside of the award performance period.</p> <p>Proper separation of duties per University policy cannot be demonstrated.</p>	<p>Vendor invoice.</p> <p>If only a portion of the invoice amount was charged to a project, a valid allocation methodology must be used, documented, and maintained. Document the amount charged to each account AND how the split was derived (for example, based on estimated usage of the supplies).</p>	<p>Third-party reviewers must be able to follow a clear audit trail where dollars charged to the ledger can be readily identified on the support documents.</p> <p>Purchasing Card transactions must be supported by invoices and/or receipts showing what was purchased and the amount charged.</p>
Travel	<p>Travel is unallowable on the award, or sponsor approval was not obtained when required.</p> <p>Travel did not comply with the Fly America Act.</p> <p>Per diem was charged when it was not allowable, or incorrect rate for per diem or mileage was used.</p> <p>Alcohol was charged when it was not allowable.</p>	<p>Completed AggieTravel Expense Report, including all documentation required by policy, such as travel purpose and receipts.</p> <p>For group travel, the group leader must submit the names of persons on whose behalf the expenses were incurred, an itemization of the expenses, and supporting documentation.</p>	<p>Some awards may have additional limitations. Check your award terms and conditions.</p> <p>It must be clear from the documents how the travel benefited the project.</p> <p>UC Davis Group Travel web site</p> <p>UC Travel Regulations – G-28</p>

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	<p>Travel did not benefit the project charged.</p> <p>Exceptions to policy were not appropriately approved or adequately explained, such as first class upgrades.</p>	<p>Copy of sponsor written approval if required.</p>	<p>G-28 policy changes for 2017</p> <p>UC Davis Travel web site</p>
<p>Recharge services</p>	<p>Recharge activity is unallowable on the award, or sponsor approval was not obtained when required.</p> <p>The recharge rate used is unapproved, not published, or inconsistently applied.</p> <p>The wrong recharge rate was applied.</p> <p>The recharge billings are inaccurate, or there is no evidence that standard data was captured to support each charge, e.g. a time in/out log for equipment billed by the hour.</p> <p>Rate development documentation is inadequate to demonstrate that University policies were followed.</p>	<p>Request for item or service including proper authorization, or receipt with initials of authorized purchaser.</p> <p>Documentation showing the type/quantity of goods or services received.</p> <p>A brief description of how the items/services benefited the project.</p> <p>Recharge rate schedule with effective dates.</p>	<p>Printouts of financial system documents may not sufficiently detail the recharge. It must be clear from the documents how the items/services benefited the project and how the recharge was calculated (i.e. units x rate).</p>

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Subcontracts	<p>Insufficient monitoring of sub-awardees. No evidence of:</p> <ul style="list-style-type: none"> -review of technical and performance reports by the PI. -PI review of expenses prior to payment. -site visits or audits. <p>Subcontract costs did not benefit the project, or documentation is inadequate to demonstrate the benefit to the project.</p> <p>Subcontract costs are unallowable on the award, or sponsor approval was not obtained when required.</p>	<p>Subcontractor invoice with PI approval to pay.</p> <p>Subcontracts and amendments.</p>	<p>The PI reviews progress reports from the subcontractor indicating that the work is being performed. If there's reasonable progress and the expenditures are within budget, only the approved invoice is needed.</p> <p>Risks may be amplified for international subcontractors.</p>
Cost Transfers	<p>Transfers were not made within 120 days per University policy.</p> <p>Justification for transfer is inadequate.</p> <p>Transfers give the impression we are "using up" funds at the end of the award.</p>	<p>Evidence of PI request or PI pre-approval for transfer.</p> <p>Salary Expense Transfer (SET), Distribution of Income and Expense (DI), General Error Correction (GEC) document with approvals and clear justification.</p> <p>Establish clear path back to the original expense.</p>	<p>Transfer must be fully explained, justified, and approved by the unit administrators involved in the transaction. (An explanation that merely states that the adjustment being made is "to correct an error" or "to transfer to correct project" or "expenditure inadvertently charged to incorrect account" is not sufficient.)</p>

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	<p>Transfers give the impression that a sponsored account is being used as bridge funding.</p>	<p>If only a portion of the original amount is transferred, the allocation methodology must document the amount charged to each account AND how the split was derived</p>	<p>In the case of adjustments that involve Federal grants and contracts, the certification and approval signatures must include that of the principal investigator, department head or other academic official.</p> <p>Payroll charges to a sponsored project must represent effort expended in support of the project.</p> <p>University cost transfer policy is established in BFB-A-47.</p>