

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 65.04, Allowable Activities and Allowable Costs

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to ensure compliance with Federal guidelines for allowable activities and allowable direct costs charged to programs receiving financial support from external sources (sponsored programs).

REVIEW: This HSC OP will be reviewed on May 15 of each odd-numbered year (ONY) by the Directors of Accounting Services and Sponsored Programs, with recommendations for revision forwarded to the Senior Vice President for Research and Innovation and the Executive Vice President for Finance and Operations.

POLICY/PROCEDURES:

1. Definitions and Background :
 - A. Direct Costs – The Federal Office of Management and Budget (OMB) 2 CFR 200 Subpart E- Cost Principles for Educational Institutions define

- a. Verify that only allowable charges are posted as direct charges to the sponsored project fund
- b. Signature or electronic approval by the PD/PI or designated departmental personnel indicates
 - 1. Approval of the action requested.
 - 2. Charges are directly related to the project scope.
 - 3. Charges and activities are allowable according to the approved project budget and project requirements.
 - 4. Charges have been incurred within the approved project period or documentation of sponsor approval for charges outside of the project period has been submitted to the Office of Sponsored Programs (OSP).
 - 5. Charges have been incurred in accordance with TTUHSC operating policies and are being treated consistently.
 - 6. Charges on the sponsored project fund are reasonable as to their purpose and are recorded and allocated according to the benefits derived by the program.
 - 7. Cost transfers and cost corrections are kept to a minimum to avoid audit concerns and are submitted via the Financial Transaction System (FiTS) timely to avoid reporting errors.

B. Accounting Services –

- a. Secondary, general review of posted transactions to identify expenses that may be questionable. Per Paragraph A.a. above, it is the responsibility of the PD/PI or other designated departmental personnel to ensure that only allowable expenses are charged to the project fund.
- b. Direct questions regarding the appropriateness of charges to the PD/PI or other designated department personnel.
- c. Request sufficient documentation and justification of charges to maintain proper financial account management.
- d. Review and approve cost transfers if any expenses are determined to fall outside of these guidelines. Such cost transfers should comply with [HSC OP 50.18](#).