Level I of the Federal Executive Pay Scale as our salary cap.

- Actual salary amounts that exceed the NIH Cap are automatically charged to mandatory cost sharing accounts.

**COST SHARING**

The portion of project costs that are not supported by the sponsoring agency but instead paid for by:

- Department/division or school funds
- Other non-federal sponsored projects
- Third Party (In-kind) contributions

Cost sharing includes the following expense categories:

- Personnel (salaries and fringe benefits)
- Non-personnel (equipment, supplies, other…)
- Facilities & Administrative (F&A) costs

A commitment for cost sharing or contributed effort may not be made without the concurrence and approval of the appropriate department/division/school official.

**COST TRANSFERS**

The transfer of an expense between two accounts/funds, one of which must be a sponsored fund (38XXX, 4XXXX-65999). Transfers are a means of correcting errors, NOT managing project funds. The correction of erroneous charges must be:

- Documented and signed/approved by the PI or his/her designee.
- Supported by documentation which provides sufficient information to allow for a clear audit trail.
- Processed within 90 days of when the error was discovered.

**EFFORT REPORTING (PARs)**

WU faculty are required to certify, via a Personnel Activity Report (PAR), that the salaries charged to sponsored projects are reasonable in relation to the work performed. The PAR is:

- A measure of the total effort for which a faculty member is compensated by WU, regardless of the hours worked.
- Generated and distributed on a schedule based upon an individual’s academic status and campus location.
- A legal document in which the individual attests to the accuracy of the effort charged to sponsored projects.
- A document that must be signed/certified by the individual that expended the effort or a supervisor that has first hand knowledge of the total compensated effort of that individual.

**OTHER FINANCIAL COMPLIANCE GUIDELINES**

Additional compliance guidelines for the topics not below are available on the SPA website, see [http://www.spa.wustl.edu/](http://www.spa.wustl.edu/)

**ADDITIONAL RESOURCES**

Research at WUSTL
[http://research.wustl.edu/](http://research.wustl.edu/)

University Compliance Office
[http://complianceoffice.wustl.edu/](http://complianceoffice.wustl.edu/)

Joseph M. Gindhart, Director – Sponsored Projects Accounting
314-935-7089 / jgindhart@wustl.edu

Denise M. McCartney, Associate Vice Chancellor for Research
314-747-6253 / mccartnd@wustl.edu

Gail A. Peters, University Compliance Officer
314-362-4915 / peters@wustl.edu

The purpose of this document is to provide principal investigators (PIs) with a quick reference tool for the financial management of sponsored projects awarded to Washington University (WU).

**Presented by Sponsored Projects Accounting and Research Education**

**Revised - June 2007**
WHY IS COMPLIANCE IMPORTANT?
- Sponsors have expectation that we will be responsible stewards of the funds we receive
- Non-compliance can result in
  ◦ Financial & Criminal Penalties
  ◦ Loss of existing and future research funding
- It's the right thing to do

Washington University (WU) is committed to the highest ethical and professional standards of conduct as an integral part of its mission, the promotion of learning. To achieve this goal;
- The University relies on each community member's ethical behavior, honesty, integrity, and good judgment.
- Each community member should demonstrate respect for the rights of others.
- Each community member is accountable for his/her actions.

DIRECT COSTS
Costs that can be identified specifically with a particular sponsored project or that can be directly assigned to such activity relatively easily with a high degree of accuracy.

- This includes:
  ◦ Alcohol and food
  ◦ Entertainment
  ◦ Fines and penalties
  ◦ Personal use items
  ◦ Losses on sponsored agreement (deficits)
  ◦ Charitable donations

UNALLOWABLE COSTS
Certain types of costs cannot be charged (directly or indirectly) to federally funded sponsored agreements.

- Itemization of meals is required when the total daily meal expense is greater than $50. A daily food per diems is not allowed.
- U.S.-flag air carriers should be utilized for foreign travel on federal grants and contracts.

FACILITIES & ADMINISTRATIVE COSTS

- The negotiated Facilities & Administrative (F&A) Cost rate is used to recover the costs WU incurs for administering research. Examples include:
  ◦ Operating and maintaining buildings
  ◦ Equipment and building depreciation
  ◦ Administrative & clerical services
  ◦ Accounting, payroll and procurement services
- The PI must utilize the applicable F&A rates in all competitive and non-competitive proposals submitted.
- Normally, the F&A rate should not be applied to the following direct cost items: equipment, patient care, tuition remission, rental costs of off-site facilities and the portion of each subagreement in excess of $25,000.

TRAVEL
- Reimbursement of travel costs is based on the actual expenses incurred.
- Expenses are reimbursed via a Travel Expense statement filed within 15 days after completion of the trip.
- The individual traveler and their supervisor must sign a the Travel Report.
- Original receipts must be submitted for all travel expenses that are $30 or more.

NIH SALARY CAP
The NIH (plus AHRQ and SAMHSA) restricts the amount of direct salary charged to their grants.
- Compensation for individuals on NIH grants cannot exceed a stipulated rate of pay per year or per academic appointment.
- WU is authorized to use Executive