

Guidance on Expenditures Near the End of a Project

Principal Investigators/Project Directors (PI/PD) are responsible for monitoring their expenditures throughout the life of a sponsored project. Expenses near the end of a project period receive particular scrutiny from the federal government, so PI/PDs should keep these things in mind:

- **The expense must be allocable; that is, it must directly benefit the project(s) used to purchase the item.** The awarding agency approves the budget in anticipation of those expenses furthering the goals of the approved project. Therefore, equipment, supplies, and materials, including computers, made late in the project generally can't reasonably be allocated to only that project. (See 2 CFR 200.405.)

An example from another university of a recent audit finding related to computers purchased at the end of a grant period: "The supplies and materials...had an invoice date of August 2, however the award expired on September 30. According to University personnel, the purchase was needed to support...experimental data analysis. The University did not have ample time left for the laptop to be utilized in the actual conduct of the research. Thus, the timing of the purchase indicates the laptop did not benefit this award, but rather other research/awards outside the scope of this award."

- **"Spending down" remaining funds for related or future projects is not allowable.** Expenses must benefit only the specific project within the project period of the funding. However, expenses may be allocated to multiple projects or purposes if there is a reasonable method of allocation.
- **Funds remaining at the end of a project period cannot be used for items that are typically covered by F&A,** such as general purpose computing equipment, office furniture, office supplies, etc.