OVERVIEW

This reference outlines the general review process completed by the OCG Compliance Officer for sponsored projects property-related actions, (for example: fabrication requests, budget deviation approvals, Marketplace requisition approvals, etc.). The cost principles as codified in 2 CFR 200.403-405 are the baseline for reviewing a property transaction. According to these regulatory requirements, costs on sponsored projects must be allowable, allocable, reasonable, and consistently accounted for. Here is what that means for your projects:

**Allowable** – The terms of the sponsored award must permit the purchase of equipment. Authority to acquire permanent equipment may be conditioned on prior approval from the sponsor.

**Reasonable** – The purchase of this equipment makes sense to a prudent person and the equipment is necessary for fulfilling the research objectives of the award.

**Allocable** – The purchase of equipment must directly benefit the sponsored project. Cost allocations should be logical, consistent, and traceable in the future. If multiple projects benefit from a piece of equipment, the costs for acquiring that equipment should be charged on a reasonable and documentable basis.

**Consistently accounted for** – The equipment purchase is charged according to the established University practices and policies for incurring and accounting for costs.

STEPS FOR OCG REVIEW

Any documentation, explanation, or justification that demonstrates compliance with the cost principles above and answers the questions below will expedite OCG review and approval when provided by the department and/or Principal Investigator along with the request.

1. Review **award terms and conditions** for any limitations on property and/or equipment.
   a. Do we need sponsor approval for any equipment purchases (budgeted or unbudgeted)?
   b. Has the department already provided a copy of approval from the sponsor’s authorized representative?
   c. Is the action (fabrication, JE, purchase, etc.) occurring within the award period of performance?
      Please note: Cost transfers made more than 30 days after the end of the month in which the transaction appears in the financial statement require additional justifications. Purchases made within 60 days of the project POP end-date require additional justification.
   d. Does CU retain title to equipment acquired on this sponsored project?

2. Review **proposed budget** and **budget justification**.
   a. Was equipment listed in the proposed budget or were equipment costs captured in the budget justification?
   b. If there is no equipment in the budget, is the deviation substantial (more than 10 percent of the amount funded to-date)? Will we need to obtain sponsor approval for the deviation?
   c. Would the action (fabrication, cost transfer, purchase, etc.) be considered a change in the project SOW?
   d. Does the project have remaining budget or will the action cause the project to go into deficit?

3. Verify whether the action is related to an existing piece of equipment (which the department has identified by **tag number**) or if it relates to a new acquisition.
   a. If the tag number is for a fabrication, what is the status of that fabrication (in-service or work-in-progress)?
   b. If the tag is being upgraded, are all of the capitalization requirements for upgrades met?
   c. If the new acquisition is a fabrication, has the department requested and received a fabrication ST?