OVERVIEW

This reference outlines the general review process completed by the OCG Compliance Officer for sponsored projects fabrication requests, budget deviation approvals, or Marketplace requisition approvals. 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 paying for it. Cost allocations should be logical, consistent, and replicable. 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 all university 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, budget deviation, or purchase) occurring within the period of performance (POP)?
      - *Purchases made within 90-120 days of the project POP end-date are generally unallowable because they are unable to support the project during its period of performance.*
   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 and/or was the needs statement captured in the budget justification?
      - If not, is there a needs statement attached to the property action explaining why it is necessary and how it supports the purpose of the project?
   b. If there is no equipment in the budget, is the deviation allowable?
   c. Will we need to obtain sponsor approval for the deviation?
   d. Would the action (fabrication, deviation, or purchase) be considered a change in the project SOW?
   e. Will the fabrication be a deliverable?
   f. 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 speedtype?

4. For new federally-funded standalone capital equipment purchases not governed by FAR 52.245-1, did the department/PI certify that either the Buff Surplus site and/or the CU B Shared Instrumentation Network were checked to ensure that no other comparable equipment is already available for use on the project?