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Subject: Policy for Supply and Equipment Purchases Made in the Last 90 Days of a Project Period

ORGS Office: Office of Sponsored Programs

CMU Partner Office (if applicable): Grant Accounting Office

Originator & Original Date: Sarah Hall & Tanya Hohlbein, 9/28/2024

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Purpose:

To establish guidelines for the management of supply and equipment purchases being made during the last 90 days of a project period for externally funded projects managed in a WBS. This policy has been developed through a collaboration between the Grant Accounting Office (GAO) and the Office of Sponsored Programs (OSP).

General Background Information:

- Supplies and equipment may not be purchased simply to use an unobligated balance remaining at the end of a project or used to restock inventory to replenish supplies during the life of a project. Supply and equipment purchases near the end of a project period generate intense scrutiny and red flags to an auditor and will require project specific justification and/or sponsor approval as appropriate.
- Please note, depending on the timing of the purchase and the usefulness of the item(s) on the project, expenses may need to be pro-rated so that allocable expenses are charged to the externally funded project.

Narrative/Details:

Equipment Purchases

- Per Uniform Guidance (2 CFR 200.313 section (a)(2)), equipment may not be purchased without prior approval from either the federal awarding agency or the pass-through entity. Also, any equipment purchases must be in line with Financial Affairs Policy #90,077.
- Equipment may be purchased throughout the life of an award in conjunction with the sponsor-approved budget. Purchase of equipment during the last three months of a project will require the PI to provide additional information prior to the purchase moving forward.
 1. If a purchase requisition for equipment is received by OSP during the last three months of a project, the PI will be contacted and asked to provide the following:
 - A. A description of the equipment

- B. A detailed, project-specific justification outlining why the equipment is necessary to complete the scope of the project
 - C. The dollar amount of the cost estimate or quote for the equipment to be purchased (actual quote document may be required by sponsor)
 - D. The anticipated date in which the equipment will be received
2. Once the information is received from the PI, OSP will review the request to determine allowability, and work with GAO as needed if questions arise.
3. If the equipment is not currently part of the sponsor-approved budget, a prior approval request will need to be submitted by OSP and approved by the sponsor prior to the expense being placed on the WBS.
 - A. In addition to the information requested in item #1 of the Equipment Purchases section of this policy, the PI will be required to confirm that the purchase and use of the equipment does not constitute a change in scope for the project

Supply Purchases

- Supplies may be purchased throughout the life of an award, up to a month or two before the end of the award, but it is rare that large supply purchases at the end of the award are allocable or allowable and such purchases will require additional justification and review, and may be deemed unallowable. If unallowable, the costs will become the responsibility of the respective department.
 1. Regardless of the total purchase amount, GAO and OSP may request additional information for supply purchases being made during the last 90 days of a project period prior to the expense being charged to the externally funded project.
 2. Any supply purchase totaling \$1,500 or more being made 60 days or less from the end of an award, requires project specific justification and confirmation that the item(s) will be utilized during the approved project period in conjunction with the sponsor-approved scope of the project.
 - A. Once such an expense has been identified, an email will be sent to the Project Investigator/Project Director (PI/PD) requesting this information.
 - B. Both GAO and OSP will need to review the information provided and determine if the expense can remain on the project in conjunction with sponsor and university guidelines.
 3. Depending on the item(s) being purchased, GAO and/or OSP may determine that sponsor approval is required for an expense to remain on the project.
 - A. If sponsor approval is not provided, the expense must be removed from the externally funded project, and this expense will become the responsibility of the department.
 - B. If the final invoice/expense report is submitted prior to approval being received, the expense will not be allowed on the externally funded project.
 4. Unless there is differing guidance from the sponsor, if there is a residual inventory of unused supplies that were charged to the award, and the total aggregate value exceeds \$5,000 or more upon termination or completion of the project, the surplus of the residual supply balance will be removed from the project.