



**Title:** Late Purchases Policy for Grants  
**Effective Date:** February 19, 2021  
**Issuing Authority:** Provost  
**Policy Contact:** Senior Vice Provost for Research  
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## Purpose

The purpose of this policy statement is to set forth the University's policy and procedures regarding significant expenditures late in the project period.

## Scope

This policy applies to all sponsored projects at Mercer University.

## Exclusions

Mercer Engineering Research Center

## Definitions

As used in this policy, the following term(s) have the meaning specified below:

### Late in project period

- Within 60 days of the project end date for single purchase or aggregate purchases exceeding \$5,000
- The final year (or no cost extension year) for all equipment purchases

### Significant expenditures

- Single purchase exceeding \$5,000
- Aggregate purchases exceeding \$5,000
- Equipment is any single item which costs \$5,000 or more and has a useful life of greater than one year

## Policy Statement

The federal government prohibits indiscriminate spending solely to utilize unexpended grant funds. Though an investigator may have a significant balance remaining, all grant purchases must still meet the definition of an allowable cost as defined by Uniform Guidance 2 CFR 200 to be charged to a sponsored account. An allowable cost must be:

- **Reasonable** – The nature of the goods or services acquired or applied, and the amount involved, must reflect the action that a prudent person would have taken under the

circumstances prevailing at the time the decision was made to incur the cost.

Some of the major considerations involved in the determination of the reasonableness of a cost are:

- whether or not the cost is generally recognized as necessary for the performance of the sponsored agreement;
  - whether or not the individuals concerned acted with due prudence in the circumstances; and
  - the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices.
- **Allocable** - Goods or services involved are chargeable or assignable to a sponsored project in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if:
    - it is incurred solely to advance the work under the sponsored agreement;
    - it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods; or
    - it is necessary to the overall operation of the institution and, considering the principles provided under Uniform Guidance, is deemed to be assignable in part to the sponsored project.

It is the University's responsibility to make this determination. Per Uniform Guidance 2 CFR 200.403 - 405: "The recipient institution is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable under these cost principles."

It is the policy of the University to review significant expenditures late in the grant period with additional scrutiny to assure the expense is allowable and allocable. Approval of these expenditures will be dependent upon appropriate justification and adequate documentation. This includes a written statement from the Grant or Contract (administrative) Officer authorizing the expenditure; email approval will generally be acceptable.

## **Additional Resources**

1. **Procedures:** When a principal investigator proposes a purchase considered to be a significant expenditure late in the grant period, he/she will be asked to draft an expense justification explaining the necessity of the proposed purchase and certifying to the appropriateness of the charge to the sponsored project. The justification should be submitted to the Grants and Contracts Office who will forward it to the appropriate Grant or Contract Officer for the award. Once approval is obtained from the sponsoring agency, the charge will be approved by the University.
2. Uniform Guidance Policy: <https://policies.wip.mercer.edu/uniform-guidance-procurement/>