



Hamilton

Budget and Expenditure Monitoring Policy

Hamilton College has established a system of controls to monitor sponsored projects on a regular basis and promote compliance with federal regulations. The Principal Investigator (PI) is responsible for compliant charging of expenses to his/her sponsored project award. The Budget Manager in the Dean of Faculty Office will provide guidance and support on an ongoing basis, review and approve expenditures and perform other central monitoring functions.

This policy outlines the standards for allowability and describes expected procedures for monitoring, review and expenditure approval to ensure compliance with federal requirements and project budget consistency.

Applicable Federal Regulations

According to OMB Circular A-21, Cost Principles for Education Institutions

http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a21.pdf

All charges must pass the following four tests:

- **Reasonable.** They are recognized as necessary for the operation of the institution or the performance of the agreement. The nature of the commodities or services acquired or applied, and the amounts involved reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.
- **Allocable.** They must be incurred solely to advance the work under a sponsored project; 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, in light of the principles provided in Circular A-21, is deemed to be assignable in part to sponsored projects.
- **Allowable.** The charges must not be designated as “unallowable” under Section J of OMB Circular A-21, and must adhere to agency-specific policies, terms and conditions regarding specific items of cost, and other college policies.
- **Consistent.** Costs incurred for the same purpose, in like circumstances, should be treated consistently as either direct or indirect costs of sponsored programs. This means that any cost, including salaries and wages, lab and office supplies, and services, all departments across the college must treat that cost in the same manner.

Implementation

Charges to sponsored projects must be reviewed and approved as defined in this policy. The PI is responsible for charging **direct costs** to his/her sponsored project. The DOF Budget Manager



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is responsible for reviewing all expenditures and notifying the PI of any inappropriate charges that will require correction.

Expenditure Review

- The PI has the responsibility for verifying that charges on his/her awards are allowable. S/he may receive assistance from the DOF Budget Manager on financial tasks, but the PI will retain responsibility for the review and approval, on a transactional basis, of charges assessed to his/her sponsored project(s). The PI should be able to support that all transactions:
 - occur within the project period
 - are appropriately documented
 - are reasonable, allocable, allowable, and consistently applied
 - meet the limitations of the sponsor-approved budget and
 - occur within the required timeframe for submitting a cost transfer.
- The PI will review, approve, and submit invoices and check requests for payment directly to the DOF Budget Manager. The Business Manager will review and approve payment of invoices and check requests and forward them to the Assistant Controller for a second review to ensure funding is available. After approval by the Assistant Controller, the document will be forwarded on to the Accounts Payable Office for processing.
- The DOF Budget Manager will review payroll/fringe benefits charges and internal charges and discuss with PI as appropriate.
- Procurement purchases will be reviewed by the DOF Budget Manager to ensure that the Procurement process has been adhered to. Purchase Orders will be prepared by the PI, forwarded to the DOF Budget Manager for review and approval. The Budget Manager will forward the Purchase Order to the Purchasing Department for processing.
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Procurement Procedures—purchases over \$25,000

- All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.
- Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.
- Preference is given to small, disadvantaged, minority or women-owned businesses.
- All recipients shall establish written procurement procedures. These procedures shall provide for, at a minimum, that the following apply:



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- Recipients avoid purchasing unnecessary items.
- Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government
- Solicitations for goods and services provide for all of the following:
 - ✓ A clear and accurate description of the technical requirements for the material, product or service to be procured.
 - ✓ Requirements which the bidder/offeror must fulfill.
 - ✓ A description of technical requirements in terms of functions to be performed or performance required.
 - ✓ Specific features of “brand name or equal” descriptions that bidders are required to meet.
 - ✓ The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
 - ✓ Preference for products and services that conserve natural resources and protect the environment and are energy efficient.

Source: OMB Circular A-110, section C.43 and C.44

REQUIRED:

	To \$10,000	Between \$10,001 and \$25,000	\$25,000
Formal bid process required?	No	Yes	Yes
Acceptable forms of bids	n/a	Verbal, published catalogues, written	Written only
Minimum number of bids required	n/a	2	3
Submit bid documentation to the DOF Office?	No	Yes	Yes
Complete a Vendor Selection Form?	Not required	Yes	Yes
Analyze lease vs. buy options	Not required	Not required	Yes

For purchases to \$10,000:



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Formal documentation of vendor selection is not required. Buyers are expected to conduct an informal cost/price analysis and select the vendor offering the best mix of quality, service and price for the specified need. Reasonable efforts shall be made to ensure fair and competitive pricing.

For purchases from \$10,001 to \$24,999:

A minimum of three (2) bids, written or verbal, are required. Each vendor must be provided with the same precise and accurate description of the specifications and technical requirements for the item or service. Web price lists and catalogue listings can be considered verbal bids.

Buyers must complete a Vendor Selection Form. A copy of the completed form must be attached to the selected vendor's purchase order request and submitted to the Dean of Faculty Office.

For purchases \$25,000 and over:

A minimum of three (3) **written** bids are required. Each vendor must be provided with the same precise and accurate description of the specifications and technical requirements for the item or service. Written bids may be received by mail, fax or email and should be signed/e-mailed by an authorized representative of the vendor.

Buyers must complete a Vendor Selection Form. A copy of the completed form and all written bids must be attached to the selected vendor's purchase order request and submitted to the Dean of Faculty Office.

When lease options are available, an analysis of the lease versus buy option must be performed to determine which alternative would be the most economical and practical form of procurement.

Non-Competitive Vendor Selection

Occasionally, a buyer is unable or chooses not to competitively bid the requirements. These situations are characterized as sole or single source transactions.

Sole Source: No other vendor capable of fully meeting the requirements exists.

Single Source: Alternative vendors exist in the competitive market, but the buyer chooses to

solicit a bid from only one particular vendor because of technical requirements (precision, reliability)

or past performance by other vendors (poor service, availability of parts).



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The College will follow the requirements of OMB Circular A-110 and federal sponsors for all purchases. The DOF Budget Manager will review all transactions to ensure:

- occurring within the project period
- are appropriately documented
- are reasonable, allocable, allowable, and consistently applied
- meet the limitations of the sponsor-approved budget

The DOF Budget Manager will also:

- request justification for expenses from the PI
- provide the account number and proper object of expense

Monthly Expenditure Review

- The PI should review all expenditures and remaining balances related to their sponsored project on the Hamilton College My Grants online budget tool.
- The DOF Budget Manager will review reports of expenditures charged to each sponsored project and, in the event actual expenses exceed their respective budgets, the DOF Budget Manager will send a report of such expenditures to the PI for their review. The review may result in the recoding of certain charges and/or budget adjustments which must be approved by the DOF Budget Manager.

Note: *Disallowed charges should not be transferred to other sponsored agreements unless the charges are appropriate to the project. See Cost Transfers Affecting Federal Sponsored Agreements.*

Closeout

Ninety days before the termination date of the sponsored project, the DOF Budget Manager will notify the PO that the sponsored project is ending and that, unless an extension is being requested, closeout preparation should commence.

At that time, the PI should conduct a final review of the financial reports, promptly report any necessary corrections to the DOF Budget Manager and submit the final progress report and any other sponsor deliverables to the funding organization. The DOF Budget Manager is available to assist the PI with his/her final financial reporting requirements and the Associate Director of Foundation, Corporate, and Government Relations is available for assistance with the final program report.