Credit Card Charges on Grants

Procedure #: 600.200
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1.0 Introduction

A. The college has several rules related to charges appropriate for federal grants. Principal Investigators initiate charges to their grants and are responsible for insuring that the charges are allowable and appropriate by consulting with the Grants Accountant. For grant purchases $500 and over a Purchase Authorization form is required to be completed and forwarded the Office of Research and Grants for approval before purchasing.

Note: The college must conform to the Federal Cost Accounting Standards (CAS 9905.502). It states that all costs need to be treated similarly. Therefore costs charged as indirect costs, or included in the indirect cost study as an overhead item, can NOT be charged to a grant as a direct cost. This is the basis for eliminating office supplies, copier costs, routine telephone costs, etc. from being an allowable charge to federal grants.

2.0 General Definition of Responsibility

The Principal Investigator of each grant is responsible for ensuring that the costs charged to the grant are appropriate. The Grants Accountant is responsible for general advisement to the Principal Investigators.

3.0 Background

A. The federal government requires that costs charged to grants through the indirect cost study should not be charged as direct costs to any grant. CAS 502 states that "the purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any sponsored agreement.....Adherence to these cost accounting concepts is necessary to guard against the overcharging of some cost objectives and to prevent double counting. Double counting occurs most commonly when cost items are allocated directly to a cost objective without eliminating like cost items from indirect cost pools which are allocated to that cost objective." A fundamental requirement of these standards is " All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs
only...No final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective".

B. The Citadel does the short form version of the indirect cost study. In the short form, 20% of the salaries and expenses of deans and department heads are included in the overhead pool. Because of this treatment supplies, telephone costs, copy costs, etc. are in the indirect cost rate and should not be charged as part of the direct costs of the grant.

4.0 Policy

Costs normally treated as indirect costs will not be charged to grants. Credit card charges must be reviewed to ensure those type charges do not inadvertently include some of these costs.

5.0 Procedure

A. Each quarter the Grants Accountant will furnish a list of active federal grants during that quarter to the Accounts Payable Supervisor.

B. The Accounts Payable Supervisor will prepare a listing of all credit card charges, by date, for each account noted. A space will be made on the report for the Principal Investigator to list the item bought and charged to the grant.

C. The Grants Accountant will send this listing to the Principal Investigator.

D. The Principal Investigator will work with his departmental credit card liaison to validate the charge to the grant and note what was purchased.

Note: for each charge, a detailed listing is not required. Example: Note "consumable lab glassware" rather than 4 1-liter beakers, 2 ½ liter beakers, etc.

E. The Principal Investigator will sign the form and return it to the Grants Accountant who will place the form in the grant folder.

F. The Grants Accountant will include an item on the grant closeout list: Verify that the Principal Investigator has authorized all credit card charges. If any time period is missing, she can generate another report for that period.