PURCHASES AT THE END OF BUDGET AND PROJECT PERIODS

General
For a purchase to be included in a specific budget period, a purchase order must have been written before the budget period has ended. This procedure is important in cases where a) an award does not extend automatic carry-forward authority to the University; or, b) a No-Cost Extension that may be denied.

A number of federal agencies restrict the purchase of equipment in the last ninety days of a project. This limitation refers to the end of the overall project duration and not to a budget period (e.g., year 1 of a three year project). The basis for this restriction is that it would be difficult to justify the cost of the equipment in terms of the direct benefit to the sponsored project. For this same reason, thought and consideration should be given to any costs charged to a project within the last ninety days of its project period. Although it might be possible to justify the purchase of lab supplies during the last ninety days of a project period, the justification will be scrutinized more carefully by an auditor regarding the utility and benefit to the project at that late date. Without careful justification, it might appear that the purchase might be an attempt to ‘stock the lab’ for future use by using unspent project funds.

Therefore, special consideration should be given to the last year of a sponsored project. Even though a purchase order has been written, the amount should be paid within ninety days of the end date of the project. If it does not appear likely that payment will be made in this period, a no cost time extension should be requested.

While federal guidelines are not as specific in regard to other purchases, similar consideration should be taken in determining allowability of all costs on a federal project within the last ninety days. The "commitment" to the project is not established until an actual purchase order has been written to a vendor, or a "notice of commitment" has been enacted between the Purchasing Office and a vendor and the good or item has been received. The submission of a requisition by a PI, or his/her support person, to Purchasing does not represent a commitment, as viewed by federal auditors. Submission of a requisition on a confirming order may be viewed more sympathetically by auditors. However, it is important to remember that only the Purchasing Office is authorized to make procurement commitments on behalf of the University.

As the end of a project is approached, the OSP Post Account Analyst and Purchasing should be contacted to ensure this process is completed as quickly and smoothly as possible. It is important for the University to follow these procedures and guidelines, especially as detailed reviews of University expenditures by federal authorities become more exacting.