

Budget Basics for Spending Title III/SAFRA Grant Funds

Once the Title III/SAFRA funds are awarded, the Activity Director must implement the approved activity. The following information provides guidelines for expending Title III/SAFRA funds. This information is a guideline only and the Uniform Guidance 2 CFR 200 should be consulted to determine if a cost is allowable. Also consult the Title III/SAFRA list of allowable activities to make sure that you are in compliance.

Budget Basics

An Activity Director should always consult the approved budget justification to make sure that the desired request is allowable. Remember the JAR test; justifiable, allowable/allocable and reasonable. Once it is determined that an expense is in line with the approved objectives; the account has been checked fund availability; and the line item has sufficient funds, the Activity Director can then proceed to submit requisitions to expend funds. The following information is a guideline to determining allowable costs:

Examples of Allowable and Unallowable Costs

■ Allowable Costs

- Personnel costs in proportion to performance of the scope of work
- Supplies for the performance of the approved scope of work
- Equipment for the performance of the approved scope of work
- Activity related travel
- Services for the performance of the approved scope of work
- Institutional memberships to professional organizations related to the approved activity

■ Unallowable Costs

- Memberships to social clubs
- Alcoholic beverages
- Fines and bribes
- First class airfare
- Transportation to and from work base in an institution owned vehicle
- Entertainment costs (unless documented approval from agency grants office)

- Student Activities
- Institutional marketing
- Promotional items
- Fundraising activities
- Personal items
- Gifts

How do I know what is allowable?

- Appropriate Federal Regulatory Document
 - Educational Institutions: Uniform Guidance 2 CFR 200
 - EDGAR for the U. S. Department of Education
- Normal treatment of expenses
 - State policies and procedures
 - University policies and procedures
 - Prudent person test

Good way to determine if the expense is allowed is to ask yourself:

- *Would you have this particular expense if you didn't have this grant?*
- *Is this expense required to complete the approved objectives?*
- *Will the purchase of this item benefit my activity?*
- *Is this a reasonable price?*
- *If asked, can I justify this purchase to an auditor?*

Good rule of thumb

- Justify any items that would normally be unallowable or normally treated as an F&A cost
- Provide a brief statement on the requisition regarding the purpose of the expense and how it relates to the approved objectives
- Always check the account to make sure there are sufficient funds in the expense line