

A Review of Potential Causes for Audit Disallowances

1. Incurring costs prior to the starting date of the grant or contract without sponsor's permission.
2. Buying office furniture or general-purpose equipment such as calculators, computing and data processing devices, refrigerators, or air conditioners without prior approval of the sponsoring agency.
3. Delaying return of the effort certification form. (University procedures require 15 days return.)
4. Transferring expenditures from one grant to another to correct for cost overruns and avoid under runs.
5. Spending money for major equipment purchases during the last 90 days of the grant.
6. Using unexpended balances within last 60 of grant account to stockpile supplies for unnecessary miscellaneous costs, or for other excessive spending.
7. Charging costs to the grant that are unrelated to the grant; for example, travel costs of faculty not names on grant, salary costs for effort performed on other projects or reimbursing a department for deficits incurred on an earlier grant.
8. Charging more effort to the grant than was actually committed to the grant.
9. Charging foreign travel to the grant without prior permission from the sponsor.
10. Exceeding allowed travel by more than \$500 or 125% of awarded travel budget item, whichever is greater, without permission.
11. Subcontracting for services without recipient and sponsor approval.
12. Absence of the project director for more than 3 months without notifying the sponsoring agency days prior to absence.
13. Changing the project director without requesting permission of the sponsor.
14. Incurring costs after termination of the sponsored project.
15. Spending more than \$1,000 for equipment or remodeling without recipient and sponsor approval unless authorized to do so in the awards.

16. Using project funds to generate income without prior federal sponsor approval and an agreement as to the disposition of those funds.
17. Changing the objectives of the project without notifying the sponsor.
18. Excessively rebudgeting funds without sponsor approval. Tolerance for rebudgeting generally ranges from 5-20%, depending on sponsor rules.
19. Authorizing a pay rate higher than base salary.
20. Authorizing consulting fees to university staff or faculty without prior approval of sponsor.

Kenneth L. Beasley, Michael R. Dingerson, Oliver D. Hensley, Larry G. Hess, John A. Rodman, *The Administration of Sponsored Programs*, Jossey-Bass, Inc., 1982, p. 181