

Interdepartmental Correspondence

Office of the Senior Associate Dean
McCormick School of Engineering & Applied Science
Northwestern University
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Policy: Unreimbursed and Disallowed Costs

From time to time, sponsors decline to reimburse, or disallow, originally-committed costs on research awards. While not common, this may occur on any sponsored project as a result of inadequate effort reporting, inappropriately assigned or timed expenses (including excessive or late cost transfers), insufficient payment from the sponsor to NU, federal budget cutbacks, and a variety of other situations.

The responsibility for administration of a sponsored project lies primarily with the Principal Investigator. Department and McCormick administrative staff supports the Principal Investigator in this responsibility. When a PI spends more on a sponsored project than is ultimately reimbursed or allowed by the sponsor, the University expects repayment of the direct costs from appropriate non-sponsored funding source(s). In such situations, the University (central administration) typically absorbs the associated indirect costs.

Given the joint responsibility of the PI, department, and school for proper financial administration of sponsored projects, these three parties are equally responsible for repayment of unreimbursed or disallowed direct costs. Consequently, it is the policy of the McCormick School of Engineering and Applied Science that unreimbursed or disallowed direct costs are repaid to the University with non-sponsored funding sources in equal one-third portions from the PI, the department housing the sponsored project, and McCormick.

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