



Northeastern University Research Enterprise Services

Business Purpose: Guidelines

PURPOSE

To ensure compliance with federal, state, and funding agency regulations and Northeastern University policies, all expenses charged to a research project are required to meet the 2 CFR 200 Subpart E—Cost Principles. As such, each expense must be allowable, allocable, reasonable, necessary, and consistently treated. A detailed business purpose is required to describe how the expense meets these principles and benefits the project(s) being charged.

DEFINITION

Generally, a business purpose should answer “who, what, when, where, why, how”:¹

- **Who** made the purchase and/or used the items?
- **What** was purchased?
- **When** was the purchase and/or activity in which the items were used?
- **Where** were the items used?
- **Why** was the purchase necessary?
- **How** were the items used to benefit the project?

When an expense benefits more than one project, costs should be allocated based on the perceived benefit to each project, and a statement should be included indicating how the split was determined.

EXAMPLES

Example 1 (most suitable for a Cost Transfer Journal or Reimbursement): John Doe purchased chemical reagents on MM/DD/YYYY to use in the Mickey Mouse lab to conduct scientific experiments for the ABC project as outlined in Aim 1² of the scope of work.

Context: The dates on this justification help justify that the item was purchased during the period of performance on the grant that it will be moved/charged to. It also directly links the items to the specific project, not only that it was used in the PI's lab, which conducts multiple activities.

Example 2 (most suitable for a Requisition): The PI and research team will use these supplies in the PI's lab over the next 6 weeks to conduct scientific experiments for the ABC project as outlined in Aim 1 of the scope of work.

Context: This justification explains which sponsored project will be using the items, and how they will be used within the scope of work, not only that it was used in the PI's lab, which conducts multiple activities.

Example 3 (most suitable for a Requisition charging more than one project): The PI and research team will use these supplies in the PI's lab over the next 4-6 months (estimated) to conduct scientific experiments for the ABC project as outlined in Aim 1, and the DEF project as outlined in the Base Period (Y1). Supply costs are allocated to the ABC project at 60% and the DEF project at 40% based on the anticipated level of use for each project.

Context: This example explains how the allocation across multiple projects was derived, and how the purchase benefits each of the projects.

¹ When transactions provide some of the required details (e.g., submitter name, item(s) purchased, date of purchase on a requisition), redundancy is not required and these details may be omitted from the business purpose.

² Not all projects will have specific aims, tasks, or other defining points to reference.