

# ***SPONSORED PROGRAMS ACCOUNTING***

## ***POSTAWARD TRAINING MANUAL***



Revised 5/12

# ***SPONSORED PROGRAMS ACCOUNTING***

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The Sponsored Programs Accounting Office is organized by college, research unit, vice president, or provost unit responsible for administering the award, as identified on the proposal data sheet (gold sheet). For example, all College of Engineering awards are assigned to Jeff Klein. All Liberal Arts and Science awards are assigned to Troy Nichols.

## **ORGANIZATION BY COLLEGE/UNIT**

<b><u>UNIT NAME</u></b>	<b><u>UNIT CODE</u></b>	<b><u>ACCOUNTANT</u></b>
Ag Admin	01	SHOEMAKER
Ag Experiment Station	40	BENTLEY/SHOEMAKER
Ames Lab	25	JOHNSON
Bus & Finance	12	KLEIN
Business	08	NICHOLS
Coop Ext	30	KLEIN
Design	07	BENTLEY
Engineering	02	JOHNSON
FPM	11	KLEIN
Human Sciences	10	SHOEMAKER
IPRT	65	JOHNSON/KLEIN
LAS	04	NICHOLS
Library	09	KLEIN
Plant Sciences Institute	66	KLEIN
President	19	KLEIN
Provost	18	BENTLEY
Research Admin (INTRANS/VPR)	17	ROBERTS/VANDE VOORT
Student Affairs	14	KLEIN
Vet Med	05	VANDE VOORT

1. The "Unit Codes" are the first two digits of the organizational code (org code) on the account title system (AT) on ADIN.

2. The accountant responsible for any particular account number is available on the account title system and in WebFM under the Sponsored Programs – Award Summary menu option.

## **TYPES OF AWARDS**

Sponsored programs are projects originating from financial agreements between the University and external sponsors that provide support to accomplish a particular objective. These financial agreements can be in the form of a grant, contract, cooperative agreement, or gift. The difference between these financial instruments is defined by their principal purpose.

- ◆ Grants accomplish a particular objective without substantial involvement from the sponsor.
- ◆ Contracts accomplish a particular objective or service for the direct benefit of the sponsor.
- ◆ Cooperative agreements accomplish a particular objective with substantial involvement from the sponsor.
- ◆ Gifts may or may not accomplish a particular objective but, more importantly, do not have any involvement or expectations from the sponsor. As of 12/16/03, all gifts are to be processed through the ISU Foundation.

## **KEY INFORMATION**

The Sponsored Programs Accounting Office expects every award document to contain key information. To help us administer your awards and prevent delays in the setup process, please make sure the key fiscal information shown below is included in every agreement, award letter, or memorandum of understanding your department receives.

- ✓ Beginning (start) date and ending date for the project
- ✓ Specific dollar amount
- ✓ Payment terms and conditions:
  - Cost reimburseable or fixed price?
  - Billable monthly, quarterly, or at termination?
  - Due dates for fixed payments
- ✓ Mailing address for sending invoices to sponsor
- ✓ Name and phone number of sponsor's fiscal contact

Another important item to note is the source of funding. In particular, it is important to note if the sponsor is a **federal agency** or is an institution passing along the funding they have received from a federal agency, also called **federal flow-through funds**. This distinction (federal vs. non-federal source) becomes very important as we go through the postaward process.

## **ACCOUNT NUMBER ASSIGNMENT**

All sponsored program account numbers begin with 4XX and are assigned by the Sponsored Programs Accounting Office. The following is a list of “funds”, the first three digits of an account number which are used to identify specific sponsors.

It is important to note that accounts in the 401, 404, and 409 through 449 series are federal or federal flow-through funds. In addition, some accounts coming from other state agencies (i.e. 470, 471, 472, 473, 474, 475, 478, etc.) may be federal flow-through funding. This information should be provided in the individual award documents. In most cases, federal and federal flow-through awards will have more restrictive terms and conditions attached to them. These funds are subject to the federal Office of Management and Budget OMB circulars A-21, A-110, and A-133 (applies to federal grants and cooperative agreements) or the Federal Acquisition Regulations (applies to federal contracts). The Controller’s Department offers Allowability and Appropriateness training which covers this information in more detail.

400	Gifts and Grants from Non-federal Sources
401	US Dept of Energy and Ames Laboratory
404	Federal Flow-through Funds
405	Iowa State Research Foundation
406	University Research Grants
410	USDA Federal Flow-through Funds
411	USDA - Animal Health Funds (AES Administered)
412	USDA - Non-Letter of Credit
413	USDA - Agricultural Experiment Station (AES Administered)
414	USDA - McIntire Stennis Cooperative Forestry Research (AES Administered)
415	USDA - Regional Research – Hatch (AES Administered)
416	USDA – National Institute of Food and Agriculture (NIFA)
417	USDA - Extension Special Projects (Extension Administered)
418	USDA - Federal Extension Service Formula Funds – Smith-Lever (Extension Administered)
419	USDA - Agricultural Research Service
420	US National Science Foundation
421	US Dept of Defense
422	US NASA
424	US Dept of Interior
426	US Dept of Commerce
427	US Agency for International Development
428	Miscellaneous Federal Agencies
429	US Environmental Protection Agency
430	US Health and Human Services
431	US Dept of Education, Administrative Accounts
432	US Dept of Education
433	US Dept of State
435	US Small Business Administration
436	US Dept of Transportation
437	Federal Aviation Administration (AACE Contract)
440	ARRA – US Health and Human Services

441	ARRA – US National Science Foundation
442	ARRA – US Dept of Energy
443	ARRA – State Flow-through Funds
444	ARRA – Federal Flow-through Funds
450	Iowa Soybean Promotion Board/Iowa Soybean Association
451	Iowa Corn Promotion Board
452	Iowa Pork Producers
453	National Pork Producers
454	Iowa Beef Industry Council
459	Miscellaneous Commodity Groups
470	Iowa Dept of Human Services
471	Iowa Dept of Agriculture and Land Stewardship
472	Iowa Dept of Education
473	Iowa Dept of Natural Resources
474	Iowa Dept of Transportation
475	Regents Institutions (UNI, U of Iowa)
476	Iowa Arts Council/Humanities Board
478	Miscellaneous State Agencies
490	Incentive
497	ISU Foundation Parallel Accounts

Multiple accounts may be requested for one award when co-PIs want separate spending accounts. The Sponsored Programs Accounting Office may also require multiple spending accounts if the sponsor imposes unusual financial reporting requirements, or it is necessary to separate out different indirect cost rates.

Every award will have an Admin account. If multiple accounts are established for an award the additional accounts are labeled as Sub Accounts. Only Admin accounts have an RMM IDC Distribution profile in WebFM. The Award Summary screen in WebFM can be used to determine if an account number is an Admin or Sub Account.

### **ADVANCED ACCOUNT NUMBER**

Occasionally an award will get delayed at the sponsoring agency or during negotiation of the agreement. By using the Request for Sponsored Project Advanced Account Number form (available at <http://www.ospa.iastate.edu/Forms/>) to request an advanced account number, spending can begin immediately. This will eliminate unnecessary correction and transfer of charges from alternate accounts used prior to receipt of the award. Since a legally binding agreement is not in place, please note that the form requires an account number to assume charges should the sponsor decide not to fund the project. This account number designated to assume charges cannot be a federal or federal flow-through account.

**NEVER** put charges on a federal or federal flow-through account while waiting to receive an award from a different sponsor, particularly a federal sponsor.

### **FISCAL RESPONSIBILITY**

Principal investigators and administering departments are responsible for the allowability and appropriateness of all charges on sponsored program accounts. It is also the department's responsibility to maintain proper records and documentation and ensure technical and final reports are submitted timely. Any over-expenditures, unallowable costs, or uncollectible accounts receivable (as determined by SPA) should be promptly covered by the principal investigator and department. The Sponsored Programs Accounting Office is authorized to stop transactions and initiate transactions to resolve deficit balances if the PI and department do not take appropriate action.



## REQUEST FOR SPONSORED PROJECT ADVANCED ACCOUNT NUMBER

<p><i>For USPA use only</i></p> <p>Have all Compliance issues been resolved?</p> <p>YES      NO</p>	<p><i>For Sponsored Programs Accounting use only</i></p> <p>Account number</p>
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Please provide the following information so that an account number may be established for this project.

Please provide the following information so that an account number may be determined for the project.	
1. What is the full name of the Sponsoring Agency?	
2. Who is the contact person at the sponsoring agency - include name, phone number, email address?	
3. What is the GoldSheet ID # listed in the OSPA database?  _____ Admin Account _____ Subaccount of another ISU account	
Skip #4 if the sponsor in #1 is a Federal agency	(circle one)
4. Is the sponsoring agency identified in #1 a federal agency or is the agency listed in #1 receiving their funds from a federal source?	YES, If yes, what federal agency?  NO
5. What is the anticipated level of funding?	
6. What is the date that funding approval is expected?	month          day          year
7. What is the expected start date of the award?	month          day          year
8. Please provide an account number to assume charges should funding not be awarded. <i>This cannot be a federal or federal flow-through account. Please note: If this grant or contract is not awarded, all expenditures and encumbrances on the advanced account will be transferred to this account number.</i>	

ALL COMPLIANCE ISSUES MUST HAVE COMMITTEE APPROVAL BEFORE AN ADVANCED ACCOUNT NUMBER WILL BE UTILIZED.

**Principal Investigator:** \_\_\_\_\_

Typed/Printed PI Name	PI Signature	Date

<b>D/I/C/E Authorizing Signature:</b>			
(Dept/Inst/Ctr/Ext)	Typed/Printed D/I/C/E Name	Authorized D/I/C/E Signature	Date

**RRC Authorizing Signature:** \_\_\_\_\_  
(College/VP/Prov/Pres)      Typed/Printed RRC Name      Authorized RRC Signature      Date

After securing all of the above signatures, send to the Office of Sponsored Programs Administration as PDF via e-mail to [grants@iastate.edu](mailto:grants@iastate.edu) or FAX to 515-204-8000

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
Office of Sponsored Programs Administration

REVISÉ: September 22, 2011

## **AWARD REVIEW, ACCOUNT MONITORING AND ACCOUNT CLOSEOUT**

### **Departmental Responsibilities**

#### **Beginning of Award:**

- Review award documents and determine the applicable terms and regulations governing award administration
- Determine which expenses are allowable and appropriate and communicate understanding to all individuals authorized to spend funds
- Provide projected sources of cost share to SPA if not specifically identified in the award documents
- Work with the Office of Sponsored Programs Administration (OSPA) to initiate subcontract agreements

### **Departmental Responsibilities**

#### **During Award:**

- Use appropriate class codes when preparing transactional documents (regular voucher, honorarium voucher, deposits on-line, p-card)
- Review all transactions posted on the monthly departmental statement for allowability and appropriateness
- Reconcile transactions listed on the monthly departmental statement to expenditure documentation
- Transfer unallowable and inappropriate costs to appropriate or unrestricted accounts
- Monitor accounts for cost overruns and initiate corrective action (correction vouchers, personnel actions)
- Monitor accounts for budget deviations and request rebudgeting if needed
- Initiate requests to OSPA for preaward spending, no-cost extensions, and equipment purchases not in the original budget if needed
- Maintain records to document cost share other than salary and unrecovered indirect costs
- If requested, assist SPA by working with sponsors when payments are delinquent
- Review and approve invoices from subcontractors
- Cover deficits resulting from cost overruns and uncollectible accounts

### **Account Closeout**

Sponsors usually allow 15-90 days after the termination date to closeout a project. All technical work should be completed prior to the termination date. The closeout period is to be used only for accumulating final costs and preparing technical and financial reports.

## **Departmental Responsibilities**

### **30-90 Days before Termination:**

- Communicate with the PI to determine if a no-cost extension (NCE) is needed, based upon the progress of the technical work and the level of funds remaining
- If a NCE is needed, work with the PI to submit the request to OSPA. Please be sure to review your award as many sponsors require these requests be submitted no later than a specified number of days prior to the award end date.
- Review the encumbrances on the account. Check to see if an EPA will be needed to move payroll costs onto another account. Also, it is a good idea to follow up with subcontractors to ensure that their final invoice will be sent within the timeframe specified in their subaward.
- Review the unspent balance on the financial report to see if there are any budget deviations that will require a rebudget approval. Many federal awards allow a budget line item to deviate up to 10% of the award total. Be sure to review the terms and conditions of your award to verify the rebudgeting requirements. If a rebudget is needed, please submit the request to OSPA.
- Review the transactions on the account to ensure expenditures are allowable and appropriate. Submit any cost transfers or correction vouchers as needed.

## **Departmental Responsibilities**

### **0-90 Days after Termination:**

- Ensure all costs initiated before the termination date have posted and all encumbrances have cleared within the closeout period (usually 15-90 days per the sponsor's terms and conditions). Remember: SPA often needs time to prepare the final invoice or final financial report.
- Review costs posted after the termination date to ensure that there are no costs on the account which are for transactions initiated after the termination date (or recurring transactions for periods after the termination date).
- Deliver technical reports or deliverables to the sponsor by the deadline. Notify SPA if the technical report or deliverable will not be submitted by the due date in the agreement.
- Clear overdrafts to bring the unspent balance to zero. Accounts must not be in overspent status if SPA is to submit final invoicing and reporting.

## **EXPENDITURE ALLOWABILITY FOR FEDERAL FUNDS**

The Office of Management and Budget (OMB) is responsible for publishing costing principles applicable to federal funding. OMB Circular A-21 (found in 2 CFR, Part 220) establishes principles for determining costs applicable to federal grants, contracts, and other agreements with educational institutions. The Circular in its entirety can be obtained from the following website: [http://www.whitehouse.gov/omb/circulars\\_default/](http://www.whitehouse.gov/omb/circulars_default/)

It is the responsibility of the department or research administrative unit to determine whether or not expenditures charged are reasonable, allocable, and allowable per A-21 based on the following standards.

### **REASONABLE COSTS:**

A cost may be considered reasonable if the nature of the goods or services acquired, and the amount involved, reflect the action that a prudent person would have taken under the circumstances at the time the decision to incur the cost was made. Major considerations involve determining:

- 1) Whether a cost is the type generally recognized as necessary for the operation of the institution (typically an indirect or F&A cost) or for the performance of the sponsored agreement (direct cost). To be reasonable, the cost must be necessary for the operation of the institution or for the performance of the sponsored agreement.
- 2) Whether the expense meets the restraints/requirements imposed by federal and state laws and regulations, such as arm's-length bargaining and conflict of interest, as well as the sponsored agreement terms and conditions.
- 3) Whether the individuals administering the funds act with due prudence, considering their responsibilities to the government, public, institution, employees and students.
- 4) Whether the expense is consistent with established ISU policies and practices.

### **ALLOCABLE COSTS:**

A cost is allocable to a sponsored agreement if the goods or services involved can be charged or assigned based on relative benefits received or some other equitable relationship. Subject to this, a cost is allocable if:

- 1) It is incurred solely to advance the work under the sponsored agreement;
- 2) It benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods; or
- 3) It is necessary to the overall operation of the institution and it is deemed to be assignable in part to sponsored projects.

### **LIMITATIONS ON ALLOWANCE OF COSTS:**

Costs must conform to limitations or exclusions set forth in A-21 and the sponsored agreement (including the request for proposal). When the maximum amount allowable under a sponsored agreement is less than the total amount allowable in accordance with the principles in A-21, the amount that is not recoverable may not be charged to other sponsored agreements. Any costs allocable to activities funded by industries, foreign governments or other sponsors may not be shifted to federally-sponsored agreements. Costs caused by overruns or other fund considerations, and costs incurred to avoid restrictions imposed by law or by the terms of the sponsored agreement, may not be shifted to federal funds.

### **CONSISTENT APPLICATION:**

Costs must be treated consistently in like circumstances under generally accepted accounting principles. This means that all costs incurred for the same purpose, in like circumstances, must be treated as either a direct cost only or as an F&A (indirect) cost only.

The **ISU Sponsored Programs Costing Policy** was developed to ensure university-wide compliance with A-21. This policy can be obtained from the following website:  
<http://www.controller.iastate.edu/spa/homepage.html>

### **SPONSOR IMPOSED TERMS AND CONDITIONS**

#### **Women Business Enterprises and Minority Business Enterprises (MBE/WBE):**

An award that requires Iowa State University to utilize minority and women business enterprises for procurement. This requirement is normally identified as a percentage of total expenditures. Procurement is defined as the purchase or lease of supplies, equipment, construction or services. The department/unit should contact the Purchasing Department for help in identifying minority and women business enterprises and/or indicate on any purchase requisitions that these funds are subject to MBE/WBE requirements as purchases are made.

The following affirmative action steps for utilizing MBEs and WBEs are suggested:

1. Inclusion of MBEs/WBEs on solicitation lists
2. Assure MBEs/WBEs are solicited once they are identified
3. Where feasible, divide total requirements into smaller tasks to permit maximum MBE/WBE participation
4. Where feasible, establish delivery schedules that will encourage MBE/WBE participation
5. Encourage use of the services of the US Department of Commerce's Minority Business Development Agency (MBDA) and the US Small Business Administration to identify MBEs/WBEs
6. Require that each party to a subagreement or subcontract take these affirmative steps outlined

#### **Carryforward Provisions:**

An award that allows the carryforward of unspent funds from one budget period to the next. Typically the award outlines the procedures needed for obtaining approval. These procedures may include notifying the sponsor prior to the termination date, and providing a justification for and the intended uses of the carryforward. Some sponsors may also limit the amount of carryforward that is permitted (e.g., no more than 25% of the award amount can be carried over to subsequent periods).

#### **Special/Unusual Financial Reporting:**

Proposals submitted with cost/budget categories that do not match ISU's accounting cost categories typically end up having agreements more likely to contain special and unusual reporting requirements. Because of the volume of awards and the amount of automation used in the SPA reporting process, special and unusual reporting categories make it difficult (if not impossible) for SPA to complete the award requirements without involving the department. Departments that have awards with special reporting requirements will be asked to re-categorize expenses so SPA can complete the award's financial reporting.

#### **Patent/Equipment Reports:**

Some awards require periodic reporting of any patentable discoveries to the sponsor. Patent reports disclose any new intellectual property for ownership purposes. A new discovery could be a new material or a new process, or a new use for an existing product/material, or an improvement of any of these. By making full public disclosure, ISU is granted a legal monopoly on the use of the product/service for a fixed period of time. The Iowa State University Research Foundation (ISURF) has responsibility for managing and promoting patents developed from all ISU activities. If periodic or final patent reports are required, the PI will be asked to disclose this information and SPA will file the appropriate report.

In addition, ISU is sometimes required to disclose specific pieces of equipment purchased with sponsored funding. In some cases, sponsor terms may permit the sponsor to come back to us after receiving this report and provide specific disposition instructions for these equipment items.

## **SPONSORED PROGRAMS FINANCIAL REPORT**

The Sponsored Programs Financial Reports provide cumulative expenditures over the entire life of the award, as opposed to the state fiscal year. This report also provides cumulative line item detail that can be used as a budgeting and management tool for award monitoring.

### **Distribution**

Accounting statements from the Controller's Department became paperless starting with the November 2009 statements. The sponsored programs financial report is one of these statements and is available in e-Reports under the uBusiness tab in AccessPlus. All users with access to WebFM will also have access to e-Reports. All accounting statements in e-Reports will be available for 10 years.

### **Summary of Information on Sponsored Programs Financial Report:**

The financial report for account 420-21-02 (page 15) is described throughout the following pages. This financial report is cost reimbursable. There is another financial report for account 400-21-24 (page 20) which is also cost reimbursable but is funded differently.

On page 21 you will find an example of a departmental statement, which is also available in e-Reports under the uBusiness tab in AccessPlus. This statement shows detailed expenditures, receipts and transfers in.

# SPONSORED PROGRAMS FINANCIAL REPORT For month ending 12-31-2009 ACCT 420-21-02

Sponsor: US NSF			PI Name: WILLSON LEE ANNE			Type of Award: COST			Federal Funds: Yes	
Award Title: LOSS FROM OXYGEN RICH AGB STAR			PI Address: A521 PHYSICS			Costshare Committed: .00			Yes	
Sponsor Ref#: AST0708143			Org Code:04-165			Accountant Name: Troy Nichols			.00	
Award Period: 08-01-2007 TO 07-31-2010			Phone/E-mail:294-6765 lwillson@iastate.edu			Phone/E-mail: 294-8945 tdnicho@iastate.edu				
a	b	c	d (a-c)	e	f (d-e)	g	h (f-g)			
Budget Categories	Budget	DEC Expenses	Total Spent Thru 12-31-2009	Total Unspent To Date	Unpaid Commitments (Encumbrances)	Balance Per Accounting Records	Add'l Commitments Entered By Dept	Balance Per Department Records		
Salaries/Hourly	104,760.00	1,823.25	61,594.79	43,165.21	7,609.52	35,555.69	.00	35,555.69		
Payroll Benefits	16,854.00	190.82	5,718.01	11,135.99	1,004.46	10,131.53	.00	10,131.53		
Equipment	.00	.00	.00	.00	.00	.00	.00	.00		
Travel Domestic	36,025.00	.00	7,186.43	28,838.57	.00	28,838.57	.00	28,838.57		
Travel Foreign	6,040.00	.00	6,654.09	614.09	.00	614.09	.00	614.09		
Student Tuition	12,700.00	.00	12,867.19	167.19	.00	167.19	.00	167.19		
Supplies/Materials	.00	.00	.00	.00	.00	.00	.00	.00		
Ag & Vet Supplies	.00	.00	.00	.00	.00	.00	.00	.00		
Lab/Rsrch Supplies	.00	.00	.00	.00	.00	.00	.00	.00		
Other Supplies	12,939.00	69.00	9,444.27	3,494.73	.00	3,494.73	.00	3,494.73		
Total - Sply/Mat	12,939.00	69.00	9,444.27	3,494.73	.00	3,494.73	.00	3,494.73		
Subcontracts										
Subject to IDC	.00	.00	.00	.00	.00	.00	.00	.00		
Not Subj to IDC	.00	.00	.00	.00	.00	.00	.00	.00		
Total - Subcontracts	.00	.00	.00	.00	.00	.00	.00	.00		
Other Direct Costs										
Telecom Charges	.00	.00	.00	.00	.00	.00	.00	.00		
Computer Usage	.00	.00	126.00	126.00	.00	126.00	.00	126.00		
Printing/Copying	15,000.00	.00	.00	15,000.00	.00	15,000.00	.00	15,000.00		
Honoraria/Services	.00	.00	.00	.00	.00	.00	.00	.00		
Postage	.00	.00	.00	.00	.00	.00	.00	.00		
Other	.00	.00	825.99	825.99	.00	825.99	.00	825.99		
Total Other Direct	15,000.00	.00	951.99	14,048.01	.00	14,048.01	.00	14,048.01		
Advances Outstanding	.00	.00	.00	.00	.00	.00	.00	.00		
Program Income	.00	.00	.00	.00	.00	.00	.00	.00		
TOTAL DIRECT	204,318.00	2,083.07	104,416.77	99,901.23	8,613.98	91,287.25	.00	91,287.25		
Indirect Costs	89,415.00	968.63	42,570.55	46,844.45	.00	46,844.45	.00	46,844.45		
TOTL ALL COSTS	293,733.00	3,051.70	146,987.32	146,745.68	8,613.98	138,131.70	.00	138,131.70		

## SPONSOR TERMS AND CONDITIONS

Eqmpt item must be in sponsor approved budget or have prior approval.  
 US air carrier must be utilized.  
 All encumb must clear within 90 days of termination to be allowable.  
 Subcontract must be in sponsor approved budget or have prior approval.  
 Account cannot absorb cost overruns from other projects.  
 ISU has expanded authority for no-cost extension & rebudgeting.  
 Must adhere to ISU Sponsored Programs Costing Policy.  
 Sponsor approval required for equipment and subcontracts.

## CASH RECAP

Total Rec thru Prev Month	.00	Total Rec & Alloc/Tfr-In	293,733.00
Total Rec Current Month	.00	Less Total All Costs	146,987.32
Total All Receipts	.00	Cash Balance	146,745.68
		Less Unpaid Commitments	8,613.98
Total Alloc/Tfr-In Prev Mo	293,733.00	(Free) Bal per Accounting (Dept Statements)	138,131.70
Total Alloc/Tfr-In Curr Mo	.00		
Total All Alloc/Tfr-In	293,733.00	Percent Tot Budget Spent	50.04 %

## **HOW TO READ THE FRONT OF THE FINANCIAL REPORT**

<b>Sponsor:</b> US NSF <b>Award Title:</b> LOSS FROM OXYGEN RICH AGB STAR <b>Sponsor Ref#:</b> AST0708143 <b>Award Period:</b> 08-01-2007 TO 07-31-2010
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**Sponsor** – This is the name of the agency or organization funding the project.

**Award Title** – Technical title of the project. This field was added in July of 1998, and some older accounts may contain a blank field.

**Sponsor Ref#** - Number assigned by the sponsor and noted on the award document. This number helps the sponsor identify any communication or invoices ISU sends with the correct project. In some cases there will not be a sponsor reference number.

**Award Period** - The period of performance of the award per the award documents.

<b>PI Name:</b> WILLSON LEE ANNE <b>PI Address:</b> A521 PHYSICS <b>Org Code:</b> 04-165                      * * PHYSA * * <b>Phone/E-mail:</b> 294-6765 lwillson@iastate.edu	<b>Type of Award:</b> COST <b>Federal Funds:</b> Yes <b>Costshare Committed:</b> .00 <b>Accountant Name:</b> Troy Nichols <b>Phone/E-mail:</b> 294-8945 tdnicho@iastate.edu
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**PI Name/Address/Phone/E-mail** – Identifies the faculty or staff member responsible for the account. This information is pulled from Human Resources' database.

**Org Code** – Identifies the college/unit and department/center responsible for the account.

**Type of Award** – The award will be identified either as “cost” or “fixed”. **Cost** is defined as an award for which ISU is only reimbursed for actual expenses of the project. It may be reimbursed as funds are spent or we may receive all of the funds at the start with the understanding that any unspent funds will be returned to the sponsor at the end of the award period. **Fixed** is defined as a fixed price amount to be received for an end product or report. If unspent funds exist after the project is completed, they do not have to be returned to the sponsor and are available for other uses, within ISU guidelines.

**Costshare Committed** – If the award has been determined to have costshare that has to be reported/documented for the sponsor, this field will show the mandatory or committed amount of costshare required.

**Accountant Name/Phone/E-mail** - Accountant in Sponsored Programs Accounting assigned to this award. This is your contact should you have questions about the financial report or fiscal matters related to the award.

**Federal Funds** – Identifies whether the award is funded with federal or federal flow-through funds.



Budget Categories	a Budget	b DEC Expenses	c Total Spent Thru 12-31-2009	d (a-c) Total Unspent To Date	e Unpaid Commitments (Encumbrances)	f (d-e) Balance Per Accounting Records
Salaries/Hourly	104,760.00	1,823.25	61,594.79	43,165.21	7,609.52	35,555.69
Payroll Benefits	16,854.00	190.82	5,718.01	11,135.99	1,004.46	10,131.53
EQUIPMENT	.00	.00	.00	.00	.00	.00
Travel Domestic	36,025.00	.00	7,186.43	28,838.57	.00	28,838.57
Travel Foreign	6,040.00	.00	6,654.09	614.09-	.00	614.09-
Student Tuition	12,700.00	.00	12,867.19	167.19-	.00	167.19-
Supplies/Materials						
Ag & Vet Supplies	.00	.00	.00	.00	.00	.00
Lab/Rsrch Supplies	.00	.00	.00	.00	.00	.00
Other Supplies	12,939.00	69.00	9,444.27	3,494.73	.00	3,494.73
Total - Sply/Mat	12,939.00	69.00	9,444.27	3,494.73	.00	3,494.73
Subcontracts						
Subject to IDC	.00	.00	.00	.00	.00	.00
Not Subj to IDC	.00	.00	.00	.00	.00	.00
Total - Subcontracts	.00	.00	.00	.00	.00	.00
Other Direct Costs						
Telecom Charges	.00	.00	.00	.00	.00	.00
Computer Usage	.00	.00	126.00	126.00-	.00	126.00-
Printing/Copying	15,000.00	.00	.00	15,000.00	.00	15,000.00
Honoraria/Services	.00	.00	.00	.00	.00	.00
Postage	.00	.00	.00	.00	.00	.00
Other	.00	.00	825.99	825.99-	.00	825.99-
Total Other Direct	15,000.00	.00	951.99	14,048.01	.00	14,048.01
Advances Outstanding	.00	.00	.00	.00	.00	.00
Program Income	.00	.00	.00	.00	.00	.00
<b>TOTAL DIRECT</b>	<b>204,318.00</b>	<b>2,083.07</b>	<b>104,416.77</b>	<b>99,901.23</b>	<b>8,613.98</b>	<b>91,287.25</b>
INDirect Costs	89,415.00	968.63	42,570.55	46,844.45	.00	46,844.45
<b>TOTL ALL COSTS</b>	<b>293,733.00</b>	<b>3,051.70</b>	<b>146,987.32</b>	<b>146,745.68</b>	<b>8,613.98</b>	<b>138,131.70</b>

**Column a - Budget** - Sponsor approved budget as entered from the supplemental budget form or proposal budget.

**Column b - Current month's expenses** - Total amount shown on the financial report equals the amount shown on the detailed departmental statement. Expenditures are put into the budget cost categories based on the transaction's class code.

**Column c – Total Spent Through MM-DD-YYYY** - These are cumulative expenditures since the inception of the account.

**Column d (a-c) – Total Unspent to Date** - Unspent balance equals budget less total spent thru MM-DD-YYYY.

**Column e – Unpaid Commitments (Encumbrances)** - "Payables" recorded on the accounting and purchasing systems. These will include salaries (through June of the current fiscal year), subcontracts, and purchase orders processed through the Purchasing Department. Note that many types of intramural charges are not encumbered.

**Column f (d-e) – Balance Per Accounting Records** - This is the Unspent Balance To Date less Unpaid Commitments. It is the amount left based on everything posted and encumbered in the Financial Management System (FMS).

<b>TOTAL DIRECT</b>	204,318.00	2,083.07	104,416.77	99,901.23	8,613.98	91,287.25
<b>INDirect Costs</b>	89,415.00	968.63	42,570.55	46,844.45	.00	46,844.45
<b>TOTL ALL COSTS</b>	293,733.00	3,051.70	146,987.32	146,745.68	8,613.98	138,131.70

**Indirect Costs** - This line contains the indirect cost information that applies to this account. In most cases, the current month's indirect charged to the award will be the current month's MTDC expense times the indirect rate. **Indirect will be capped at the budget amount shown on the financial report, even if charges subject to overhead are spent in lieu of charges exempt from overhead.**

**Bold Box** -This is the amount of funds available to spend. Note that this assumes that encumbrances or payables shown are valid, that no payroll exists past termination, and does not take into consideration many intramural (on-campus) purchases that have been made but have not posted.

<b>CASH RECAP</b>			
Total Rec thru Prev Month	.00	Total Rec & Alloc/Tfr-In	293,733.00
Total Rec Current Month	.00	Less Total All Costs	146,987.32
Total All Receipts	.00	Cash Balance	146,745.68
		Less Unpaid Commitments	8,613.98
Total Alloc/Tfr-In Prev Mo	293,733.00	(Free) Bal per Accounting (Dept Statements)	138,131.70
Total Alloc/Tfr-In Curr Mo	.00		
Total All Alloc/Tfr-In	293,733.00	Percent Tot Budget Spent	50.04 %

**Total Rec & Alloc/Tfr-In** – This shows the total funds received into the account.

**(Free) Bal -per Accounting (Dept Statements)** - This financial report reports a positive cash balance because it is funded by a transfer from a control account. The actual receipts from the sponsor never come into this account. Since it is cost, any unspent funds would have to be returned to the sponsor at termination.

**Percent Tot Budget Spent** – This shows what percentage of the award budget has been spent to date.

#### **SPONSOR TERMS AND CONDITIONS**

Eqpmnt item must be in sponsor approved budget or have prior approval.  
US air carrier must be utilized.  
All encumb must clear within 90 days of termination to be allowable.  
Subcontract must be in sponsor approved budget or have prior approval.  
Account cannot absorb cost overruns from other projects.  
ISU has expanded authority for no-cost extension & rebudgeting.  
Must adhere to ISU Sponsored Programs Costing Policy.  
Sponsor approval required for equipment and subcontracts.

**Sponsor Terms and Conditions** - This section is intended to bring to the attention of the financial report user some of the specific terms and conditions associated with the award.

**Columns g & h – For Departmental Use** (see page 15) – Departments have the ability to commit funds that cannot be encumbered by utilizing the Departmental Commitments functions within FMS. This is the reporting space that is used to record the "unofficial" commitments entered by a department, but which are not formally recorded on the accounting system. It is the responsibility of the department to maintain the status of these commitments.

## **HOW TO READ THE BACK SIDE OF THE FINANCIAL REPORT**

The back of the report shows detail for Unpaid Commitments in Column E. Listed are the names of individuals who are to receive future salary from the account in the current fiscal year. Also listed are purchase orders and other outstanding commitments recorded by Purchasing and "officially" encumbered on the Financial Management System.

420-21-02							
<b>SALARY</b>							
Name	Appointment End Date	Salary Committed	Benefits Committed	Name	Appointment End Date	Salary Committed	Benefits Committed
WANG QIAN	05-15-2010	7,609.52	1,004.46				
Salary Total		7,609.52	Benefits Total	1,004.46	TOTAL	8,613.98	
<b>EQUIPMENT</b>							
Name	Order Date	Purchase Order#	Order Amount	Balance Left to Pay			
				TOTAL			
				.00			
<b>TRAVEL</b>							
Name	Travel Date/ Purchase Order#	Total Amount		Balance Left to Pay			
				TOTAL			
				.00			
<b>SUPPLIES AND MATERIALS</b>							
Name	Order Date	Purchase Order#	Order Amount	Balance Left to Pay			
				TOTAL			
				.00			
<b>SUBCONTRACTS</b>							
Name	Order Date	Purchase Order#	Order Amount	Balance Left to Pay			
				TOTAL			
				.00			
<b>OTHER DIRECT COSTS</b>							
Name	Order Date	Purchase Order#	Order Amount	Balance Left to Pay			
				TOTAL			
				.00			
(1) EMPLOYEE'S APPOINTMENT DATE EXTENDS BEYOND TERMINATION DATE.							
(2) TOO MUCH DETAIL TO PRINT FOR THIS COST CATEGORY. SEE ONLINE FOR COMPLETE LIST.							
Note: This statement does not provide detail on "Add'l Commitments Entered By Dept."							
Please see your dept for a complete list of those unrecorded costs.							

# SPONSORED PROGRAMS FINANCIAL REPORT For month ending 12-31-2009 ACCT 404-21-24

Sponsor: TEXAS TECH UNIV PI Name: WINDUS THERESA L Type of Award: COST Federal Funds: Yes  
 Award Title: ELECTRONIC NON ADIABATIC DYNAM Org Code: 125 SPEDDING Costshare Committed: .00  
 Sponsor Ref#: 1316D08301 PI Address: 04-183 Accountant Name: Troy Nichols  
 Award Period: 09-15-2007 TO 08-31-2010 Phone/E-mail: 294-6134 thersa@fi.ameslab.gov Phone/E-mail: 294-8945 tdnichol@iastate.edu

a	b	c	d (a-c)	e	f (d-e)		g		h (f-g)
					DEC Expenses	Total Spent Thru 12-31-2009	Total Unspent To Date	Unpaid Commitments (Encumbrances)	
Budget Categories	Budget								
Salaries/Hourly	144,612.00	3,800.00	84,703.81	59,908.19	22,800.00	37,108.19	.00		37,108.19
Payroll Benefits	16,630.00	307.60	8,276.96	8,353.04	3,009.60	5,343.44	.00		5,343.44
EQUIPMENT	.00	.00	.00	.00	.00	.00	.00		.00
Travel Domestic	10,800.00	.00	1,840.26	8,959.74	.00	8,959.74	.00		8,959.74
Travel Foreign	28,500.00	.00	17,317.14	11,182.86	.00	11,182.86	.00		11,182.86
Student Tuition	27,823.00	.00	10,960.00	16,863.00	.00	16,863.00	.00		16,863.00
Supplies/Materials	.00	.00	.00	.00	.00	.00	.00		.00
Ag & Vet Supplies	.00	.00	990.51	990.51-	.00	990.51-	.00		990.51-
Lab/Rsrch Supplies	.00	29.00	1,307.81	16,524.19	.00	16,524.19	.00		16,524.19
Other Supplies	17,832.00	29.00	2,298.32	15,533.68	.00	15,533.68	.00		15,533.68
Total - Sply/Mat	17,832.00								
Subcontracts									
Subject to IDC	.00	.00	.00	.00	.00	.00	.00		.00
Not Subj to IDC	.00	.00	.00	.00	.00	.00	.00		.00
Total - Subcontracts	.00	.00	.00	.00	.00	.00	.00		.00
Other Direct Costs									
Telecom Charges	.00	.00	.00	.00	.00	.00	.00		.00
Computer Usage	.00	.00	.00	.00	.00	.00	.00		.00
Printing/Copying	600.00	.00	.00	600.00	.00	600.00	.00		600.00
Honoraria/Services	.00	.00	.00	.00	.00	.00	.00		.00
POSTAGE	.00	.00	93.91	93.91-	.00	93.91-	.00		93.91-
Other	.00	.00	.00	.00	.00	.00	.00		.00
Total Other Direct	600.00	.00	93.91	506.09	.00	506.09	.00		506.09
Advances Outstanding	.00	.00	.00	.00	.00	.00	.00		.00
Program Income	.00	.00	.00	.00	.00	.00	.00		.00
TOTAL DIRECT	246,797.00	4,136.60	125,490.40	121,306.60	25,809.60	95,497.00	.00		95,497.00
Indirect Costs	101,823.00	1,923.52	53,256.63	48,566.37	.00	48,566.37	.00		48,566.37
TOTL ALL COSTS	348,620.00	6,060.12	178,747.03	169,872.97	25,809.60	144,063.37	.00		144,063.37

## CASH RECAP

Total Rec thru Prev Month	139,041.60	Total Rec & Alloc/Tfr-In	150,287.00
Total Rec Current Month	11,245.40	Less Total All Costs	178,747.03
Total All Receipts	150,287.00	Cash Balance	28,460.03
Total Alloc/Tfr-In Prev Mo	.00	Less Unpaid Commitments	25,809.60
Total Alloc/Tfr-In Curr Mo	.00	(Free) Bal per Accounting (Dept Statements)	54,269.63
Total All Alloc/Tfr-In	.00	Percent Tot Budget Spent	51.27 %

## SPONSOR TERMS AND CONDITIONS

Eqmnt item must be in sponsor approved budget or have prior approval.  
 US air carrier must be utilized.  
 All encumb must clear within 90 days of termination to be allowable.  
 Subcontract must be in sponsor approved budget or have prior approval.  
 Account cannot absorb cost overruns from other projects.  
 Must adhere to ISU Sponsored Programs Costing Policy.  
 Sponsor approval required for equipment and subcontracts.

This account shows a negative cash balance as not all of the invoices sent to the sponsor have been paid.



DEPARTMENT		FUND-ACCOUNT	ADDRESS		DATE		
# DUE0618686-GEAT-GALLUS		420-21-11	GEOLOGICAL SCIENCES		12-31-11		
ORG CD: 04 153			253 SCIENCE I				
DEPARTMENTAL STATEMENT							
IOWA STATE UNIVERSITY AMES, IOWA 50011							
PAGE 1							
DATE	VENDOR OR DESCRIPTION	CLASS	REFERENCE NUMBER	RECEIPTS TRANSFERS IN	EXPENDITURES TRANSFERS OUT	ENCUMBRANCES	PURCHASE ORDER NO.
07-01-11	EXPENSES TO 11-30-11				51,075.09		
12-30-11	REG TIME (SALARY)	11220	R51801		1,600.00		
12-30-11	DEPT SHR BENEFITS	14920	R51801		186.50		
12-31-11	F&A INDIRECT COSTS	91200	669967		1,053.51		
12-08-11	AMERICAN METEOROLOGICAL S	22280	875193		455.00		** -PCARD- **
08-28-06	STELLING PETER L	32900				869.67	I7-46877-00
10-20-06	UNIVERSITY OF LOUISIANA	39520				25,580.68	I7-48407-23
12-31-11	PAYROLL ENCUMBRANCE	11220				7,165.22	
12-31-11	PAY BEN 4202111	14920				924.31	

Crosswalk Between the Sponsored Programs Financial Report  
Budget Categories and the Class Codes:

When preparing budgets for proposals it is important to keep in mind the class codes that will be used for the actual expenditures. The expenditures that post to an account fall into the various Sponsored Programs Financial Report budget categories based on the class codes used.

Current on-line information showing how expenditures crosswalk to the sponsored programs budget categories is available through the WebFM system under Browse – General. By using the browse class codes function, you can browse by specific class codes to identify where charges will post on the Sponsored Programs Financial Report. An example of the browse class codes function is shown below. The two character codes in the SPA column correspond to the bolded characters in the budget categories column on the Sponsored Programs Financial Report.

**WebFM**

Enter keyword

Home Employee uBusiness

Contact Print Help Hide Tabs

Account Totals  
Summary  
-Project Summary  
Class  
Encumbrance  
Multi-Year  
Budget To Actual

Account Detail  
Transaction Detail  
Dept Commitments  
P.O. Encumbrances  
Payroll Encumbrances  
Travel Encumbrances  
User Notes

Sponsored Programs  
Financial Report  
Account Totals  
Award Bdgt Browse  
Award Budgets  
Award Listing  
Award Summary  
Class Tot by Bdgt Cd  
Indirect Cost Detail  
RMM IDC Distributn  
RMM IDC Summary  
Terms & Conditions

Browse  
General  
Sponsored Programs

Business  
cyBUY  
Deposits Online  
Empl Reimbursement  
Equip Inv - SPA

Fund Main Acct Sect Proj Start Browse  
490 21 85 32900

**General Browsers**

1. Use the **Start** field above to begin a browse if not starting at the beginning. Class Code

2. Choose browse from drop-down list.

**Browse Class Codes**

Class	Title	Type	Exp/Rec	Rollup	Status	SPA	P-Card
329-00	Other Services	C	E	329-**	ACTIVE	HS	Y
329-01	Appraisals	C	E	329-**	ACTIVE	HS	N
329-02	Drayage	C	E	329-**	ACTIVE	HS	N
329-03	Photographic Services	C	E	329-**	ACTIVE	HS	N
329-04	Outside Vehicle Repairs	C	E	329-**	ACTIVE	HS	Y
329-05	Education Placement Serv	C	E	329-**	INACTIVE	HS	N
329-10	Graphics Production	C	E	329-**	ACTIVE	HS	N
329-20	ERI Shop Services	C	E	329-**	ACTIVE	HS	N
329-30	Engr Publ & Comm Services	C	E	329-**	ACTIVE	HS	N
329-40	Laundry Services	C	E	329-**	ACTIVE	HS	N
329-45	Pest Control Services	C	E	329-**	ACTIVE	HS	N
329-51	Public School Transit	C	E	329-**	ACTIVE	HS	N
329-52	Public School Tuition	C	E	329-**	ACTIVE	HS	N
329-53	Cy-Ride/Bus Contract	C	E	329-**	ACTIVE	HS	N
329-60	Svcs. for Residence sys	C	E	329-**	ACTIVE	HS	N
329-70	Appointments	C	E	329-**	ACTIVE	HS	Y

Trusted sites 100%

### **WHEN TOTAL FUNDS AVAILABLE EXCEED THE BUDGET**

The Sponsored Programs Financial Report is much more useful if the budget total is correct. If the budget amount is less than the total funds available on an account (the total funds received are more than the budgets entered), a goldsheet needs to be routed to “catch up” the financial report and to register these funds.

When the goldsheet has been routed, forward any award documentation—agreements, letters from sponsor, copies of checks, etc to OSPA. If cash received posted to the account with a receipt class code when it should have posted with a negative expenditure class code, prepare a cash receipt adjustment form to properly reclassify the funds received. This might be appropriate where a reimbursement was received for expenses that are not the University's, i.e. travel reimbursement for faculty to attend a board meeting for a company on which he/she functions as an advisor outside of their ISU duties. A goldsheet should **not** be routed for funds that would be appropriately coded as negative expenditures or for gifts received.

### **COSTSHARING AND EFFORT REPORTING**

Some sponsors require that their funds be matched with ISU funds; therefore, ISU or another party bears some of the costs of the project. These requirements are referred to as either mandatory "matching" or "costsharing". We may not be able to receive funds from the sponsor unless the stipulated costshare is met. Some awards with mandatory costshare stipulate a certain percentage of total costs. Others may stipulate a set dollar amount. See an example of an award document requiring costsharing following this narrative.

#### **Kinds of Match**

Costs that can be used to satisfy ISU's match or costshare requirements may be comprised of the following:

1. Direct costs for the project but were not charged to the award.
2. Indirect costs (which are also real costs) related to not receiving the full indirect rate from the sponsor, or indirect related to direct costs identified in #1 above.
3. Third party in-kind contributions, which can be in the form of a third party's direct or indirect costs.

Generally, the rule for valuation of third party in-kind contributions is "what it would have cost if ISU had paid for the item or service". Please note that if a cost would not be allowed under the sponsor's spending guidelines, it also would not be allowed as costshare.

### Sources of Costshare

The first source of costsharing identified in the proposal should be the unrecovered indirect costs from the sponsor, if applicable. This means if we are entitled to full indirect cost rate of 48% on a project and the sponsor will only pay us 8%, the difference, or the other 40%, is written into the proposal and approved by the sponsor to meet the match requirements. Costs used to satisfy a federal matching requirement may not be derived from costs of another federally sponsored project, nor from costs which have already been used as match or costsharing on another federal project. However, costs, which are related to two or more projects, may be prorated among the projects. Again, the indirect costs associated with such direct costs should be taken into consideration and included as a part of the match.

### Overmatch/Undermatch

Proposals submitted by ISU should not commit resources to costsharing if costsharing is not required by the sponsor or if costsharing has no effect on the competitiveness of the proposal. If ISU is not able to contribute a sufficient amount to meet a mandatory match, financial support may be reduced by the sponsor.

### Documentation

The lack of documentation is the most common problem of costshare. Matching or costsharing requirements are not satisfied unless they can be verified by adequate records.

Your sponsored programs accountant may request that the PI/department complete a costsharing worksheet sometime during the life of an award. The information requested will be used to enter pledged amounts on the EASE system and will also record the projected sources of costshare funding.

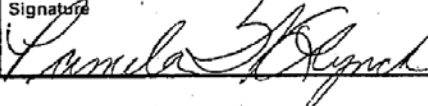
Personnel costs incurred by ISU to meet costsharing requirements will be maintained on the EASE system. ISU employees will be prompted to verify/correct the percentage of effort pledged in Section B1, Mandatory Costsharing, on the EASE form.

Records of other direct ISU costs incurred to meet costsharing requirements must be documented by the PI/department and identifiable by ISU voucher, intramural ticket, or other documented charge. Records must be maintained of all such non-personnel costs and their associated reference numbers, such as departmental statements with cost share transactions highlighted. Sponsored Programs Accounting will request a copy of this information at least annually.

All third party in-kind contributions must be supported by documentation from the third party. The documentation should be on the third party's letterhead and should indicate the cumulative dollar amount of the cost share achieved, an indication of how the valuation was computed, the period of time over which the cost share was incurred, and should be signed by an authorized official of the third party organization.

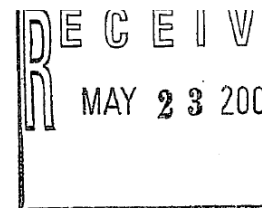


United States Department of Agriculture  
Cooperative State Research, Education, and Extension Service  
AWARD FACE SHEET

1. Award No. 2006-38411-17034		2. Proposal Number 2006-03171		3. Period of Performance 07/01/2006 through 06/30/2009		4. Type of Instrument Grant	
5. Type of Action New		6. CFDA Number 10.217		7. Authority 7 U.S.C. 3152		8. Method of Payment DHHS Payment Management System	
9. CRIS Number 0206981		10. Agency (Name and Address) Awards Management Branch Cooperative State Research, Education, and Extension Service/USDA Washington, DC 20250-2271				11. Awardee Organization Iowa State University Ames, IA 50011-2207	
12. Program Point of Contact: Greg Smith Telephone: (202) 720-2067 gsmith@csrees.usda.gov		Administrative Point of Contact: Sandy Stamps Telephone: (202) 401-1772 sstamps@csrees.usda.gov		13. Project Director/Performing Organization D. Raj Raman Ph.D., P.E. Iowa State University Ames, IA 50011-3080			
14. Funding:				15. Funds Chargeable			
		<u>Federal</u>		<u>Non-Federal</u>			
Previous Total		\$0.00		\$0.00			
+ or -		\$489,929.00		\$489,929.00			
Total		\$489,929.00		\$489,929.00			
Grand Total		\$979,858.00					
				FY - FDC		Amount	
				06- 623-38411		\$489,929.00	
16. Title of Proposal A Virtual Education Center for Biorenewable Resources: Building Capacity and Humanizing Distance Education							
PROVISIONS							
This Award incorporates the following:							
<ol style="list-style-type: none"> <li>1. The referenced proposal and any revision thereto - incorporated by reference</li> <li>2. CSREES General Terms and Conditions - A dated 02/05 - incorporated by reference (<a href="http://www.csrees.usda.gov/business/awards/awardterms.html">http://www.csrees.usda.gov/business/awards/awardterms.html</a>) Article 10, Current Research Information System (CRIS) Requirements, is applicable to this award</li> <li>3. 7 CFR Part 3015, 7 CFR Part 3017, 7 CFR Part 3018, 7 CFR Part 3019 - incorporated by reference (<a href="http://www.csrees.usda.gov/business/awards/fedregulations.html">http://www.csrees.usda.gov/business/awards/fedregulations.html</a>)</li> <li>4. The Approved Award Budget - PENDING</li> <li>5. CRIS Forms AD-416 and AD-417 - incorporated by reference</li> <li>6. The obligation of funds may be terminated without further cause unless the recipient commences the timely drawdown of funds; initial drawdown must be made within the first year of the project.</li> <li>7. Form AD-1048 or other CSREES approved format must be completed by the approved subawardee(s)/consultant(s) and returned to the recipient for retention in the official award file. It is not necessary to send a copy to CSREES.</li> <li>8. Grantee agrees to provide cost-sharing in the total amount of \$489,929. Estimated annual amounts of cost sharing are: Year 1 \$163,309, Year 2 \$163,310, Year 3 \$156,310.</li> <li>9. One hundred percent matching is required for this award. All matching must directly benefit and be specifically identifiable with approved project objectives. The awardee is required to maintain complete, accurate, up-to-date records to support all matching activities under the award. Matching requirements may not be satisfied with Federal funds or with property or services provided under another Federal assistance award.</li> <li>10. The provisions of the Request for Application for "Higher Education Challenge Grants Program FY 2006 under which this proposal was submitted are applicable to this award. - incorporated by reference</li> <li>11. Funds in the amount of \$489,929 are withheld pending a revised budget and narrative for the matching funds.</li> </ol>							
FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE							
This award, subject to the provisions above, shall constitute an obligation of funds on behalf of the Government. Such obligation may be terminated without further cause unless the recipient commences the timely drawdown of funds; such drawdowns may not exceed one year from issuance date of the award.							
Typed Name Pamela W. Lynch Authorized Departmental Officer				Signature 		Date 6-30-06	

CSREES-2009 February 2002

## MEMORANDUM



DATE: 5/16/08

TO: Peter Taylor/Tim Morris

FROM: Shona Roberts  
Sponsored Programs Accounting  
Controller's Department  
294-5214 Phone  
294-4318 Fax  
ssrober@iastate.edu

RE: Cost Share on Account **436-17-19**

This award includes mandatory cost share as listed in the attached award agreement. We are required by the Federal regulations in OMB Circular A-110 to identify the expenditures used as cost share in our accounting system. Documentation is necessary to meet the reporting requirements and close out procedures for this award. The following is a list of costs that may be used to satisfy cost share requirements.

### **Personnel Costs:**

Personnel costs include salary and benefits. The personnel information provided on the attached form will be entered into the EASE system as a pledged amount. Therefore, it will be necessary for those employees identified on this form to notate on their EASE forms the required cost share information. If the actual effort reported on the EASE form is less than the pledged amount, let Sponsored Programs Accounting know what additional costs will be used to fulfill the cost share obligation.

### **Non-Personnel Costs:**

Non-personnel costs include hourly wages, materials and supplies, travel, and other expenses. These costs must be identifiable expenditures which posted on the ISU accounting system. They may include vouchers or intramural charges. The departments are responsible for identifying and reporting these costs. Once you have this documentation compiled, please submit it to Sponsored Programs Accounting.

### **Indirect Costs:**

These costs can include the indirect costs computed on the ISU direct costs as well as the unrecovered indirect costs from the sponsor.

### **Third Party-In Kind Contributions:**

These costs can be in the form of the third party's direct or indirect costs. Documentation must be provided by the third party showing how the valuation was determined.

**NOTE:** Costs originating from a federal source and costs already used as match on another award **CANNOT** be used to satisfy a cost share requirement.

Please complete the attached form and send to Sponsored Programs Accounting at 3609 Administrative Services Building. If you have any questions or need additional information regarding the completion of this form, please contact me. Thank you for your assistance.

DATE SENT: 5/16/2008

**SENT BY:** Shona Roberts

**This worksheet is only for the Institutional Funds Match.**

**Provide the information requested below.**  
**The % Effort Pledged will be entered into the EASE system.**

**FRINGE BENEFITS:**

**When all costs are identified, submit the documentation to Sponsored Program Accounting.**

<b>TOTAL DIRECT COST/SHARE</b>	<b>\$</b>	<b>52,275.00</b>
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### A Computation.

TOTAL COST SHARE	\$ 52,275.00
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# **IOWA STATE UNIVERSITY** **EMPLOYEE ACTIVITY SUMMARY OF EFFORT (EASE)**

09-17-2007  
 Due 15 days from above date.

2007 06  
 FOOD SCIENCE & HUMAN NUTRITION - AGLS DEPT: 01360  
 JANUARY 1 THRU JUNE 30, 2007

**START HERE:** Put the percent of your effort devoted to each function in the large shaded boxes below. Examples of the functions are found on the back of this form. The sum of these boxes must be 100%. Evaluate all effort required to fulfill university obligations. THE LARGE SHADED BOXES COMPRISE THE SUMMARY SECTION. ALL LOWER SECTIONS DETAIL THIS SUMMARY. Put the percentage of effort from each of the five sources in the sections below the summary. A + B1 + B2 + C + D must add to the number in the large box.

	I. INSTRUCTION	II. RESEARCH & SCHOLARSHIP	III. OUTREACH	IV. ADMINISTRATION	V. SERVICE & OTHER
	Summary % of effort devoted to instruction <div>10</div>	Summary % of effort devoted to research or scholarship <div>30</div>	Summary % of effort devoted to outreach <div>20</div>	Summary % of effort devoted to administration <div>35</div>	Summary % of effort devoted to other activities <div>5</div>
A	Federal or State paid sponsored effort % of salary paid NONE	Federal or State paid sponsored effort % of salary paid 416-4121 10%	Federal or State paid sponsored effort % of salary paid 426-3510 5%	Federal or State paid sponsored effort % of salary paid NONE	Federal or State paid sponsored effort % of salary paid NONE
	% of actual effort NONE	% of actual effort 10	% of actual effort 5	% of actual effort NONE	% of actual effort NONE
B1	Mandatory Cost Sharing % of salary pledged -	Mandatory Cost Sharing % of salary pledged 404-4075 2%	Mandatory Cost Sharing % of salary pledged -	Mandatory Cost Sharing % of salary pledged -	Mandatory Cost Sharing % of salary pledged -
	% of actual effort -	% of actual effort 2	% of actual effort -	% of actual effort -	% of actual effort -
B2	Non-Mandatory cost share and Non-Federal/State paid effort	Non-Mandatory cost share and Non-Federal/State paid effort	Non-Mandatory cost share and Non-Federal/State paid effort	Non-Mandatory cost share and Non-Federal/State paid effort	Non-Mandatory cost share and Non-Federal/State paid effort
C	Departmental instruction % of actual effort 10	Departmental research % of actual effort 8	Departmental outreach % of actual effort 15	Non-sponsored administration % of actual effort 35	Non-sponsored service & other % of actual effort 5
D	Experiment Station funded research % of actual effort 8	Extension funded outreach % of actual effort 15			

I certify that the effort data provided represents a reasonable assessment of my activities during the period covered by this report.

Signature of employee \_\_\_\_\_ Date \_\_\_\_\_

Signature of supervisor or administrator \_\_\_\_\_ Date \_\_\_\_\_

Forward the completed form to your departmental EASE coordinator.

## DEFINITIONS USED ON THE EASE FORM

### FUNCTIONAL DEFINITIONS:

**I. INSTRUCTION.** All teaching and instructional activities offered for credit or non credit. Includes activities funded by ISU Continuing Education; other Extension funded teaching is included in outreach.

**IA. Instruction-Federal or State paid sponsored effort.** Preprinted account(s) and percentages are salaries paid on Federal or State sponsored awards per payroll records. Each account must be confirmed or lack of effort justified via notation.

**IB1. Instruction-Mandatory cost sharing.** Instructional activities related to sponsored programs that are NOT paid directly from the grant account. Preprinted account(s) and percentages are salaries pledged per award document. This effort must be confirmed or modification discussed with Grant Accounting.

**IB2. Instruction-Non-mandatory cost sharing and non-Federal/State paid sponsored effort.** All other instructional efforts related to grants. Nothing is preprinted. Account numbers need not be listed. Include effort paid from corporate and foundation grants and all other grant related effort that is not paid directly from the award.

**IC. Departmental Instruction.** Instruction funded by university sources and not related to a sponsored program.

**I. RESEARCH AND SCHOLARSHIP.** Activities that encompass both the systematic search for fuller knowledge or understanding of a subject, and the use of the knowledge or understanding gained from prior research or scholarship.

**IIA. Research-Federal or State paid sponsored effort.** Preprinted account(s) and percentages are salaries paid on Federal or State sponsored awards per the payroll records. Each account must be confirmed or lack of effort justified via notation.

**IIB1. Research-Mandatory cost sharing.** Research activities related to sponsored programs that are NOT paid directly from the grant account. Preprinted account(s) and percentages are salaries pledged per award document. This effort must be confirmed or modification discussed with Grant Accounting.

**IIB2. Research-Non-mandatory cost sharing and non-Federal/State paid sponsored effort.** All other research efforts related to grants. Nothing is preprinted. Account numbers need not be added. Include effort paid from corporate and foundation grants and all other grant related effort that is not paid directly from the award.

**IIC. Departmental Research.** Research funded by university sources and not related to a sponsored program.

**IID. Experiment Station Funded Research.** Research funded by Experiment Station 102 funds and not related to a sponsored program.

**III. OUTREACH.** Activities in which staff members utilize their professional expertise to disseminate information outside the traditional classroom to help improve the knowledge and skills of the publics they serve or the environment in which they live and work.

**IIIA. Outreach-Federal or State paid sponsored effort.** Preprinted account(s) and percentages are salaries paid on Federal or State sponsored awards per the payroll records. Each account must be confirmed or lack of effort justified via notation.

**IIIB1. Outreach-Mandatory cost sharing.** Outreach activities related to sponsored programs that are NOT paid directly from the grant account. Preprinted account(s) and percentages are salaries pledged per award document. This effort must be confirmed or modification discussed with Grant Accounting.

**IIIB2. Outreach-Non-mandatory cost sharing and non-Federal/State paid sponsored effort.** All other outreach efforts related to grants. Nothing is preprinted. Account numbers need not be added. Include effort from corporate and foundation grants and all other grant related effort that is not paid directly from the award.

**IIIC. Departmental Outreach.** Outreach funded by university sources and not related to a sponsored program.

**IIID. Extension Funded Outreach.** Outreach funded by Extension 103 funds and not related to a sponsored program.

**IV. ADMINISTRATION.** Activities that provide administrative and support service that benefit the overall university or a college, academic department or separately budgeted unit.

**IVA. Administration-Federal or State paid sponsored effort.**

Nothing will prompt in this section. However, if the accounts that print in other columns of line A include an administrative component, write that number (or draw an arrow) to IVA. and enter the percentage of administrative effort devoted to the account.

**IVC. Departmental Administration.** All other administrative effort.

**V. SERVICE & OTHER.** Activities not included in the other four sections.

**VA. Service-Federal or State paid sponsored effort.** Preprinted account(s) and percentages are salaries paid on Federal or State sponsored awards per the payroll records. Each account must be confirmed or lack of effort justified via notation.

**VB1. Service-Mandatory cost sharing.** Service activities related to sponsored programs NOT paid directly from the grant account. Preprinted account(s) and percentages are salaries pledged per award document. This effort must be confirmed or modification discussed with Grant Accounting.

**VB2. Service-Non-mandatory cost sharing and non-Federal/State paid sponsored effort.** All other service efforts related to grants. Nothing is preprinted. Account numbers need not be added. Include effort paid from corporate and foundation grants and all other grant related effort that is not paid directly from the award.

**VC. Non-Sponsored Service.** Service funded by university sources and not related to a sponsored program.

## **INDIRECT COSTS (a.k.a. IDC, Facilities and Administrative Costs, F&A Costs or Overhead)**

### **What is it?**

The terms **indirect cost** and **overhead** are synonymous. OMB Circular A-21 has changed federal terminology to replace indirect costs with the term facilities and administrative costs. For the sake of our discussion, we refer to these costs as indirect or overhead. Indirect costs, per OMB Circular A-21, are those costs that are incurred for common or joint objectives, and therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any institutional activity. Indirect costs are normally classified under the following categories: depreciation and use allowance, general administration expenses, sponsored projects administration expenses, operation and maintenance expenses, library expenses, departmental administration expenses, and student administration and services expense.

Indirect costs may more usefully be defined as the cost of using the University's facilities and administrative support.

Indirect cost is not profit; instead it is the real costs of research that are initially paid from other non-sponsored accounts -- state funds, for example. By collecting indirect costs from sponsors, Iowa State is recovering some of the expense of doing research.

Our current negotiated maximum indirect cost rates are:

On campus (07/01/04 to 06/30/07)	47%
On campus (07/01/07 to 06/30/08)	46.5%
On campus (07/01/08 to 06/30/12)	48%

Off campus (07/01/04 to 06/30/12)	26%
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Off campus is defined as activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s). Grants will not be subject to more than one F&A cost rate. If more than 50% of a project's ISU activities are performed off-campus, the off-campus rate will apply to the entire project.

A copy of Iowa State's Rate Agreement, plus the Components of Published Indirect Cost Rates can be found following this section. The agreement can also be found on OSPA's website.

The University's indirect cost rate is developed by comparing its indirect costs to its direct costs. For example, say indirect costs are \$23 million and direct costs are \$50 million. The calculated rate would be 23/50ths or 46 percent. The US Department of Health and Human Services, the University's cognizant Federal agency, approves the rate and its calculation. It should be noted that sponsors might require that a lower rate be used. For example, there are some programs through USDA that require indirect costs to be calculated at 22% of total costs (which equals 28.21% of total direct costs).

A-21 states that "federal agencies shall use the negotiated rates for F&A costs in effect at the time of the initial award throughout the life of the sponsored agreement. 'Life' for the purpose of this subsection means each competitive segment of the project."

The negotiated rate in effect at the time of the initial award should be used throughout the life (competitive segment) of the project. If the life of the project extends beyond the length of the F&A rate agreement, the rate approved for the last negotiated F&A period shall be extended through the end of the competitive segment.

*How is it computed?*

For most awards, indirect cost is calculated by multiplying Modified Total Direct Costs (MTDC) times the indirect cost rate.

MTDC is equal to Total Direct Costs less equipment, capital expenditures, rental costs of off-site facilities, scholarships (tuition), and the portion of subcontracts in excess of twenty-five thousand dollars.

Indirect costs are calculated and posted at month end based on the current month's direct costs. The maximum indirect cost that will be charged to an award is limited to the budgeted amount.

Although MTDC is the most commonly used method of computing indirect costs, other methods for computing indirect costs are negotiated with the University. For example, some awards allow indirect cost to be charged on all direct expenses, while other awards exclude certain items usually included in MTDC (e.g. student travel and participant support costs) in computing the indirect costs.

# COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 1426004224A1

DATE: July 11, 2008

INSTITUTION:  
Iowa State University  
3607 Administrative Services Bldg.  
Room 1635  
Ames

FILING REF.: The preceding  
Agreement was dated  
May 27, 2004

IA 50011-2042

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

## SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE(%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/08	06/30/12	48.0	On Campus	Organized Research
PRED.	07/01/08	06/30/12	26.0	Off Campus	All Programs
PROV.	07/01/12 UNTIL AMENDED		Use same rates and conditions as those cited for fiscal year ending June 30, 2012.		

### \*BASE:

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

(1)



INSTITUTION:  
Iowa State University

AGREEMENT DATE: July 11, 2008

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SECTION II: SPECIAL REMARKS

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TREATMENT OF FRINGE BENEFITS:

Fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed below.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Equipment Definition -

Through fiscal year ended 06/30/03, equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$2,000 or more per unit. Effective 07/01/03, the acquisition cost of equipment, as defined above, is \$5,000 or more per unit.

FRINGE BENEFITS:

FICA  
TIAA/CREF  
Disability Insurance  
Worker's Compensation  
Life Insurance  
Unemployment Insurance  
Health Insurance  
Dental Insurance

INSTITUTION:  
Iowa State University

AGREEMENT DATE: July 11, 2008

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:  
Iowa State University

(INSTITUTION)

(SIGNATURE)

Warren R. Madden

(NAME)

Vice President for Business and Finance

(TITLE)

July 16, 2008

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Henry Williams

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE) CENTRAL STATES FIELD OFFICE

July 11, 2008

(DATE) 7008

HHS REPRESENTATIVE: Shon D. Turner

Telephone: (214) 767-3267

## COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: IOWA STATE UNIVERSITY

FY COVERED BY RATE: JULY 1, 2008 through JUNE 30, 2012

APPLICABLE TO: ORGANIZED RESEARCH

RATE COMPONENT:	<u>ON CAMPUS</u>	<u>OFF CAMPL</u>
Building Depreciation	4.0	
Equipment Depreciation	4.7	
Interest	2.0	
Operation & Maintenance	10.2	
Library	1.1	
Administration	<u>26.0</u>	<u>26.0</u>
TOTAL	<u>48.0</u>	<u>26.0</u>

## **INDIRECT COST INCENTIVE PROGRAM**

### **Qualifying Programs**

The indirect cost incentive program was originally established to encourage PIs to obtain full indirect cost recovery on awards. Fifteen percent of indirect cost charged on qualifying awards is credited back to the PI's incentive account in the 490 fund series.

In order to qualify for incentive the award must bear the full allowable indirect cost rate applicable. If the sponsor limits recovery to a certain percentage, this is considered full allowable recovery.

### **Limitations on 490 Accounts**

The 490 account must always maintain a positive cash balance. The 490 account is funded monthly by a transfer of 15% of the indirect posted on each qualifying award. Transfers will occur during the month after the indirect posting month (the incentive related to January indirect postings will post to the 490 account in February).

Incentive is transferred from the IDC holding account, not the research award. The effects of the incentive program never appear in the accounting of the award.

A PI will have only one incentive account regardless of the number of awards that are generating incentive.

The 490 account will remain active as long as the PI is associated with the university and the account has a positive balance. If a PI leaves the university or retires, the unspent balance in the incentive account will revert to the PI's department/research unit for their use.

Any charge that is appropriate and allowable in the university system may be charged to the incentive account—salary, equipment, supplies, etc.



## **EQUIPMENT**

An item must meet all of the following criteria to be classified as equipment:

1. Moveable property with a useful life of one or more years and a unit acquisition cost of \$5,000 or more
2. Identifiable
3. Not a replacement part
4. Permits the attachment of a university inventory control number

### **Authorizations**

In general, purchases of equipment must be specifically authorized in the award document or have received prior approval from the sponsor. **ALL EQUIPMENT PURCHASE REQUISITIONS (> \$5,000) FOR 4XX FEDERAL, FEDERAL FLOW-THROUGH AND STATE ACCOUNTS NEED TO BE ROUTED THROUGH SPONSORED PROGRAMS ACCOUNTING (SPA) FOR APPROVAL.**

### **Utilization**

Equipment purchased with federally sponsored funds is to be used on the original project as long as it is needed. Once it has been determined that the equipment item is no longer needed for the original project, the equipment item should be utilized on other federally sponsored projects in the following order: (1) activities sponsored by the federal agency that funded the original project, then (2) activities sponsored by other federal agencies. Equipment is to be made available for shared use with other activities, as long as the shared use will not interfere with the original project. First preference for shared use should be given to other projects funded by the federal agency that funded the original project; second preference for shared use should be given to projects sponsored by other federal agencies. There can be no user charges to other University departments for equipment purchased with federal funds.

### **Ownership**

Most Federal agencies require that any item of equipment purchased be retained for continued use throughout the life of the award. Some sponsors may also reserve the right to transfer title of equipment to another party after the end of the grant period. Therefore, equipment purchased with federal or state funds should not be sold, traded or transferred without the approval of Sponsored Programs Accounting.

In some instances, an award may provide for the purchase of equipment that is to remain with a third party after the award has ended. For example, the U.S. Department of Education provided funding for equipment at several community colleges. Equipment was budgeted to provide each community college with a computer system. ISU processes the purchases, tags the equipment and puts them on ISU inventory prior to shipment to the community colleges. Since ISU does not have unrestricted title to the equipment, the equipment must be tagged and remain on ISU inventory until the project was completed. After termination, ISU obtained written documentation from the community colleges transferring responsibility and title to the property and removed the equipment from ISU inventory.

### Government Furnished/Contractor Held

Equipment furnished or loaned to ISU from the federal government must be tagged and put on ISU inventory and identified as federally owned equipment. Upon receipt of transferred equipment, please notify the ISU Inventory Office and send the ISU Inventory Office a copy of the agency transfer document. Federally owned equipment may not be transferred, disposed, or removed from campus without prior written approval from the federal agency.

### Construction of Equipment

If a department is constructing an asset, obtain an E(inventory) number from the inventory office. Use this inventory number on all future purchase requisitions. The components purchased will be included as part of the equipment item. CONTACT THE INVENTORY OFFICE BEFORE MAKING ANY PURCHASES.

### Transfer of Equipment

Occasionally when a PI leaves ISU for employment at another institution, the PI will request to transfer certain pieces of equipment to the new institution. Contact your SPA accountant for detailed procedures and assistance.

## **REVISION OF BUDGET AND PROGRAM PLANS**

Many federal agencies have transferred the authority to approve a variety of postaward changes. The table shown below applies to federal awards, which are subject to OMB Circular A-110. All requests for prior approval must be in writing and well justified. The Director of the Office of Sponsored Programs Administration (OSPA) or designee must review and countersign each request.

<b><i>ITEMS REQUIRING AGENCY PRIOR APPROVAL</i></b>	<b><i>ITEMS REQUIRING PRIOR APPROVAL *</i></b>
<ul style="list-style-type: none"><li>◆ Change in scope or objective of project</li><li>◆ Change in PI and/or key personnel</li><li>◆ Absence for more than three months, or a 25% reduction in time devoted by the PI</li><li>◆ Need for additional federal funding</li><li>◆ Transfer of funds allotted for training allowances (direct payments to trainees) into other categories</li><li>◆ Subaward or transfer of significant portion of work, unless approved in original award</li><li>◆ Preaward spending more than 90 days prior to start date of award</li><li>◆ Rebudgeting of direct costs categories where federal award is &gt;\$100,000 and cumulative amount of transfers exceeds 10% of total budget</li></ul>	<ul style="list-style-type: none"><li>◆ Purchase of equipment not in approved budget</li><li>◆ Preaward spending within 90 days prior to start date of award</li><li>◆ Request for a one-time no-cost extension of up to 12 months, provided reason is not simply to spend remaining funds</li></ul> <p>* In general, ISU has expanded authority to approve these items, but there may be some sponsors who require approval directly by the sponsor. Check with your SPA accountant for information for a specific account.</p>

### **Extensions**

Some sponsors, and typically all federal sponsors, require that no-cost extensions be requested several weeks prior to the termination date. Once past this window of opportunity for making a request, the extension may no longer be possible. In general, we have also found that non-federal sponsors look much more favorably upon requests for extensions which are received prior to the termination date rather than an extended period of time after the termination date. This allows any necessary adjustments to the agreement to be completed prior to the lapse of the award.

You will note that if an award is fixed price, meaning unspent funds at termination do not need to be returned to the sponsor, an extension should be requested if the deliverables will not be made before the final due dates indicated in the award documents.



### How to request an extension

There are two methods used for requesting an extension of the termination date on an award. The sponsor specifies the method to be used either in the agreement itself or in its governing regulations. Both methods utilize the No-Cost Extension Request Form available on the OSPA website at: <http://www.ospa.iastate.edu/Forms/>

**Method 1** - ISU has expanded authority. Expanded authority means that ISU can internally approve the request. In this case, the request form should be completed and sent to Office of Sponsored Programs Administration (OSPA). OSPA will review the request and notify the sponsor of the extension approval. Again, in most cases, ISU must notify the sponsor "X" number of days prior to the termination date.

**Method 2** - Approval must come directly from the sponsor. If ISU does not have institutional authority, the request form should be completed and sent to Office of Sponsored Programs Administration (OSPA). OSPA will review the request and compose a request memo to the sponsoring agency.

Regardless of the method used, the following information will need to be provided:

1. The new termination date being requested,
2. Justification for the no-cost extension (how needed to further the objectives of the project), and
3. Budget information, including anticipated unspent balance and plans for the use of unspent funds. (Note: funds remaining after the project is completed is not a sufficient reason to request an extension and may be denied by the sponsor.)

### Preaward Spending

Expenditures cannot be incurred before the effective date on cost-reimbursable awards. Depending on the award terms, the sponsor or the Director of OSPA can approve preaward spending up to 90 days prior to the start date of the award.

Spending more than 90 days before the start date on cost-reimbursable awards always needs to be approved by the sponsor. Contact your SPA accountant for specific sponsor policy information.

### Rebudgeting

Rebudgeting is simply an approved shift of dollars from one budget line item to another. If the source of funds is federal, it should be assumed there are budget restrictions. Federal awards require prior approval--that is, approval of the expense prior to its being incurred. Documentation of the approved budget in the Sponsor's award notice constitutes prior approval. If the expense has not been identified in the sponsor-approved budget, then approval must be obtained. For federal awards there are generally two scenarios where approvals will be required. They are as follows:

**Line Item Restrictions** - Virtually all federal awards contain line item restrictions on equipment, trainee allowances, and subcontracts. As such, these items must be expressly authorized in writing in the award document.

**Budget Deviations** - Many awards require prior approval if a cost category will exceed its budget by a set percentage. For example, the total of a budgeted line item could deviate by up to 10% of the total budget before rebudgeting is needed. In such cases, rebudgeting is necessary after the specified percentage of deviation is anticipated or exceeded. This provision will be outlined in the award document or sponsor guidelines. The ultimate responsibility for appropriateness of the expenditures rests with the PI, department, and college/unit. It is imperative that persons in the department who are assigned fiscal responsibility have a copy of the award document, review its terms and conditions, and are knowledgeable of the OMB Circular A-21 restrictions concerning allowability for federal awards.

### **Rebudgeting Procedures**

While procedures for rebudgeting vary from sponsor to sponsor, there are two basic methods which are used. The procedure to be used is normally outlined in the award documents or sponsor guidelines. However, if it is not, contact Sponsored Programs Accounting to get a determination of which method applies.

- ◆ The **sponsor** must themselves approve the rebudgeting request, or
- ◆ The **Director of the Office of Sponsored Programs Administration (OSPA) or appointed designee** approves in writing the rebudgeting request for the sponsor under prearranged institutional expanded authorities.

The rebudgeting request is two-sided. If one budget line item is to be increased, another budget line item must be decreased. Each rebudgeting request should contain the following information:

- The dollar amount by which budget line items are to be increased or decreased, taking into consideration indirect costs as well as direct costs, if the sponsor allows indirect to be rebudgeted.
- The items involved in the request. For example, a piece of equipment desired.
- An explanation specifying the need and/or reasons justifying the budget revisions and its relevance to the project.

Once all the above information is obtained, complete the Rebudget Request Form (available at <http://www.ospa.iastate.edu/forms/>) and send the request to OSPA.

### **Absence of Principal Investigator**

For federal awards, sponsor approval is required whenever a principal investigator will be absent from a project for more than three months, or there will be a 25 percent reduction in time devoted to the project. For example, a PI with a 12% effort commitment level would need to obtain approval if his or her effort was reduced to 9% or lower. The approval request should be made directly to the sponsor, and countersigned by Director of OSPA.

## **COST TRANSFERS AND OVERDRAFTS**

Federal agencies and their auditors place a great deal of emphasis on reviewing transfers of expenditures, particularly those involving overspent accounts or those made after the termination date. All projects should be reviewed two to three months prior to termination to be certain all expenditures have been properly charged. Any over expenditures on sponsored projects must be covered from unrestricted nonfederal funds, such as incentive, fixed price accounts, or departmental funds. This restriction is a federal regulation (OMB Circular A-21).

### **Cost Transfer Rules**

- Costs CAN NOT be transferred from overspent accounts to federal accounts or federal flow-thru accounts. An exception is made for federal continuation accounts which must meet certain criteria—
  - no funding gap between award periods,
  - same project title, and
  - same/similar sponsor award number.
- Costs from overspent accounts CAN be transferred to non-federal accounts.
- Costs on cost-reimbursable accounts must be incurred during the award period.
- Costs transferred **TO** federal accounts must be made within 90 days of the transaction date OR within 90 days of the federal account being established.
- Transfers of salary must always include the proportionate share of both salary and benefits.

Utilizing these rules:

Only if the federal funds to be received are truly continuation funds should an established federal account be used to hold costs until the additional federal funds are received.

In all other cases where there are costs that need to be incurred on federal projects before the award is received, a request for an advanced account number should be processed. An advanced account number should be utilized whenever the new award is not continuation funding (e.g. a new competitive period) or it is unknown whether the federal funding will be continuation funding.

In summary:

- An overspent federal account's costs can be transferred to a continuation federal account or non-federal appropriate account.
- An overspent non-federal account's costs cannot be transferred to a federal account.
- An overspent non-federal account's costs can be transferred to an appropriate non-federal account.
- An overspent account's costs can always be transferred to an unrestricted source (incentive funds, fixed price funds, departmental 70X funds).

APPENDIX A:

**GLOSSARY OF TERMS**

<b>Academic Dept.</b>	Academic home of PI.
<b>Administering Dept.</b>	The department responsible for administration of the project.
<b>Administering Unit</b>	The college or research unit accepting ultimate fiscal and technical responsibility for a project.
<b>Advanced Account</b>	An account number given in advance of receiving the actual award.
<b>Award Notice/Agreement</b>	Legally binding document that commits financial benefit to ISU.
<b>Class Codes</b>	A 5-digit number assigned to expenditures or receipts that describe the type of transaction posted to an account.
<b>Contract</b>	Award document whose purpose is to acquire property or services for direct benefit of the sponsor; sponsor involvement may be extensive.
<b>Contract Number</b>	A number assigned by the sponsor to identify a specific project.
<b>Cooperative Agreement</b>	Award document which transfers value to ISU for public purpose; substantial involvement of both ISU and awarding agency.
<b>Costsharing</b>	Same as matching; additional project or program costs not paid by the sponsor.
<b>Cost-Reimbursable</b>	An award that is payable based on actual costs incurred.
<b>Cumulative Expenditures</b>	Includes all charges from the start of an award through a specific date, regardless of the state fiscal year-end.
<b>Departmental Statement</b>	A monthly report generated by the Controller's Department that lists each expenditure and receipt for the month.
<b>Direct Costs</b>	Any costs other than indirect costs; directly identifiable with the project.
<b>EASE</b>	The employee activity summary of effort forms signed by staff to report effort devoted to specific functions.
<b>Effective Date</b>	The date an award starts and usually the first date that costs may be incurred.
<b>Encumbrances</b>	A payable or an obligation; a future expenditure which has been committed but not yet paid.
<b>Expenditures</b>	Refers to charges made to a project or program.
<b>Facilities and Administrative Costs</b>	Also referred to as overhead or indirect, it is the costs of using ISU facilities and administrative support.
<b>Federal Flow-Through</b>	Awards received by ISU which are given by a sponsor who has received funding from a federal agency for the project.
<b>Financial Report</b>	A monthly report generated by SPA that provides cumulative fiscal information.
<b>Fixed-price Award</b>	An award which specifies a set/fixed cost for a specified product, report, or deliverable.
<b>Fund</b>	The first three digits of an account number; used to identify the sponsor or type of sponsor.
<b>Funding Period</b>	The period of time the funding is available to spend.
<b>Grant</b>	Award document which transfers value to ISU in order to accomplish a public purpose; no substantial involvement from sponsor; usually basic research.
<b>Grant Number/Reference Number</b>	A number assigned by the sponsor to identify a specific project.
<b>Incentive</b>	Refers to the 15% of collected indirect returned to a PI(s).
<b>Indirect Costs</b>	Also referred to as overhead or facilities and administrative costs, it is the cost of using ISU facilities and administrative support.

<b>Matching</b>	Same as cost sharing; additional project or program costs not paid by the sponsor.
<b>MTDC</b>	Modified total direct costs; equals total direct costs less equipment, subcontracts>\$25,000, scholarships (tuition), etc.
<b>Obligations</b>	Same as encumbrances; a payable; refers to a future expenditure which has been committed but not yet paid.
<b>Overhead</b>	Also referred to as indirect or facilities and administrative costs, it is the costs of using ISU facilities and administrative support.
<b>Period of Performance</b>	Refers to the funding period or start and end dates of the project.
<b>PI</b>	Stands for Principal Investigator; faculty/staff person in charge of the sponsored project.
<b>Postaward</b>	Refers to all activities that occur after an award is issued.
<b>Preagreement Costs</b>	Costs incurred before the start date of an award.
<b>Preaward</b>	Refers to all activities that occur up until the time an award is issued.
<b>Preaward Spending</b>	Refers to spending of funds prior to the actual start or effective date of an award.
<b>Prime</b>	Refers to the original award from the sponsoring agency.
<b>Prior Approval</b>	Written approval evidencing prior consent from a sponsor or institution.
<b>Project Period</b>	The period stated in the award documents during which sponsorship begins and ends.
<b>Rebudgeting</b>	An approved shift of dollars from one budget line item to another.
<b>Recipient</b>	The organization (ISU) receiving financial assistance directly from the awarding sponsors.
<b>Restrictions</b>	Policies, terms and conditions that apply to a specific award.
<b>Salaries Past Term</b>	Refers to those salaries placed on an award that will be paid after the termination date and will need to be removed before the account is closed.
<b>SPA</b>	Acronym for Sponsored Programs Accounting.
<b>Sponsor</b>	The agency, company, organization, etc. from whom funds are being received.
<b>Sponsored Programs Accounting</b>	The postaward office in the Controller's Department under the Vice President for Business & Finance which is responsible for post award financial functions, including financial reporting and invoicing.
<b>Sponsored Programs Administration, Office of</b>	The preaward office at ISU responsible for reviewing proposals, and negotiating new awards and subcontracts and negotiating modifications to agreements. Acronym for this office is OSPA.
<b>Subcontracts</b>	Agreements issued to a third party from an ISU award.
<b>Termination Date</b>	The date an award ends or terminates. Usually the last date that costs may be incurred.
<b>Unencumbered</b>	Funds which have not been reserved for a specific expenditure.
<b>Unliquidated Obligations</b>	Obligations or payables which have not yet been paid.
<b>WebFM</b>	The online account status system available through AccessPlus (Web Financial Management).

## **APPENDIX B:**

### **EXPENDITURE ALLOWABILITY FOR SPONSORED PROGRAMS SUBJECT TO OMB Circular A-21 (Federal or Federal Flow-through Projects)**

**ADVERTISING COSTS:** The term advertising costs means the costs of advertising media and associated administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

The only allowable advertising costs are those which are solely for the following items: 1) The recruitment of personnel required for the performance by the institution of obligations arising under the sponsored agreement; 2) The procurement of goods or services for the performance of the sponsored agreement; 3) The disposal of scrap or surplus materials acquired in the performance of the sponsored agreement except when institutions are reimbursed for disposal costs at a predetermined amount; or 4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

Unallowable advertising costs include the following: 1) Costs of ceremonial assemblies or other events related to instruction or other institutional activities; 2) Costs of promotional items and memorabilia; and 3) Costs of advertising designed solely to promote the institution.

**ALCOHOLIC BEVERAGES:** Costs of alcoholic beverages are unallowable.

**COMMUNICATION COSTS:** Recurring line charges (local service) are generally unallowable on sponsored projects as they are considered part of F&A (indirect) costs. They are allowable only if specifically justified in the budget as a situation where the line is dedicated to the specific project because of the nature of the work, i.e. telephone surveying, center grant that includes an administrative component, etc. Long distance, fax, and telegraph charges are allowable where they can be identified with a specific project.

**COMPENSATION:** Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits. These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, is consistently applied, and provided that the charges for work performed relates directly to sponsored agreements.

The distribution of salaries and wages, whether treated as direct or F&A (indirect) costs, will be based on payrolls documented in accordance with generally accepted practices of colleges and universities. The apportionment of an employee's salary and/or wages which are chargeable to more than one sponsored agreement or other cost objective will be supported by methods that will produce an equitable distribution of charges for an employee's activities and distinguish the employee's direct cost activities from the F&A (indirect) cost activities. A-21 recognizes that teaching, research, service and administration are often intermingled in an academic setting. A precise assessment of factors that contribute to costs is not always feasible, nor expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

Salary rates for an academic year for faculty members with work performed on sponsored agreements will be based on the individual faculty member's regular compensation for the continuous period. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements exceed the proportionate share of the base salary for that period. Consultation services provided by faculty are allowed if it is above and beyond regular departmental load. These charges for overload pay above base salary need to be specifically provided for in the agreement or approved in writing by the sponsoring agency.

Salary rates for faculty members for services provided outside the academic year (summer months) will reflect the employee's base salary for that period. Example: A faculty member earns \$63,000 per year.  $\$63,000 / 9 \text{ months} = \$7,000 \text{ per month}$ . During the summer months the maximum amount of compensation for this employee would be \$21,000 ( $\$7,000 \times 3 \text{ months}$ ).

Salaries and expenses of Deans of faculty and graduate schools and their staff are unallowable as they are included in F&A (indirect) costs. Salaries of administrative and clerical staff should usually be treated as F&A (indirect) costs and are not allowable as direct charges on sponsored awards. However, direct charging may be appropriate where the nature of the work requires an extensive amount of administrative or clerical support which is significantly greater than the routine level of services provided by academic departments. Refer to Section V of the Sponsored Programs Costing Policy for ISU guidelines.

Some examples of circumstances where direct charging the salaries of administrative or clerical staff may be appropriate are as follows:

- \* Large, complex programs, such as General Clinical Research Centers, program projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
- \* Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as epidemiological studies, clinical trials, and retrospective clinical records studies.
- \* Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- \* Projects where the principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
- \* Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus.
- \* Individual projects requiring significant amounts of project-specific database management; individualized graphics or manuscript preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.

Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave and military leave are allowable, provided such costs are distributed to all institutional activities based on the employee's efforts.

**DONATIONS AND CONTRIBUTIONS:** Donations or contributions are not allowable charges to sponsored programs, regardless of the recipient.

However, with proper documentation, the value of donated services or property may be used to meet cost sharing or matching requirements.

**ENTERTAINMENT COSTS:** Costs of entertainment are unallowable.

**EQUIPMENT AND CAPITAL EXPENDITURES:** Equipment means nonexpendable tangible personal property having a useful life of one or more years and an acquisition cost of \$5,000 or more. Capital expenditures mean the cost of the asset including the cost to put it in place. For example, attachments, accessories, freight, transit insurance, etc. would be included as part of the cost of equipment. Special purpose equipment means equipment which is used ONLY for research, medical, scientific, or other technical activities. General purpose equipment means equipment which is not limited to these purposes, such as office furnishings, copiers and computers. Special purpose equipment items are allowable if approved by the sponsoring agency. General purpose equipment items are unallowable, except where approved in advance by the sponsoring agency. If not approved, they are unallowable.

**FINES AND PENALTIES:** Costs resulting from violations of Federal, State, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or with prior written approval from the sponsoring agency.

**GOODS OR SERVICES FOR PERSONAL USE:** Costs of goods or services for personal use by the institution's employees are unallowable, regardless of whether the cost is reported as taxable income to the employee.

**INSURANCE:** Costs of insurance required by or approved in the sponsored agreement are allowable. However, costs of insurance against defects in materials or workmanship are unallowable.

**INTEREST:** Costs incurred for interest on borrowed capital are unallowable, except when agreed to by the federal government for the purchase of equipment costing \$10,000 or more.

**LOBBYING COSTS:** Lobbying costs are unallowable.

**LOSSES ON OTHER SPONSORED AGREEMENTS OR CONTRACTS:** Cost overruns cannot be transferred to sponsored projects subject to A-21.

**MAINTENANCE AND REPAIR COSTS:** Costs necessary to keep properties in an efficient operating condition are allowable.

**MEMBERSHIPS, SUBSCRIPTIONS AND PROFESSIONAL ACTIVITY COSTS:**

Costs of membership in business, technical, and professional organizations are allowable only when the benefits are vital to the sponsored project.

Costs of subscriptions to business, professional, and technical periodicals are allowable only when the information is vital to the project.

Costs of meetings and conferences are allowable only where the primary purpose is the dissemination of technical information related to sponsored research. This includes meals, transportation, rental of facilities, and other incidental items.

Costs of membership in any civic organization, community organization, country club, dining club, or social organization are unallowable.

**PATENT COSTS:** Costs associated with the preparation of disclosures, reports or other documents required by the sponsored agreement are allowable.

Costs of searches necessary to make invention disclosures are allowable.

**PLANT SECURITY COSTS:** Costs incurred for routine security to protect facilities, personnel and work products are allowable, including wages, uniforms, and equipment.



**PREAGREEMENT COSTS:** Preagreement costs are defined as those costs incurred before the effective date of the sponsored agreement, normally up to 90 days before the start date. These costs are unallowable unless approved by the sponsoring agency or, if the sponsor allows, granted by the ISU Office of Sponsored Programs Administration (OSPA) under expanded authorities for the sponsoring agency.

**PROFESSIONAL SERVICE COSTS:** Costs of professional and consulting services, including legal services rendered by the members of a particular profession who are not employees of the institution, are allowable, when reasonable in relation to the services rendered.

**PROPOSAL COSTS:** Costs incurred in the preparation of bids or proposals for sponsored agreements are unallowable as direct costs. This includes the cost of developing data necessary to support the bid or proposal.

**PUBLIC RELATIONS COSTS:** The term public relations means those activities dedicated to maintaining the image of the institution or promoting favorable relations with the community or public at large.

The only allowable public relations costs are the following: 1) Costs specifically required by sponsored agreements; 2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements; or 3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of contract/grant awards, financial matters, etc.

Unallowable public relations costs are the same as unallowable advertising costs: 1) Costs of ceremonial assemblies; 2) Costs of promotional items; or 3) Costs of public relations designed solely to promote the institution.

**REARRANGEMENT AND ALTERATION COSTS:** Ordinary alteration and rearrangement of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency.

**RECONVERSION COSTS:** Costs necessary to restore the institution's facilities to approximately the same condition existing immediately prior to commencement of a sponsored agreement are allowable, with the exception of normal wear and tear.

**RECRUITING COSTS:** Costs of "help wanted" advertising, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees are allowable. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size, are unallowable. Costs of help wanted advertising, special perks, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform with the established practices of the institution, are unallowable. Where relocation costs incurred incident to recruitment of a new employee have been allowed, and the newly hired employee resigns for reasons within his/her control within 12 months after hire, the institution will be required to refund or credit such relocation costs to the sponsoring agency.

**RENTAL COST OF BUILDINGS AND EQUIPMENT:** Rental costs of buildings and equipment are allowable to the extent that the decision to rent or lease was reasonable, using the reasonable costs considerations. Rental costs are allowable in "sale and lease back" arrangements only up to the amount that would be allowed had the institution continued to own the property.

**ROYALTIES:** Royalties and other costs for the use of patents, if necessary for the performance of the sponsored agreement, are allowable. These costs are unallowable when the Federal Government has the right or license to free use of the patent, or the patent is invalid, unenforceable or has expired.

**SABBATICAL LEAVE COSTS:** Costs of leave of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable within institutional guidelines if approved by the sponsor. These costs must be allocated on an equitable basis to all institutional activities.

**SCHOLARSHIPS, FELLOWSHIPS AND STUDENT AID COSTS:** These costs are allowable only when the purpose of the sponsored agreement is to provide training to selected participants AND the charge is approved by the sponsoring agency. However, tuition remission paid as, or in lieu of, wages to students performing necessary work are allowable provided that: 1) the individual is conducting activities necessary to the sponsored agreement, 2) ) tuition remission is provided in accordance with established institutional policy and is consistently provided in a like manner to students 3) during the academic period, the student is enrolled in an advanced degree program and the project activities of the student are related to the degree program, 4) tuition payments are reasonable compensation for the work performed; and 5) it is the institution's practice to similarly compensate students in nonsponsored as well as sponsored activities. Note: Various federal programs do not allow direct charging of tuition.

**SELLING OR MARKETING COSTS:** Costs of selling or marketing any products or services of the institution are unallowable.

**SEVERANCE:** Severance pay is compensation in addition to regular salary and wages which is paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that these payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment. Costs incurred in excess of the institution's normal severance pay policy are unallowable.

**SPECIALIZED SERVICE FACILITIES:** The cost of institutional services involving the use of highly complex or specialized facilities, such as computers, wind tunnels, etc., are allowable provided the cost is based on actual use of the services and the rate schedule does not discriminate between federally and non-federally supported activities, including use for internal purposes.

**STUDENT ACTIVITY COSTS:** Costs of intramural activities, student publications, student clubs, and other student activities are unallowable, unless specifically provided for in the sponsored agreement.

**SUPPLY AND MATERIAL COSTS:** Costs incurred for materials, supplies, and fabricated parts directly related to the sponsored agreement are allowable. Administrative support costs, such as office supplies (copy paper, envelopes, message pads, pencils, pens, scissors, staplers, etc) and postage, should not be direct charged and are treated as F&A (indirect) costs unless unlike circumstances exist and is documented. Direct material costs should include only the materials and/or supplies actually used for the performance of the sponsored agreement. Due credit should be given for any excess materials retained or returned to vendors. Due credit should also be given for all proceeds or value received for any scrap resulting from work under the sponsored agreement. Where government-donated or furnished materials are used in performing the sponsored agreement, such material will be used without charge.

**TERMINATION COSTS:** Termination costs are defined as the costs associated with the termination of a sponsored agreement before the completion date. Termination should not be confused with normal close-out procedures. Termination can occur when the grantee fails to comply with the terms and conditions of an award. Notification of termination by the granting agency cancels the remaining portion of the project prior to the date of completion.

Costs which cannot be discontinued immediately after the effective date of termination, despite all reasonable efforts by the institution, are generally allowable.

Settlement costs, including termination and settlement of subagreements, are generally allowable.

The costs of common items of material that are reasonably usable on other work are unallowable, unless the institution submits evidence that it could not retain such items at cost without sustaining a loss.

**TRANSPORTATION COSTS:** Transportation costs for freight, express, postage or other transportation services relating to goods purchased, in process, or delivered are allowable.

**TRAVEL COSTS:** Travel costs are defined as expenses for transportation, lodging, subsistence and related items incurred by employees in travel status. These costs include travel incurred for the performance of the sponsored project. It also includes costs of meetings and conferences where the primary purpose is the dissemination of technical information related to the project. Travel costs incurred must provide benefit to the sponsored project.

There are various methods which may be used: actual charges, per diem or mileage basis in lieu of actual costs, or a combination of the two. The same method must be applied to an entire trip. The method used must be allowed by ISU's travel policy and practices. ISU subjects itself to the Federal Travel Regulations for foreign travel.

Airfare costs in excess of the lowest available commercial discount airfare or customary standard (coach) airfare are generally unallowable. However, the institution can justify airfare costs in excess of the lowest airfare when use of the lowest airfare would: require circuitous routing; require travel during unreasonable hours; excessively prolong travel; result in cost that would offset transportation savings; or not meet the medical needs of the traveler. In order for the higher airfare costs to be allowable, each exception must be justified and documented on a case by case basis.

Costs of travel by institutional aircraft cannot exceed the cost of allowable commercial air travel.

In addition to A-21, all federal awards are subject to the Fly American Act. This act mandates that US Flag Carriers be utilized for foreign airfare charged to federal programs.

Institution-furnished automobiles are allowable if used in direct relation to the sponsored agreement. Personal use is unallowable even if it is taxable to the employee.

**NOTE:** The above list is not all inclusive.

**SOURCE:** OMB Circular No. A-21 (Cost Principles for Educational Institutions) Dated 5/10/2004

## EXPENDITURE ALLOWABILITY CHART FOR SPONSORED PROJECTS SUBJECT TO A-21

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
<b>Advertising Costs</b>			
Recruitment of personnel	X		
Procurement of goods and services	X		
Ceremonial assemblies		X	
Promotional items		X	
Designed solely to promote institution		X	
<b>Alcoholic Beverages</b>		X	
<b>Communication Costs</b>			
Recurring line charges			
Generally		X	
Long distance, fax and telegraph	X		
<b>Compensation</b>			
Salaries, Wages and Benefits			
Administrative and clerical staff			
Generally		X	
Specified in sponsored agreement per Exhibit C	X		
Directly related technical personnel	X		
Deans of faculty and graduate schools		X	
Overload pay for consultation services			
Generally		X	
Specified in sponsored agreement	X		
Sabbatical leave			X
Severance pay - see employee type above			
Vacation payouts - proportional share	X		
<b>Donations/Contributions</b>		X	
<b>Entertainment</b>		X	
<b>Equipment/Other Capital Expenditures</b>			X
<b>Fines and Penalties</b>			
Generally		X	
Specified in sponsored agreement	X		

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
<b>Fundraising Costs</b>		X	
<b>Goods and Services for Personal Use</b>		X	
<b>Insurance</b>			
Generally			X
Against defects of materials or workmanship		X	
<b>Interest</b>			
Generally		X	
Related to equipment costing \$10,000 or more			X
<b>Lobbying Costs</b>		X	
<b>Losses on Other Sponsored Agreements</b>		X	
<b>Maintenance and Repair Costs</b>	X		
<b>Memberships, Subscriptions, and Professional Activities</b>			
Business, technical and professional organizations, if vital to the project	X		
Business, technical and professional periodicals, if vital to the project and not available elsewhere, i.e. library	X		
Meetings and conferences -primary purpose must be dissemination of technical information	X		
Civic or community organizations		X	
Country club, social or dining clubs/organizations		X	
<b>Patent Costs</b>	X		
<b>Plant Security Costs</b>	X		
<b>Preagreement Costs</b>			
Generally		X	
Prior approval by sponsor or delegated authority	X		
<b>Professional Service Costs</b>	X		
<b>Proposal Costs</b>		X	

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
<b>Public Relations Costs</b>			
Specifically required by the sponsored agreement	X		
Communicating with public and press about performance results of the sponsored project	X		
Conducting general liaison with news media and government public relations officers	X		
Ceremonial assemblies		X	
Promotional items		X	
Designed solely to promote the institution		X	
<b>Rearrangement and Alteration Costs</b>	X		
<b>Reconversion Costs</b>	X		
<b>Recruiting Costs</b>			
Generally	X		
Publication costs of help wanted advertising that includes color or is excessive in size		X	
<b>Rental Costs of Buildings/Equipment</b>	X		
<b>Royalties and Other Costs for Use of Patents</b>			
Necessary for performance of agreement	X		
Federal Government has right to free use patent		X	
Patent adjudicated or invalid		X	
Patent unenforceable or expired		X	
<b>Scholarships, Fellowships and Student Aid</b>			
Purpose of sponsored agreement is to provide training	X		
Tuition remission, must be allowable by sponsor	X		
<b>Selling and Marketing Costs</b>		X	
<b>Specialized Service Facilities</b>	X		
<b>Student Activity Costs</b>			
Generally		X	
Specified in sponsored agreement	X		

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
<b>Supply and Material Costs</b>			
Directly Related	X		
Administrative			
Generally		X	
<b>Termination Costs</b>			
Settlement costs	X		
Costs which can't be discontinued immediately	X		
Items that would be usable on other work		X	
Costs incurred after termination date		X	
<b>Transportation Costs for Goods</b>	X		
<b>Travel Costs</b>			
Subject to restrictions	X		

**NOTE:**

\*To be allowable, costs must be reasonable and allocable to a sponsored agreement.

\*This list is not all inclusive.

\*More restrictive contract terms would supersede these guidelines.

**Source:** OMB Circular No. A-21 (Cost Principles for Educational Institutions)