GRANT COORDINATOR MEETING 2/18/10
SPONSORED PROGRAMS ACCOUNTING (SPA)

FLY AMERICA ACT REQUIREMENTS FOR FEDERAL FUNDS

The Fly America Act requires federal employees and their dependents, consultants, contractors, grantees, and others performing United States Government financed foreign air travel to travel by U.S. flag air carriers. A list of major U.S. flag air carriers (and their airline codes) includes:

Air Tran (FL)	Hawaiian Airlines (HA)
Alaska Airlines/Horizon Air (AS)	Northwest Airlines (NW)
American Airlines (AA)	Spirit Airlines (NK)
Continental (CO)	Southwest Airlines (WN)
Delta (DL)	United Airlines (UA)
Frontier Airlines (F9)	US Airways (US)

When federal funds are used to purchase international air tickets, travelers must comply with the Fly America Act. It is the department's responsibility to ensure that an allowable carrier is used. If accounts from any of the following ISU federal fund series are used to purchase international air tickets, the Fly America Act must be complied with:

401 – 404, 409 – 449
601 – 699
Federally-funded 47x state accounts (with Revenue Codes beginning with 04)

To assist with compliance with the Fly America Act, when purchasing air tickets from a University contracted travel agent, the Air Ticket Requisition will print a message for the travel agent when the ticket is being purchased with federal funds. Travelers purchasing their own international air tickets with federal funds must be aware of, and comply with, the Fly America Act. Non-compliance will result in the charge for airfare being disallowed from federal funds.

When using federal funds, in order to be compliant with the Fly America Act, documentation of the travel must be maintained by the department. The documentation of the travel should include the air ticket information (or similar documentation, such as an itinerary) and must show the U.S. flag air carrier's airline code next to the flight number for each leg of the trip.

For example, if the flight number had an airline code of UA for United Airlines, the ticket would be compliant even if one or more legs of the trip were "Operated by Lufthansa." If the ticket had an airline code of LH for Lufthansa, then the ticket would not be compliant and could not be charged to federal funds.

When federal funds are being used and a U.S. flag air carrier is not available, the exception must be documented by the department. The "Fly America Act Waiver Checklist" form was developed to identify and document the possible types of exceptions. If the University contracted travel agent was used, always have the travel agent co-sign the waiver checklist form. Completed forms must be saved as part of the PDF file of receipts imported and attached in Employee Reimbursements system, or retained by the department for 10 years.

More detailed information on the Fly America Act can be found on the Controller's Department website at http://www.controller.iastate.edu/travelinformation/airfarerestrictions.htm.

POTENTIAL ISSUES FROM DEPARTMENTAL REVIEW – SPA's FISCAL COMPLIANCE INITIATIVE

Sponsored Programs Accounting has been working on a Departmental Review of one department's sponsored program accounts. The information below includes items that will be of interest to other departments who work with sponsored programs. A brief explanation of each item has been included since many of these topics have been presented at previous Grant Coordinator Meetings.

Travel-
When charging travel to an award, there should be a well documented business purpose for the expense. A well documented business purpose would identify the person's association with the project, as well as the "who, what, when, where, why" that make the expense allowable, allocable, and appropriate.

Documentation for air travel should include a copy of the traveler's itinerary, especially for foreign air travel. Foreign air travel on federal awards must be in compliance with the Fly America Act. The safest way to make sure foreign air travel is compliant with the Fly America Act is by purchasing flights from only U.S. flag air carriers.

When ISU receives one periodic billing from a vendor with multiple travel charges, such as a monthly invoice from a limousine service, please make sure that the expenses are properly allocated to the appropriate accounts that benefitted from the travel.

Only reimburse travelers for allowable expenses. Mini-bar expenses and liquor taxes should not be reimbursed, nor should the portion of the gratuity associated with the purchase of alcohol.

Incorrect Class Codes-
When the department is responsible for assigning class codes on transactions (P-card, vouchers, etc.) please select the most appropriate class code which allows that transaction to post in the correct SP budget code category. Every class code has a corresponding SP budget code category which can be determined in the WebFM general browse for class codes.

ISU Sponsored Programs Costing Policy-
The ISU Sponsored Programs Costing Policy was established to provide for consistent treatment of direct and indirect costs. Expenses such as office supplies and administrative salaries should usually be treated as indirect costs. These types of expenses should only be charged as direct costs in unlike circumstances. The ISU Sponsored Programs Costing Policy can be found at the following link: http://ospa.iastate.edu/policies/docs/Costing-Policy.pdf.

If unlike circumstances exist, an explanation for the unlike circumstances determined from the ISU Sponsored Programs Costing Policy should be documented for the expense.

Computer Purchases-
Computers valued at less than $5,000 are considered supplies, according to OMB Circular A-21, and are normally considered unallowable charges to federal funds. To be an allowable purchase on federal funds, the computer needs to be necessary for the project and the computer should be used 100% on the project. Purchases of computers should be anticipated and listed in the proposal's budget justification.

Meals Charged to NSF/NSF Flow-Through Awards-
The NSF Proposal and Award Policies and Procedures Guide provides information on the NSF policies including the NSF policy regarding paying for meals. NSF allows for meals for conferences that have been specifically and clearly identified in the scope of work and budget. NSF funds are not otherwise to be spent for meals or coffee breaks.

Entertainment Costs-
Per OMB Circular A-21, entertainment costs are not allowable costs. Do not charge entertainment costs to awards with federal funding.

Subcontractor Invoices-
Vouchers for subcontractor invoices should be reviewed and signed by the PI for the project. If the PI is not able to actually sign the voucher, please maintain documentation showing that the PI reviewed and approved the payment of the subcontractor invoice.

Correction Vouchers-
Expenses greater than 90 days cannot be transferred to awards with federal funding. The PI and the department should review expenses charged to awards to make sure they are appropriately charged to the correct account. Please review monthly transactional detail or departmental statements regularly to ensure that any corrections needed are transferred to appropriate accounts within 90 days. A detailed explanation is needed on the correction voucher that indicates how the errors were made and why the transfer is appropriate.

Proper Justification of Expenses-
Some intramural purchasing mechanisms do not have the user provide a business purpose and justification for the purchase of items (i.e. ISU Bookstore purchases, etc.). The department needs to maintain documentation for intramural transactions listing the business purpose and justification for the purchase, and this information may need to be added by the department if not documented by the selling agency.

NSF Participant Support Cost (PSC) Accounts/Research Experience for Undergraduates (REU) Accounts-
Participant support cost accounts and Research Experience for Undergraduate accounts are established to charge expenses for participants only. When charging expenses to PSC and REU accounts, please be aware of the participants that are supported by the account and charge only expenses budgeted for those participants.

Tuition-
ISU tuition guidelines provide that tuition can only be charged for persons who are on a graduate student appointment from federal awards that allow tuition. The graduate assistant must be paid salary from the award for which tuition is paid, and only the appropriate allocable amount of their tuition should be charged.

The percentage of scholarship paid from the grant should be less than or equal to the percentage of salary paid from that grant during a qualifying consecutive appointment period.

Membership Fees-
Costs of memberships 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, and consideration should be given to the existing availability of the subscription on campus. The business justification for charging a membership should state how the membership is vital to the sponsored project.

P-Card Transaction Included Sales Tax-
The use of the P-card allows ISU a state sales tax exemption. When using the P-card, please make sure that ISU is not charged for sales tax.

Items for Personal Use-
OMB Circular A-21 prohibits charging items for personal use to federal awards.

Principal Investigators (PIs) Charging Travel Costs to Award Different From the Award Paying Summer Salary-
When Principal Investigators are traveling during the summer, their salary for the period in travel status and the related travel costs should both be charged to the award that is benefitting from the travel. The summer pay and travel of PIs in the summer should be reflective of their efforts during this period.

After completion of this review, SPA will start the departmental review of another ISU department.

ACCOUNT CLOSEOUT – DEPARTMENTAL PROCEDURES

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

30-90 Days before the award end date:

- 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 an NCE is needed, work with the PI to submit the request to OSPA. Please be sure to review your award because some awards require NCEs to be submitted within a certain timeframe in advance of 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.

0-90 Days after the award end date:

- Review costs posting after the award end date to ensure they were incurred prior to the award end date. Be sure to look at recurring charges as they may include a period which extends beyond the end date. In this case, the cost needs to be prorated and part of the charge must be moved off of the account.

- Follow up with the PI to be sure that all pending costs have posted. Here are some guidelines for the timing of final expenditures or adjustments:

Agency Close Out Requirements	Final Submission of Transactions
30 days	15 days after project end date
60 days	45 days after project end date
90 days	60 days after project end date

- If there is cost share on the award, be sure the full amount of cost share needed has been met and forward documentation to Sponsored Programs Accounting. Sending documentation for cost share captured through EASE or unrecovered indirect cost is not necessary.

- Submit the technical reports and/or other deliverables to the sponsor by the stated deadline. If the technical report or deliverable will not be submitted by the deadline, please notify SPA as many sponsors will withhold the final payment until all the deliverables have been met.

- Clear any overexpenditures and bring the account balance to zero.

SPA's goal is to submit financial reports on-time. Accounts must not be in overspent status for us to do so. SPA appreciates the department's efforts during the account closeout period.

COST SHARE - ANNUAL DOCUMENTATION TIME

It's time to document cost share again!

Last year, we had a much better response rate from departments to Sponsored Programs Accounting's request for cost share documentation and information. As in the past, departments will be asked to respond to these requests within 30 days. If no response is received within 60 days the related sponsored programs account will be closed. Requests are only sent out for accounts that are lacking cost share documentation in the award file.

Cost share is "matching" funds from ISU or another party that are required by the terms of the sponsored agreement or are voluntarily committed in the proposal. Whether cost share is mandatory or voluntary, ISU needs to track the cost share incurred to date, and must adequately document the cost share achieved in the award file maintained by SPA. Cost share can be incurred for direct costs and/or indirect costs. Documentation for ISU's cost share includes EASE forms for salaries and benefits, transaction detail for other non-salary direct costs (e.g., a WebFM transaction detail screen or departmental statement with cost share transactions highlighted), and calculations of unrecovered indirect costs. Another form of cost share is third party in-kind contributions which are contributions from sources outside of ISU. This form of cost share should be documented on the third party's letterhead and should indicate the

cumulative dollar amount of cost share achieved. The letter should indicate how the valuation was computed, the period of time over which cost share was incurred, and be signed by an authorized official of the third party organization.

Typically only non-federal sources are eligible to be used as cost share. Only costs that would be allowable on the award are eligible to be used as cost share. Expenditures for cost share must be for activities that occurred during the award period of the account requiring the cost share. Waived or unrecovered indirect costs must be listed in the sponsor approved budget for ISU to use indirect costs as cost share.

Documenting cost share is crucial! If at the end of a project ISU is unable to adequately document the amount of cost share pledged, ISU may be required to return a portion of the funds received back to the sponsor. The PI, administrating department and administrating unit would be responsible for covering the deficit related to any funds returned. If you anticipate that your department will be unable to meet its cost share commitment, please contact your SPA accountant.

NACUBO EXPENSE CODES FOR ACCOUNTS

The National Association of College and University Business Officers (NACUBO) has established functional classifications for institutions to use for external reporting purposes. When establishing new sponsored program accounts, SPA assigns an expense code to the account by reviewing the purpose listed on the goldsheet and also the project activities described in the award documents. See below for a listing of these expense codes:

EXPENSE CODES	TITLE	DEFINITION
01000	Instruction	For credit and noncredit courses; academic, vocational, and technical instruction; regular, special and extension sessions are included.
02000	Research	Activities organized to produce research, both externally and internally funded.
03000	Public Service	Non-instructional services beneficial to individual/groups external to ISU.
04000	Academic Support	Provide support services for ISU's primary missions: instruction, research, and public service. Examples-libraries, museums, computing support, academic administration, endowed professorships.
05000	Student Services	Purpose of providing for students' emotional/physical support. Examples-student health services, student activities, student newspapers, student aid administration, counseling & career guidance.
06000	Institutional Support	Central executive-level activities dealing with management/long-range planning; i.e. legal services, fiscal operations, information technologies, personnel, storerooms, safety, security, public relations, etc.

EXPENSE CODES	TITLE	DEFINITION
07000	Operations & Maintenance	Operation and maintenance of physical plant, grounds, and facilities. Also includes utilities, fire protection, property insurance, etc.
08000	Scholarships & Fellowships	Grants to students, selected either by ISU or from entitlement program. Includes trainee stipends, prizes, awards; recipients are not required to perform service to ISU or expected to repay.
10000	Auxiliaries	Athletic Dept., Bookstore, ISU Center, Residence System, Student Health Center, Reiman Gardens, Campus Dining, Parking, Memorial Union.

The assigned expense code is listed for each account on the DA screen in the Account Title (AT) system. When assigning the purpose to a goldsheet in the proposal information section, please select the purpose that characterizes the majority of the project work that will be performed.

MISCELLANEOUS ITEMS:

On-line Financial Information and e-Reports for PIs in WebFM

Except for Emeritus faculty members, all PIs now have access to WebFM and e-Reports. Please remind the PIs in your department that this information is available in AccessPlus. Contact Troy Nichols if your department would like a brief demonstration at a faculty meeting.

Comment on FY11 Salary Policy for Salary Increases

The attachment to the FY11 Budget Development Memo #4 titled Salary Policy includes the statement "Other salary increments may be provided to individual faculty, P&S staff, post docs and graduate assistants when funding is available and an increase can be justified for reasons of serious equity imbalances, truly exceptional merit, or retention." Please remember that for split funded employees, if an increase in salary is only funded from sponsored funding then this would change the split percentages and increase the effort percentage required to be worked on the sponsored project.

QUESTIONS/ NEXT MEETING

Next GC Meeting: Thursday, May 20, 2010, Pioneer Room, MU

FLY AMERICA ACT WAIVER CHECKLIST

(To assist in determining qualification for a waiver of the restrictions of the Fly America Act under 41CFR Part 301-10, check the applicable statement(s) below.)

_____Foreign air travel on a non-U.S. air carrier is financed by U.S. Government, or will be claimed as costs under an award. *(If you do not check this block, the restrictions of the Fly America Act do not apply. Check at least one of the statements below to qualify for a waiver of the restrictions of the Fly America Act.)*

_____Use of foreign air carrier is a matter of necessity because of: *(Must check one below.)*
    _____U.S. flag air carrier cannot provide the air transportation needed, *e.g.:*
        _____Use of foreign air carrier is necessary for medical reasons.
        _____Use of foreign air carrier is required to avoid unreasonable risk to traveler's safety. *(See 41CFR 301-10.138(b)(2) for supporting evidence needed.)*
        _____Seat on U.S. air carrier in authorized class of service is unavailable, seat on foreign air carrier in authorized class of service is available.
        _____Other. *(Provide detailed explanation.)*
    _____Use of U.S. flag air carrier will not accomplish the Department's mission. *(Provide detailed justification.)*

_____Bilateral or multilateral air transportation agreement. U.S. is a party and Dept. of Transportation determines agreement meets requirements of Fly America Act.

_____No U.S. flag air carrier provides service on a particular leg of your route *(Travelers can only use foreign air carrier to or from the nearest interchange point to connect with a U.S. carrier).*

_____A U.S. flag air carrier involuntarily reroutes traveler on a foreign air carrier.

_____Service on a foreign air carrier is three hours or less, and use of U.S. flag air carrier doubles enroute travel time.

_____Air travel is between the U.S. and another country and use of a U.S. carrier on a nonstop flight extends travel time by 24 hours or more.

_____Any other air travel. *(You must check at least one of the following statements to qualify for a waiver of the Fly America Act restrictions in this section.)*
    _____Use of a U.S. carrier increases the number of aircraft changes outside the U.S. by two or more.
    _____Use of a U.S. carrier extends travel time by six hours or more.
    _____Use of a U.S. carrier requires a connecting time of four hours or more at an overseas interchange point.

Remember, you **must use a U.S. flag air carrier on every portion of the route where it provides service** unless you qualify for a waiver.

Foreign Carrier(s) Utilized_____
Utilized on flight segments:_____
Travel dates: _____ Final destination: _____

_____ _____ _____ _____
Traveler   Date   Travel Agent *(if applicable)*   Date

Note: This form must be signed by both the traveler and the travel agent issuing the ticket (if applicable).