

**GRANT COORDINATOR MEETING 2/23/06
SPONSORED PROGRAMS ACCOUNTING (SPA)**

ALLOWABILITY OF COMPUTERS ON FEDERAL FUNDING

Computers with a unit cost of \$5,000 or more (Equipment)-

The following are definitions of general purpose equipment and special purpose equipment per OMB Circular A-21, Section J.18.a. (3) and (4):

“General purpose equipment” means equipment, which is not limited to research, medical, scientific or other technical activities. Examples of general purpose equipment include office equipment and furnishings, modular offices, telephone networks, **information technology equipment and systems**, air conditioning equipment, reproduction and printing equipment and motor vehicles.

“Special purpose equipment” means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Section J.18.b (1) and (2) of OMB Circular A-21 states:

Capital expenditures for general purpose equipment, buildings, and land are **unallowable** as direct charges, except where approved in advance by the awarding agency.

Capital expenditures for special purpose equipment are allowable as direct costs, provided the items with a unit cost of \$5,000 or more have the prior approval of the awarding agency.

Computers not devoted entirely to a research project are considered general purpose equipment and should not be paid for using federal or federal flow-thru funds. Costs for general purpose equipment would be included in ISU's indirect costs.

If a computer is to be used entirely for a research project and is listed in the sponsor approved budget, then it would be considered an allowable cost on a federal or federal flow-thru award. For example, a computer that was used entirely to capture and process research data would be considered “special purpose” and would be an allowable direct cost on a federal or federal flow-thru award.

Computers with a unit cost of less than \$5,000 (Supplies)-

Direct charging of material and supplies costs are addressed in OMB Circular A-21, Section J. 31 (a) and (c):

Costs incurred for materials, supplies and fabricated parts necessary to carry out a sponsored agreement are allowable.

Only materials and supplies actually used for the performance of a sponsored agreement may be charged as direct costs.

The treatment of departmental administration expenses is addressed in Section F.6. of OMB Circular A-21. The expenses under this section are those that are incurred for administrative and supporting services that benefit common or joint departmental activities.

...computer costs... shall be treated as a direct cost wherever identifiable to a particular cost objective (project).

Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A (indirect) costs.

Computers used for many purposes and not devoted entirely to a research project are considered a supply item and should not be paid for using federal or federal flow-thru funds. Costs for departmental administration supplies would be included in ISU's indirect costs.

If a computer is to be used entirely for a research project then it would be considered an allowable supply cost on a federal or federal flow-thru award.

ISU FOUNDATION LIASON UPDATE (497 ACCOUNTS)

Review of PIs on 497 Accounts-

During previous Grant Coordinator Meetings, the issue was raised regarding the fact that PI changes on ISU Foundation accounts were not often being changed by SPA on the related 497 accounts. Account changes sent to the ISU Foundation by ISU departments were not being forwarded on to SPA. Consequently, PI updates to the 497 accounts were not getting done. The ISU Foundation and the ISU Foundation Liaison, Sharree Rupert, are working on identifying the 497 accounts that have been affected. Sheri Alcott, ISU Foundation, recently sent a file to Sharree Rupert, ISU Foundation Liaison, that lists the foundation account information for all accounts that should have a corresponding 497 account. Sharree Rupert is going through this list, account by account, and comparing the ISU Foundation information with the information displayed on the FM AS awards screens for 497 accounts. Where conflicting information is identified, Sharree Rupert will work with the ISU Foundation and obtain approval from the foundation to make the necessary changes. Hopefully, this process will put the ISU Foundation parallel (497) account information for PIs back in-sync with the ISU Foundation account information.

Review of Closed Foundation Accounts-

Additionally, SPA recently created a list of active 497 accounts for the Foundation to review. The Foundation sent back the list and has indicated which 497 accounts should be closed, as the related ISU Foundation account has been closed. If you have any questions regarding ISU Foundation accounts or ISU Foundation parallel (497) accounts, please contact Sharree Rupert at 294-5330.

REMINDER- ANNUAL COST SHARE DOCUMENTATION TIME

The initial 30-day period for departments to respond to SPA's e-mail request for cost share documentation may have lapsed without SPA receiving a response or complete response from the department. Where necessary, SPA will be sending out a second follow-up e-mail requesting a response at this time. Accounts may be closed by SPA if no response is received within 30 days of the second e-mail. The account will remain closed until the requested cost share documentation is received.

Sponsored Programs Accounting annually reviews awards with required cost share. This review process includes documenting achieved cost share to date through 6/30/05 for the file. Documenting cost share is crucial. Departments may be required to return a portion of the funds received from the sponsor if they are unable to meet their cost share commitment. Please contact your Sponsored Programs Accountant if you have questions.

CERTIFICATION OF EASE FORMS- WHO SHOULD SIGN?

Section 10.c. (2) of OMB Circular A-21 addresses "After the fact Activity Records" for effort reporting (ISU EASE forms). The following statement is from this section:

Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.

In most cases, ISU faculty need to review and sign their own EASE forms due to the variability and complex nature of most faculty activities. For all other employees, the employee can sign his or her own form OR the form may be signed the employee's direct supervisor, the Principal Investigator, or another departmental official (e.g. department chair) who has obtained specific knowledge of the employee's activities.

Departmental administrative support staff should not sign EASE forms for employees that they don't supervise. This was previously discussed as a FY04 Internal Audit finding.

The departmental signature in the lower right section of the EASE form is optional. This departmental signature is not required, but many departments use it to ensure forms are routed and reviewed.

REPEAT FROM NOVEMBER 2005 MEETING --- OMB ADMINISTRATIVE REQUIREMENTS AND COST PRINCIPLES MOVED TO CFR TITLE 2

The Office of Management and Budget (OMB) circulars we often refer to as A-21 and A-110 have been moved to Title 2 of the Code of Federal Regulations (CFR). OMB relocated these circulars as part of their efforts to create a single location where all of its guidance for grantees and the associated regulations of other federal agencies can be found.

OMB Circular A-110, the *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations*, has been moved to 2 CFR Part 215.

OMB Circular A-21, the *Cost Principles for Educational Institutions*, has moved to 2 CFR Part 220.

OMB has also moved A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and A-122, *Cost Principles for Nonprofit Organizations*, to Title 2.

The OMB circulars may be found at:
<http://www.whitehouse.gov/omb/circulars/>

The CFRs can be found at:
<http://www.gpoaccess.gov/cfr/index.html>

Note: As of 2/22/06, only OMB A-110 is available on this website in CFR Title 2.

OTHER ISSUES/CONCERNS/QUESTIONS