

**GRANT COORDINATOR MEETING 11/16/06  
SPONSORED PROGRAMS ACCOUNTING (SPA)**

**DEPARTMENTAL USE OF ISU FOUNDATION FUNDS**

There has been some concern expressed by the ISU Foundation in regards to the appropriate use of foundation funds when the funds are coded for general use. The concern is how to discern whether a charge is appropriate on an ISU Foundation account when the description on how to use the funds is generic. Each ISU Foundation account must be used within the guidelines of the donor's intent. **ISU Foundation (497) parallel accounts are not to be treated the same as ISU vending or agency (206) accounts.** ISU Foundation (497) parallel accounts must be used with some discretion as to how the donor intended the funds to be used. Departments need to keep in mind that these funds have been donated by someone or some organization for a purpose.

**Alcohol** can be purchased on a Foundation account but must be within reason. For example: if the expense was incurred while taking a donor to dinner to discuss the possibility of an additional pledge amount or some other business purpose, then alcohol purchased during the dinner would be an appropriate expense. However, if the department wanted to throw a birthday party for an employee and purchase alcohol, then the expense would be inappropriate and unallowable.

A useful guideline to consider is the Des Moines Register test. Specifically, would your department be comfortable with the transaction if it was printed on the front page of the Des Moines Register?

**Flowers and gifts** must also be viewed in the same manner. Flowers for a hospitalized employee would be an allowable expense as long as the charge for the flowers is within reason. Flowers charged to an account in excess of a "reasonable" amount will be audited by the ISU Foundation and could be disallowed. On the other hand, flowers for an employee's birthday are not an appropriate or allowable expense to a Foundation account.

**Employee hospitality functions** such as Christmas parties with a business purpose may be viewed as an allowable expense on Foundation accounts. Employee hospitality functions such as celebration events without a business purpose are not.

Please use good judgment when charging expenditures to your ISU Foundation accounts. Remember that these general use funds were donated to support the department. While expenditures from Foundation accounts are not subject to the Code of Iowa and Board of Regent Administrative Rules, expenditures from Foundation accounts must relate to a University activity or function and are subject to open records laws.

## **TIME FOR ANNUAL DOCUMENTATION OF COST SHARE**

It's time to document cost share again! Departments will need to respond to these requests for cost share information within 60 days of the request or the related sponsored programs account will be closed.

Cost share is "matching" funds from ISU or another party that is required by the terms of the sponsored agreement or is 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 Sponsored Programs Accounting.

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 direct costs (e.g., a 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, an indication of how the valuation was computed, the period of time over which cost share was incurred, and should be signed by an authorized official of the third party organization.

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.

## **CHANGE IN SPA APPLICATION OF "90 DAY" PERIOD**

With regard to retroactive cost transfers and pre-award spending approval on federal awards, 90 days was generally interpreted to be three full months by SPA. The less restrictive interpretation allowed for periods with 31 day months to exceed the strict interpretation of the "90 day" rule by sometimes as much as two days. To comply fully with federal guidelines and regulations, SPA will change its operating interpretation of 90 days and will adhere to the more conservative interpretation of exactly 90 days for retroactive transfers and pre-award spending. This change is effective immediately.

## **FM to WEB UPDATE**

Currently the FM system conversion to the Web is being beta tested by the Controller's Department and a small number of University personnel. The testing period has allowed for some functional as well as aesthetic changes which will enhance the use of the FM system when it becomes available University-wide in January 2007. Barb Stotts has indicated that ITS can make the FM system available to those that would like to use it prior to January. Please sign your name on the notepad if you would like access to the FM system on the Web at this time.

## **SECTION PROJECTS ON 4XX ACCOUNTS – REQUEST FOR DEPARTMENTAL REVIEW**

When a new account has been established and you know that there will be sections/projects on the account, please let your SPA accountant know as soon as possible. The use of section projects adds six digits to the account number to further breakdown transactions into department-determined categories. Currently all AES (Ag Experiment Station) 4xx accounts are established with a section project code, but for all other 4xx accounts SPA relies on the department to let us know. The DA screen in the AT (account title) system can be viewed to ascertain if an account is on section projects. When a new account notification e-mail is received for non-AES accounts, please contact your SPA accountant if you want the account set up on section projects.

## **FEDERALLY-OWNED EQUIPMENT TRANSFERRED TO ISU**

OMB Circular A-110 requires educational institutions to maintain records for equipment acquired with Federal funds AND for federally-owned equipment. Departments are required to notify Gary Russell in ISU's Inventory Office upon receipt of any federally-owned equipment that is loaned to the University.

Federally-owned equipment means all property owned or leased by the Federal government. Federally-owned equipment includes both government-furnished property and University-acquired property. Government-furnished equipment is property in the possession of, or acquired directly by, the Federal government and subsequently delivered or otherwise made available to the University. University-acquired equipment is property procured under Federal contracts where the Federal government retains an interest in the title.

Principal investigators (PIs), departments and/or research units are responsible for notifying ISU's Inventory Office when equipment is furnished or loaned to the University by the Federal government. The notification to ISU's Inventory Office should include a copy of the federal agency transfer document. Federal regulations require that this equipment be tagged and included on the University's equipment inventory records. Inventory records will identify the equipment as federally owned. Federally owned equipment may not be transferred, disposed, cannibalized, or removed from campus without prior written approval from the Federal agency.

## **OTHER ISSUES/CONCERNS/QUESTIONS**