Expense Allowability and IDC Revenue

Josie Six
New Faculty Orientation
1-13-16
Expense Allowability

Governed by:

– Definitions and rules
  • Iowa Code
  • Iowa Administrative Code
  • Board of Regents Policy Manual

– Type of fund account (source)

– General rules for ISU funds (ISU policy)

– Sponsor guidelines

– Uniform Federal Guidance
Allowable vs. Appropriate

**Conditions for allowability:**

– Has a business purpose
– Adequately documented
– Defined in laws, regulations, agreements, and policies
– Consistent with type of account (state, gift, grant, etc.)
Conditions for appropriateness

– Necessary and beneficial to ISU and/or to sponsored work
– Meets the Des Moines Register test (public perception)

Always consider both

– Could expenses be charged?
– Should expenses be charged?
Signature Authority

• Your approval on accounting documents certifies that you have reviewed expenses for both *allowability* and *appropriateness*

• Approval at ISU decentralized so just because it makes it through the system doesn’t mean it is okay – audits and public information requests can come years later
ISU Resource

• Allowability and Appropriateness: How to Know if Expenses are Allowable

• http://www.controller.iastate.edu/accounting/allowability.pdf
GOVERNING RULES FOR ISU FUNDS

Code of Iowa, Iowa Administrative Code and Board of Regents Admin Rules

4xx funds (excluding 401-449, PI Incentive and Misc. Incentive Sub Fund Group)
Sponsored programs accounts Subject to terms and conditions of agreement
ISU Foundation Gift Fund Group accounts Must conform to donor terms

401.449, Federal Appropriations Fund Group accounts Subject to A-21/UG and federal agency specific rules

Service Center & Auxiliary Fund Group accounts (excluding Discretionary Sub Fund Group)
Expenses must relate to the services provided

General University and Special Appropriations Fund Group accounts (excluding RRC Control Sub Fund Group)

Discretionary, PI Incentive and Misc. Incentive Sub Fund Group accounts

RRC Control Sub Fund Group accounts

Foundation funds (Paid directly by ISU Foundation)
Expenses related to donor relations and fundraising where confidentiality is an issue

Agency Fund Group accounts
Some 206-00-33 funds are subject to Government of Student Body (GSB) spending guidelines

Governing Rules and Definitions for ISU Funds

Allowability and Appropriateness pg. 2
Allowability and Appropriateness Manual

- Narrative regarding individual cost items
- Easy reference chart

<table>
<thead>
<tr>
<th>EXPENDITURE TYPE</th>
<th>ALLOWABLE</th>
<th>UNALLOWABLE</th>
<th>PER THE AGREEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising Costs</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment of personnel</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement of goods and services</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Ceremonial assemblies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotional items</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Designed solely to promote institution</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Communication Costs</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Recurring line charges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generally</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long distance, fax and telegraph</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Items Subject to Increased Scrutiny

• Cell phone expenses
• Donations and contributions (not allowable on sponsored funds)
• Employee business functions (business meals with ISU employees only)
• Memberships (must be related to grant purpose)
• Spousal attendance
The Resource Management Model (RMM) and Indirect Cost Recovery

Where does your IDC revenue go??
RMM IDC Revenue Distribution

Funding Source:
- Indirect Cost Recovery Revenue

Funding Pools:
- Principal Investigator(s) Fund (15%)
- Research Infrastructure Fund (~14%)
- Faculty Startup Fund (~5%)

Distribution Methods:
- Interdisciplinary Research Support (10%)
- Administering Unit (10%)
- Research Overhead (45%)

Resource Responsibility Centers:
- College of Ag. & Life Sciences
- College of Business
- College of Design
- College of Engineering
- College of Human Sciences
- College of Liberal Arts & Sciences
- College of Veterinary Medicine

Research and Economic Development
- Extension and Outreach
- Experiment Station

% of Research Support
% of Research Support
Computed at college level based on:
• Salary splits
• % Contribution from page 2 of goldsheet
  – Negotiated between co-PIs
  – May depend on actual effort
  or
  – Total contribution including grad RAs, equipment, and other resources
IDC Rates vs. Research Costs

• Full negotiated IDC rates = 50 or 51%
• Many sponsors pay reduced or 0% IDC
• FY15 IDC recovery for AES
  – $7.1M or approximately 15%
  – College allocated costs & utilities > $26M
  – Research costs must be subsidized
Allocated Costs

- Facilities $10.44/sq. ft.
- Faculty $7,301.46/FTE
- Staff $5,795.06/FTE
- UG Students $2,354.46/Headcount
- Grad Students $3,250.34/Headcount

plus any unfunded tuition
Questions?

Contact Information:

Josie Six
133 Curtiss Hall
515-294-8920
jsix@iastate.edu