

# Grant Accounting News

VOLUME 2

JANUARY 2018

I hope everyone had a Merry Christmas and a Happy New Year, and is ready to gear up for the spring semester ahead.

Our January issue will be focusing on Budget Transfers, information regarding Facilities and Administrative (F&A) costs, and allowable Direct Cost expenditures.

## ***When Do I Need to Complete a Budget Transfer?***

Any time funds need to be moved from one category to another a Grant Budget Transfer is required and must be signed by the Principal Investigator (PI), Department Head and Provost. An example would be if your funding agency allowed you to move funds from supplies to travel.

Grant Accounting monitors the budgets closely. We have authority to make budget transfers within reporting categories that do not affect compliance with the grant's funding agency, without requiring additional approval. For example, if there are lines within supplies (710101 supplies, 713100 instructional supplies) that are in the negative, Grant Accounting will adjust the budget. Same for travel (717100 Individual Travel - Official Business and 717115 Individual Travel - Conferences). However, a Grant Budget Transfer would be required between supplies and travel from the PI. This is primarily to reduce the workload for the PIs, Deans, and Provost's office as well as to ensure you have the most accurate information in your budget lines.



One thing to note, if your F&A is based off of salaries and you move salary funds to another category, you would no longer receive F&A on that amount. Also, stipends do not receive F&A. If your grant receives

F&A from the total modified direct costs, but you move funds into Stipends, you would no longer receive F&A on those funds.

If you are moving funds in salaries to another line, you should also move the fringe that is associated with the salary.

## ***What are Facilities and Administrative Costs?***

Facilities and Administrative costs (F&A), also referred to as "indirect costs" or "overhead," are actual costs that the University of Central Arkansas incurs when research, education, or outreach projects are performed at the University. These costs include the following: administration; utilities; buildings and grounds operations and maintenance; library-related expenditures; various types of University services such as telephones, computer infrastructure and postage services; departmental, and college administrative costs; and federally-mandated research compliance.



All sponsored projects are required to charge the full federally negotiated F&A rate regardless of the sponsor. This requirement to charge the full F&A rate rule applies to applications and proposals submitted to government agencies, private companies, industrial groups, foundations, or other organizations. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires all federal sponsors to pay the University's federally negotiated rate unless an agency has a statutory exemption.

F&A costs are reimbursement for actual costs. Full F&A should be calculated in the proposal budget. It should be emphasized that F&A costs are not merely convenient accounting fictions; they are factual obligations and costs incurred by the University.

The assessment made against sponsors for F&A costs, therefore, is reimbursement to the University for costs actually incurred. It is not in any sense profit, bonus, or a service fee. The University cannot afford to accept funds for activities without recovering the total (direct and F&A) costs of the activities. When the University must pay these costs from their own funds, money must be diverted from other needs.

### ***Federally Negotiated F&A Rate***

The University's cognizant federal agency is the U.S. Department of Health and Human Services. UCA's current F&A rate is **32.59%** on campus and **20.05%** off campus, effective until 06/30/19.



### ***What Modified Total Direct Costs are Excluded from F&A?***

MTDC **excludes** the following costs from F&A:

- Capital Expenditures
- Equipment (any one item over \$5,000)
- Rental Costs of Off-Site Facilities
- Scholarships and Fellowships
- Subcontract portion in excess of \$25,000
- Tuition
- Participant Support

### ***How Can F&A Funds Be Expended?***

Spending of F&A funds is at the discretion of each Dean and Department Head. However, since the 15 indexes are considered Other E&G, all the rules and regulations for Purchasing must be followed the same as a regular department index would.



### ***How Are the F&A Funds Distributed?***

Each month after the month has been closed in Banner, an electronic process is run in to disburse the F&A costs based on the rate of each grant.

The current disbursement structure is as follows:

- 25% University**
- 25% College**
- 25% Department**
- 20% Sponsored Programs**
- 5% Grant Accounting**

### ***Are Office Supplies, Postage, Telephone, and Computers Allowable Direct Cost Expenditures?***

Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable, Uniform Guidances (UG) 2 CFR 200, 200.453(a).

UG Appendix III to Part 200 6b. (2) Items such as *office supplies*, postage, local telephone costs, and memberships must normally be treated as indirect (F&A) costs.

Computing devices charged as direct cost are allowable for devices that are essential and allocable Uniform Guidance 2 CFR 200, 200.453(c); however computers purchased at the end of a grant will be highly scrutinized.



### ***POST-AWARD FINANCIAL CONTACT INFORMATION***

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