

Updated 5/17/2018

I. General Accounting Policies

- A. Basis of Accounting – Accrual Basis
- B. Fiscal Period – July 1 – June 30
- C. Allocation Basis for Individual Cost Elements – Direct Allocation Basis
- D. Current Indirect Rate Allocation Base – Modified Total Direct Costs
- E. Vincennes University maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal contracts or grants. The University utilizes Banner to appropriately and accurately record financial transactions.
- F. The University has established grant policies and procedures for financial control over grant programs. **Refer to 2 CFR Part 200 Subpart E for the Cost Principles.** Terms and conditions of a grant award may take precedence.

II. Description of Cost Allocation Methodology

A. Salaries and Wages

Direct Costs - Employees direct charge their salary cost if their work is specifically identifiable to specific grants, contracts, or other activities of the organization. The charges are supported by auditable time distribution reports which reflect the actual activities of employees.

When an individual employee works on more than one grant program the employees maintain time distribution records. Vincennes University charges employee compensation based on these records. The time distribution records coincide with the pay periods, and are signed by the employee and the employee's supervisor. Auditable time distribution records which reflect the actual activities of employees are maintained to support the charges to more than one program.

Salaries and benefits of staff who are engaged in indirect activities will be charged on an indirect basis through the University's indirect cost rate.

B. Fringe Benefits

Vincennes University contributes to the following fringe benefits for its employees:

- Medical and dental coverage
- Long term disability insurance
- Life insurance
- Pension contribution
- FICA and workman's compensation
- Cell phone allowance
- Tuition reimbursement for the employee only (if grant allows)

Treatment of Fringe Benefits: Vincennes University's accounting system tracks fringe benefits by individual employee and charges these costs directly to the grant.

Treatment of Paid Absences: Release time costs (vacation leave earned, sick leave used, and paid holidays) are considered part of salary costs. Since such costs are part of salary, the recipient does not claim release time costs as separate charges. Vincennes University's accounting system records release time in the same manner that salary costs are recorded. Vacation leave earned but not used during each quarter is treated as a cost incurred during the quarter the leave is earned.

C. Travel

Travel costs may be charged as direct costs as long as the costs are budgeted and are related to the grant. Auditable travel vouchers support all claimed travel costs. Travel costs are normally limited to those allowable under the Federal Travel Regulations. Vincennes University identifies unallowable travel costs (e.g., most first class airfare, excessive lodging costs, and alcoholic beverages) and does not charge them as direct to federal awards or as indirect to any indirect cost pool.

D. Scholarship/Student Aid

These costs are directly charged only when the purpose of the grant is to provide training to selected participants with specific approval from the granting agency.

E. Supplies and Materials

To the maximum extent possible, supplies and materials that do not meet the capital equipment thresholds are direct charged to the contract/grant which uses the supplies or materials.

Supplies and materials used by staff who are engaged in indirect activities will be charged on an indirect basis through the University's indirect cost rate.

F. Occupancy Expenses

Occupancy costs include office and/or facility space rental, utilities, custodial services, buildings and grounds services, security services, property insurance, building repairs/maintenance, and other costs related to occupancy of the space used by Vincennes University. Facility rental costs are evaluated to ensure they are comparable to that of other rental property in the locale and are pre approved by the awarding agency during the proposal process. Monthly occupancy costs are allocated directly based on square footage as follows:

- 1) Direct Costs – Occupancy costs are directly charged to grants/programs if the activity is performed within an off campus location. The off campus indirect cost rate is used for these programs.
- 2) Indirect Costs – Any other grants/programs that are considered on campus are charged occupancy expenses through the University's indirect cost rate.

G. Communications

Both local and long distance telephone calls are charged directly to benefitting programs based on usage reports.

Networking charges that provide classrooms at distant locations with high-quality video-streaming and allows for the exchange of large digital data files and access to supercomputers and scientific data storage facilities are charged directly to the benefitting program. The costs are allocated based on the number of users of the network.

Vincennes University uses a meter system for postage charges. The postage meter has been programmed to identify the specific program or activity in which to charge costs. Express mail costs are also specifically identified to the program or activity incurring the cost.

H. Photocopying and Printing

The copiers track the usage by each specific area. From the copier, Vincennes University is able to record its photocopy expenses to each program based on the copier usage.

Printing expenses are charged directly to the benefitting activity.

I. Advertising

Recruiting of personnel, procurement of goods and services, and advertising for other specific purposes that are necessary to meet the requirements of the sponsored agreement are charged directly to the benefitting program.

K. Contractual Services

Contractual Services include all instruction and related services designed and delivered to meet the needs of participants in the program and are charged directly to the benefitting programs.

L. Repairs and Maintenance

Costs incurred for the repair and maintenance of equipment are charged directly to benefitting programs.

All other repair and maintenance expenses are charged through the University's indirect cost rate.

M. Capital Items

Capital expenditures having a useful life of more than one year and that meet the capitalization thresholds of the grantor are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item is charged indirectly.

Depreciation is charged through the University's indirect cost rate.

Depreciation on federally funded assets and auxiliary activities is not included in the indirect cost rate. Vincennes University's capitalization threshold is \$5,000. Vincennes University recovers the cost of capital items using straight line depreciation methods in accordance with generally accepted accounting principles.

N. Service to Participants

The cost of activities performed primarily as a service to participants are classified as direct costs. These activities include:

- 1) maintenance of membership and subscriptions with business, professional, and technical organizations where the cost is the only means of obtaining a specific item related to the project
- 2) publications, and related functions, providing services and information to members, legislative or administrative bodies, or the public
- 3) meetings and conferences where dissemination of technical information is discussed that is part of the sponsored project

- 4) professional staff training that is required to meet the needs of the project
- 5) rental of classrooms used for providing instructional services

O. Tuition Reimbursement

Tuition and tuition remission costs are direct charged to sponsored programs only when it is approved by the sponsor and approval has been obtained from the sponsor.

P. Unallowable Costs

Vincennes University recognizes that unallowable costs, as defined in OMB 2 CFR Part 220 cannot be charged to Federal awards and has internal controls in place to insure that this is followed. Examples of unallowable costs are:

- 1) advertising and public relations solely to promote the institution
- 2) entertainment/alcoholic beverages,
- 3) capital/real property expenditures unless authorized by the grant
- 4) Defense and prosecution of criminal proceeding, claims, appeals and patent infringement unless specifically provided for in the sponsored agreement or approved in advance.
- 5) interest/fines/penalties
- 6) lobbying and fund raising
- 7) alumni activities
- 8) bad debts
- 9) contributions/donations
- 10) student activities
- 11) memberships in civic or community organizations or social clubs