

# The Ledger

*A Newsletter of the University Controller's Organization*

Website: <http://www.controller.vt.edu>

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## Personal Vehicle Mileage Reimbursement Increase

Effective May 9, 2005, the reimbursement rate for the use of a personal vehicle for official business travel when the round trip is 100 miles or more and a Motor Pool vehicle is available has increased from 23 cents to 30 cents per mile. No other reimbursement rates changed. Below is a summary of reimbursement rates in the Controller's Office Procedure 20335d: Automobile Travel.

Reimbursements for the use of personal vehicles are made at the following rates which are based on the costs of maintaining motor pool vehicles:

<b>30 Cents Per Mile</b>	Round trip is 100 miles or more and a Motor Pool vehicle is available.
<b>32.5 Cents Per Mile</b>	Round trip is less than 100 miles and a Motor Pool vehicle is available.
<b>32.5 Cents Per Mile</b>	Motor Pool vehicle is not available. (Motor Pool must provide a certification)
<b>32.5 Cents Per Mile</b>	Round trip is 100 miles or more, a Motor Pool vehicle is available and there is an economic benefit to the Commonwealth for using a personal vehicle. (Economic benefit must be well supported with an analysis of the personal vehicle versus a state vehicle charges.)

The travel voucher form has been updated to reflect this rate change. Please download version 7.2 of the travel form at <http://www.co.vt.edu/forms/index.html>.

## Discounted Pricing for Office Supplies

Our contract office supply company, Boise Cascade, has recently merged with Office Max. They have advised us that they are now prepared to extend discounted contract pricing to our P-Card holders at their Office Max retail outlets. There is an Office Max retail store located in Christiansburg at the Marketplace, but all store locations will recognize the discount.

The process to enable receiving discounted pricing at Office Max retail outlets is for Virginia Tech P-Card holders to go to the Christiansburg Office Max customer service

counter and obtain a bar code that will be affixed to the back of the P-Card. They will be asked for basic account information such as name, department, business phone and mail code.

We expect that this added service will provide a significant level of cost savings and also make it more convenient for employees to obtain items needed at the last minute via the contract.

### **Federal “Indirect” Cost Proposal and Cost Issues on Federally Sponsored Programs**

We are currently closing out the base year for the University’s next “Indirect” or Federal Facilities and Administrative (F&A) cost proposal. This proposal will serve as the basis for negotiating the university’s “indirect cost” recovery rate for FY2007 and future years. The application of the F&A rate to sponsored research projects contributes millions of dollars in unrestricted funds to the university each year. A key part of this project, the space survey, is nearing completion. Many departments have expended considerable resources over the last few months toward completing this project. We greatly appreciate their help with this process. We are now validating the data and will be contacting departments for additional information and/or recommending adjustments to ensure a defensible survey.

The university can expect re-occurring visits from the Defense Contract Audit Agency (DCAA) over the next 18 months. They will be reviewing all aspects of university systems that support the data submitted in the F&A cost proposal. In addition, DCAA will be reviewing policies, procedures and financial data to ensure the university is in compliance with the cost principles outlined in the Office of Management and Budget’s Circular A-21 – Cost Principles for Educational Institutions.

The University Controller and the Office of Sponsored Programs have in the past, conducted training sessions to disseminate guidance described in the federal cost accounting standards, federal regulations and University policies on the allowability of costs with respect to federally sponsored projects. An annotated briefing (PDF format) on the above policies and regulations is available at the following web site. [http://www.co.vt.edu/financial\\_reporting/cost\\_accounting/Cost\\_Accounting\\_Standards\\_Color.pdf](http://www.co.vt.edu/financial_reporting/cost_accounting/Cost_Accounting_Standards_Color.pdf) One such policy, 3240 – Consistency in Charging Administrative and Clerical Costs, was created to foster compliance with federal cost standards.

The Office of Management and Budget Circular A-21 provides some guidance in the form of examples of the types of administrative and clerical costs NORMALLY charged “indirectly” – that is, to departmental administrative funds and **not to sponsored projects**:

- Clerical and administrative salaries, wages and fringes
- Office supplies (Pens, Markers, Pencils, Notebooks, Post-it-Notes, Toner Cartridges, Paper, etc)
- Postage
- Local phone service (including modem and Ethernet connections)

## Organizational memberships

The federal government pays its share of these and other “**indirect**” or “F&A” costs through the application of the negotiated F&A cost rate to eligible project direct expenses. The on-campus rate for research projects is currently 50.0% with over half of this rate attributed to university administrative expenses. The purpose for consistency in charging administrative and clerical costs is preventing the payment of the same cost twice – once when the cost is charged directly to the project and again with the application of the facilities and administrative cost rate to direct project expenses.

Therefore, administrative and clerical costs must NOT be charged directly to federally sponsored programs or sponsored programs receiving federal flow-through funds unless extraordinary or “unlike” circumstances exist. An example of an unlike circumstance, clearly different from normal operations, would be postage charges on a project requiring the mailing of 20,000 questionnaires. Alternatively, lack of departmental funding or attempting to offset a sponsor’s unwillingness to allow F&A cost recovery are not acceptable unlike circumstances.

The “unlike” circumstances must be documented, in writing, by the principal investigator and approved by the Office of Sponsored Programs. In addition, the administrative costs must be separately identified in the project proposal, the project’s budget and accepted by the sponsor. Finally, all charges must be specifically identified with a particular sponsored project or directly assigned with a high degree of accuracy as they occur.

In summary, the principal investigator is ultimately responsible for his or her project. If the costs charged to the project are later found non compliant with cost accounting standards and/or University policies, the unallowable expenses will be transferred to a departmental/college overhead fund.

If you have any questions on the application of the federal Cost Accounting Standards or university policies designed to implement these standards, please contact your project administrator in the Office of Sponsored Programs or Controller’s Office staff, Dave McGarry, Director of Financial Reporting & Cost Accounting ([mcgarrde@vt.edu](mailto:mcgarrde@vt.edu) or 1-3340) or Sharon Barrett, Cost Accounting Manager ([barretts@vt.edu](mailto:barretts@vt.edu) or 1-8578).