

*Appendix*

**Allowable/Unallowable for Facilities and Administrative Cost (formerly Indirect Cost) Recovery**

The revision to Office of Management and Budget Circular A-21, dated October 3, 1991, specified certain costs that are unallowable as either **direct or indirect** charges to federally sponsored projects. In response to this revision and the "Final Revision of Circular A-21" dated July 26, 1993, we are now required to comply with Federal Cost Accounting Standards. The accounting standards as embraced by Circular A-21 dictate that unallowable costs be identified in the accounting system. *Accordingly, we have established a one character mandatory identifier 'A' for allowable or 'U' for unallowable in order to identify and account for allowable costs and any unallowable costs that may be appropriate and allowable for university expenditure but unallowable for facilities & administrative (formerly indirect cost) recovery. This identifier is added to the end of the account code key (ACK) on the various input forms.*

F	UNIT	DEPARTMENT	OBJECT CODE	SOURCE	A/U



All costs must be identified when they occur and coded with the appropriate designator (A or U) effective July 1, 1994. The Allowable or Unallowable identifier must be used with all expense transactions (i.e. object codes 0900-0999 for unrestricted and restricted accounts).

A 'U' identifier should not be used on sponsored project accounts, dash 5-8, unless approved by the Office of Grant and Contract Accounting.

*The following costs are generally unallowable for federal reimbursement and should be coded with the 'U', unallowable identifier:*

***Advertising and Public Relations***

- a. "The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like."
- b. "The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public."
- c. Unallowable advertising and public relations costs include the following:
  - Costs of convocations or other events related to instruction or other institutional activities including:
    - Costs of displays, demonstrations and exhibits.
    - Costs of meeting rooms and hospitality suites.
    - Costs of promotional items and memorabilia.

### *Alcohol*

"Costs of alcoholic beverages are unallowable" for federal reimbursement. The cost of alcohol must be separated from other meal expenses. If the cost of alcohol cannot be separated, the entire cost of the meal must be classified as unallowable.

### *Alumni Activities*

"Costs incurred for, or in support of, alumni activities and similar services are unallowable" for federal reimbursement.

### *Commencement and Convocation Costs*

"Costs incurred for commencements and convocations are unallowable" for federal reimbursement.

### *Commercial Air Travel*

Airfare costs in excess of the lowest available commercial discount airfare or customary standard (coach or equivalent) airfare are unallowable except when such accommodations would require circuitous routing, excessively prolong travel, greatly increase the duration of the flight or require travel during unreasonable hours. In order for airfare costs in excess of the customary standard commercial airfare to be allowable, e.g. use of first-class airfare, the institution must justify and document on a case-by-case basis the applicable conditions.

### *Donations and Contributions*

"Donations or contributions made by the institution, regardless of the recipient, are unallowable" for federal reimbursement.

### *Entertainment*

"Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable" for federal reimbursement.

### *Goods or Services for Personal Use*

"Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees." **Flowers, gifts to employees, coffee and water service** would be considered unallowable. Artwork or other decorative furnishings is considered unallowable.

### ***Fines and Penalties***

"Costs resulting from violations of, or failure of the institution to comply with federal, state, local or foreign laws and regulations are unallowable". *A prime example would be a traffic violation ticket.*

### ***Limousines***

The use of limousines by the institution has been considered to be an unallowable cost. However, if it can be demonstrated and documented that the use of limousine service in a particular instance is the most economical method of transportation, this would be allowable.

### ***Memberships, Social and Civil***

"Costs of membership in any civic or community organization are unallowable. Costs of membership in any country club or social or dining club or organization are unallowable.

[Institutional membership in business, technical and professional organizations is **allowable**. Costs of the institution's subscription to business, professional and technical periodicals are **allowable**. Costs of meetings and conferences, when the primary purpose is the dissemination of technical information, are **allowable**. This includes costs of meals (less any alcohol), transportation, rental of facilities and other items incidental to such meetings or conferences.]

QUESTIONS REGARDING THE USE OF THE A/U FIELD SHOULD BE REFERRED TO THE AREA PROCESSING THE FORM CONTAINING THE A/U FIELD.

QUESTIONS REGARDING POLICY ISSUES SHOULD BE DIRECTED TO THE MANAGER OF THE AREA PROCESSING THE FORM OR TO THE ASSISTANT COMPTROLLER FOR FACILITIES AND ADMINISTRATIVE COST ANALYSIS FOR CLARIFICATION (617) 353-8079.

## **Fund Indicator**

The **fund indicator** is the first field of the accounting control key and is used to define the fund type.

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<b>F</b>	<b>UNIT</b>	<b>DEPARTMENT</b>	<b>OBJECT CODE</b>	<b>SOURCE</b>	<b>A/U</b>

## Fund Type

There are four fund types that may be used to process accounting entries. ***Current Funds has a fund indicator of “0” and is the fund type most used by departmental administrators (commonly referred to as unrestricted using the format below.)*** The remaining three funds: Endowment Funds, Plant Funds and Loan Funds may have both internal and external restrictions that must be validated prior processing accounting entries and require the approval of the Office of the Comptroller or the Office of Financial Affairs, and in some instances the Office of the Budget.

*Example of Current Funds "Unrestricted" format:*

F	UNIT	DEPARTMENT	OBJECT CODE	SOURCE	A/U
0	XXX	XXX	0XXX		

*Example of Current Funds “designated” or sometimes referred to as “restricted” format. The last digit of the source number as noted below determines the account designation:*

F	UNIT	DEPARTMENT	OBJECT CODE	SOURCE	A/U
0	XXX	XXX	0XXX	XXXX-X	



Designated Account Type	Last Digit of Source
Endowment Distributions (For the use of the Office of the Comptroller)	2
Gift Accounts (For the use of the Office of the Comptroller)	3
Research Sponsored Programs (requires the Office of Research Accounting approval)	5
Training Sponsored Programs (requires the Office of Research Accounting approval)	6
Other Sponsored Programs (requires the Office of Research Accounting approval)	7
Agency Accounts (requires the Office of Research Accounting approval)	8
Other Internally Designated Accounts	9

*Note that designated accounts often have specific restrictions on the account's use.*

## Intra-fund Transfers

**Intra-fund Transfers** made **within current funds** (current funds are those accounts whose fund indicator = 0) are defined as a transfer between an:

\* Unrestricted account (Fund indicator 0, Unit xxx, Department xxx)

### To or from a

\* Designated account (Fund indicator 0, Unit xxx, Department xxx, Source xxxx-x)

Note: Intra-fund transfer object codes (0884/0984) must be used for this type of transfer.

For example, transfers from an unrestricted account (generally involving Unit 012) to a Dash-9 account would be completed as follows:

<i>Debit</i>	0-012-xxx-0984
<i>Credit</i>	0-xxx-xxx-0884-xxxx-9
or	
<i>Debit</i>	0-0xx-xxx-0984
<i>Credit</i>	0-xxx-xxx-0884-xxxx-9

Question: Can intra-fund transfer object codes (0884/0984) be used to transfer amounts from one unrestricted accounts to another (Fund 0, Unit, Department, Object)?

Answer: No. Transfers between unrestricted accounts (Fund 0, Unit, Department, Object) must be processed as follows:

<i>Debit</i>	0-xxx-xxx-0929
<i>Credit</i>	0-xxx-xxx-0983

**Inter-fund Transfers - are restricted for the use of the Office of the Comptroller or Office of Financial Affairs**

There are four fund types that may be used to process accounting entries:

- Current Funds
- Endowment Funds
- Plant Funds
- Loan Funds

**Inter-fund transfers** are defined as transfers *from one fund to another*. For example, a journal entry to move amounts from a Current Fund account to a Plant Fund account requires the use of object codes 0885/0985. **Inter-fund transfers are restricted for the use of the Office of the Comptroller or Office of Financial Affairs.**

Questions related to the proper use of the intra/inter fund object codes can be directed to the Associate Comptroller, General Accounting at (617) 353-4266.

**Income versus Expense Recovery**

0835	SALES- EDUCATIONAL DEPARTMENTS	<i>Includes:</i> receipts for sale of <b>goods</b> , such as course materials, to individuals, including Boston University students and employees and other companies/institutions.  <i>Excludes:</i> reimbursement for sale of goods and services to any Boston University departments (excluding Auxiliary Units); reimbursement from faculty, staff and students for personal telephone calls and photocopying; insurance reimbursements. (See object code 0983).
0838	SALES-SERVICE DEPARTMENTS	<i>Includes:</i> receipts for sale of <b>services</b> , such as health related testing/screenings to individuals, including Boston University students and employees and other companies/institutions.  <i>Excludes:</i> reimbursement for sale of goods and services to any Boston University departments (excluding Auxiliary Units); reimbursement

		from faculty, staff and students for personal telephone calls and photocopying; insurance reimbursements. (See object code 0983).
0983	OTHER EXPENSE RECOVERY	<p><i>Includes:</i> reimbursement for sale of goods and services to any Boston University departments (excluding Auxiliary Units); reimbursement from faculty, staff and students for personal telephone calls and photocopying.</p> <p><i>Includes:</i> insurance reimbursements.</p> <p><i>Excludes:</i> receipts for sale of goods and services to individuals, including Boston University students and employees and other companies/institutions. (See income object codes 0835 and 0838.)</p>

<b>Examples are as follows:</b>	<b>0983</b>	<b>08xx</b>
Reimbursements from B.U. employees for personal phone calls	<b>X</b>	
Receipts from sale of course materials		<b>0835</b>
Reimbursements from BU employees for photocopying	<b>X</b>	
Reimbursements from insurance claims	<b>X</b>	
Receipts from sale of services to non-employees of B.U.		<b>0838</b>
Receipts from infrequent sales of supplies to another department	<b>X</b>	
Receipts from sale of services to employees of B.U.		<b>0838</b>
Receipts from sale of services to departments within B.U.	<b>X</b>	