

Glossary of Abbreviations and Terms Used in the Manual

A-21 Circular No. A-21, *Cost Principles for Educational Institutions* sets forth the government regulatory costing principles which must be followed by educational institutions conducting Government Sponsored Research.

Academic Service Centers Service centers which reside in the academic departments which usually do not choose to recover overhead items in their rate(s) and have to breakeven within +/- 15%.

Administrative Service Centers Service centers which provide services to the entire university community must recover all costs, including the costs of utilities, operation and maintenance and building depreciation. Examples of administrative centers are the University ITSS - Data Center, Operations and Maintenance Facilities, and Surplus Property Sales. Breakeven is within +/- 5%.

Allocation Journals iJournal template which allows originator to post expenses to PTAs without routing because the originator has already obtained approval for charges. iJournals will accept manual input or an upload of a formatted text file. Pre-approval can be obtained by SU-13 forms, emails from authorized approver of PTA, or signed invoices from the authorized approver.

Approved Rate All service centers budgets and rates must be reviewed and approved annually by ORA. An ORA letter to ONR lists the service center's approved rate(s).

Auxillary A self-supporting entity that exists principally to furnish goods or services to students, alumni, or faculty and staff acting in a personal capacity, and charges a fee for the use of goods or services. Auxillary services generally do not support the University departments. The general public may be served incidentally. Examples include residence halls, food services, intercollegiate athletics, and the university press.

Break even The point at which revenues equal expenses. The policy establishes that service centers should break even at the end of the fiscal year with a surplus or deficit that does not exceed 5% or 15% of annual operating expenses.

Capital Equipment Equipment with a purchase price over \$5,000 and a useful life of at least one year. The purchase cost of a capital item may not be recovered through service center rates however, the depreciation associated with the asset may be recovered in the service center rates.

CMA Cost & Management Analysis prepares F&A cost studies, proposals, and rates; generates ad hoc reports for DoR, department heads, etc. in relation to new venture capitalist pursuits, F&A “what if “ scenarios, works with the Provost office to inform schools/departments what the F&A rate is forecasted to be for fiscal year budgeting and planning; various financial analysts monitor specific service centers for compliance with service center policies, reviews annual budgets and forecasts with the RAPC analyst for approval and rate notification to ONR; and acts as liaison with the Government on matters dealing with F&A topics, proposal submissions, cost study workpapers, etc.

DCAA The Defense Contract Audit Agency audits grants, contracts, and educational institutions for compliance with A-21 and other generally accepted accounting principles (GAAP).

DoR The Office of the Vice Provost and **Dean of Research** and Graduate Policy sets and oversees general University research policy.

Deficit A deficit occurs when the service center’s expenses exceed revenues for a given fiscal year. To the extent that the deficit is WITHIN the 5% or 15% break-even range, that deficit must be carried forward and the rate(s) adjusted in the following period. Deficits beyond the 5% or 15% break even range must be funded by another non-federal and non-restricted source and transferred into the service center account.

Expenditure Allocation PTAs that are used for either salary allocations or expenditure allocations. Generally expenditures total within \$30K annually. See Appendix 1 for comparison of a service center to an expenditure allocation PTA.

External Users External use of facilities is any use of facilities which is performed by an entity that is not, for the purpose of that use, under the governance, supervision or responsibility of the Board of Trustees of the Leland Stanford Junior University. Depending on several factors, external use of Stanford facilities is restricted or prohibited. Such factors include, what direct benefits (other than financial) are provided to Stanford because of the use and other relevant circumstances. Restrictions and prohibitions are based on capacity concerns (Stanford’s own use must take priority over any other use) and legal constraints (principally income and property tax).

F&A (a.k.a. IDC) Facilities & Administrative or Indirect costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. [Per OMB A-21] This percentage is applied to the expenditures of federally sponsored projects in order to recover University overhead costs related to building and equipment depreciation, interest, and general administration.

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Guarantee PTA All academic service centers must have a guarantee PTA (it cannot be a Federally Sponsored PTA) to potentially charge for under recovery exceeding 15%. The only other option would be charging all users their prorated percentage of the under recovered amount.

Internal Users These users have a departmental or Sponsored PTA to charge. The PTA could be opened by Miscellaneous Receivables in which case specific PTAs are considered external. See Exhibit C for details.

LTA A Long Term Agreement is an agreement negotiated between the University and the Government to allow a service center to price its services and/or to recover its expenses (break even) over a longer than annual period of time.

MTDC Modified Total Direct Cost is used as the basis for allocation of several types of indirect costs. MTDC consists of the following types of expense: salaries and wages, benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract. Excluded from MTDC are the following types of expense: equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

OMB The Federal **Office of Management and Budget** issues regulatory costing principles which govern the cost policies of institutions doing research under Government-funded grants and contracts. OMB oversees and coordinates the Administration's procurement, financial management, information, and regulatory policies. In each of these areas, OMB's role is to help improve administrative management, to develop better performance measures and coordinating mechanisms,

ONR The **Office of Naval Research** is Stanford's cognizant Federal agency, ONR coordinates, executes, and promotes the science and technology programs of the United States Navy and Marine Corps through universities, government laboratories, and nonprofit and for-profit organizations. It provides technical advice to the Chief of Naval Operations and the Secretary of the Navy, works with industry to improve technology manufacturing processes while reducing fleet costs, and fosters continuing academic interest in naval relevant science from the high school through post-doctoral levels.

ORA Office of Research Administration oversees the CMA, OSR, RAPC, and PMO department.

OSR Office of Sponsored Research provides pre and post award administration of sponsored projects to the University, monitors sponsored projects for compliance with sponsor terms and conditions, University policies and Federal regulations and standards, and works closely with the Office of the Dean of Research and the Controller's Office to prepare and implement financial and administrative

policies, procedures and sponsor and regulatory compliance issues of interest to the research community.

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PMO Property Management Office is the central department at Stanford University responsible for personal property (ie: capital assets) administration. PMO identifies the availability of equipment for research use; facilitates recording and tracking of asset records, including maintenance and warranty information; calculates depreciation; and issues reports to management and sponsors. PMO also manages the physical inventory of capital and sponsor-owned assets, which includes meeting with department personnel, scanning all assets located in University space and off campus. PMO is the liaison with property auditors and provide guidance to departments, faculty, and staff regarding issues related to property administration and inventory.

PYB The Prior Year Balance is the amount carried forward from one fiscal year to the next for a service center whose year-end net balance (current income less current expense, plus or minus the prior year's net balance) is within plus or minus (+/-) 5% or 15% of its annual expenditures (including the PYB). See Exhibit B for specific examples of +/- 5% or 15% breakeven calculations.

RAPC Research Administration Policy & Compliance works closely with the Office of Research Administration and the Controller's Office to prepare and implement financial and administrative policies & procedures and regulatory compliance issues of interest to the entire university research community. RAPC is responsible for the oversight of all the University's service centers. RAPC analyst is the liaison with the government and internal audit department concerning service center compliance issues.

Sponsored Projects Contact and Grant Sponsors can be the Federal Agency, Commercial Industry, State Agency, etc. the PTA is funded by a source other than Stanford University.

SSF. Per A-21, a **Specialized Service Facility** is one which involves the use of highly complex or specialized facilities, such as the Veterinary Service Center (VSC). The cost of such a service shall normally consist of both its direct costs and its allocable share of indirect costs. Stanford has further defined an SSF as meeting all three of the following criteria: 1) the service center must incur annual expenses of at least a million dollars; 2) its business must "materially" affect Stanford's on-campus Organized

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Research cost rate (by greater than 1/10th of a rate point); and 3) its services must not be easily available from an outside vendor. Breakeven is +/- 15%.

Surplus A surplus occurs when the service center's revenues exceed expenses for a given fiscal year. To the extent that a surplus is WITHIN the 5% or 15% break-even range, that surplus must be carried forward and the rates adjusted in the following period. Surpluses beyond the 5% or 15% break even range must be eliminated through retroactive rebates to users, unless a long term break even agreement has been established.

Unallowable Costs The federal Cost Principles for Educational Institutions, OMB Circular A-21, establishes guidelines for the allowability of costs in Section J. Costs that are "unallowable" may not be recovered in the service center rate(s). Examples of service center unallowable costs include alcohol, internal interest unallowable, bad debt expense, stipends and advertising.

Unallowable Expenditure Types The Oracle Chart of Accounts contains several expenditures that are restricted from federally sponsored PTAs, i.e. 52310 Alcoholic Beverages, 51314 Advertising Unallowable, etc. For the list, see: http://www.stanford.edu/dept/ORA/cardinal/cost_policy/unallow-expend.html Service Centers are additionally restricted from direct charging Capital Expenses, Stipends, etc.