FLORIDA STATE UNIVERSITY

PROGRAM INCOME PROCEDURES

Effective: May 15, 2006

Reference: *Florida State University* **Program Income Policy**

PROGRAM INCOME TREATMENT AT
PROPOSAL STAGE

This procedure contains the appropriate steps to take in order to correctly identify and record program income in a proposal for external funding.

Identify revenue-generating activities.

The principal investigator (PI) is responsible for identifying actual and potential program income at the proposal stage. Some proposal applications provide a separate section for outlining anticipated program income. If this information is required, the PI must provide it. For assistance on information to be included with the proposal, contact Sponsored Research Services (SRS) or the FSU Research Foundation (FSURF).

When chairs, directors, and deans review proposals involving their units, they should ensure that any activity that could generate program income is correctly identified in the proposal.

When the administrator in SRS or FSURF reviews the proposal, he/she will:

* Determine the appropriate method of treatment of program income if the proposal is awarded. This determination will impact how the budget should be prepared.
* Ensure that anticipated program income has been correctly described in the proposal.
* Ensure that anticipated program income has been correctly presented in the budget.

PROGRAM INCOME TREATMENT DURING
PERFORMANCE PERIOD OF SPONSORED PROJECT

Identify potential program income and plan for using the income.

If an opportunity to generate program income is identified during the period of the award (instead of at proposal stage), the PI should contact SRS or FSURF to discuss the appropriate method of handling the revenue. SRS or FSURF will determine the proper method of accounting for program income and whether the program income will be reportable to the sponsor.

Discuss anticipated program income with the department administrator.

The PI must ensure that the department administrator knows that program income is expected on the project and the nature of that revenue. The PI should also inform the department administrator how program income is to be handled in the project budget.

Generate and receive the program income.

When the program income is generated, the PI or department administrator documents the activity that generated the income (e.g., sales of goods or services, etc.) and instructs the buyer where to send the revenue. For conference fee revenue, the registration receipt serves as documentation. If invoices are to be sent to buyers, consult with Sponsored Research Accounting Services (SRAS) or FSURF on the proper format of the invoice.

FSU Controller's Policy and Procedures (OP-D-2-B, Cash Management), requires all cash collection points be authorized by the University Controller's Office before collection begins. Further information may be found at http://www.vpfa.fsu.edu/policies/controller/.

For projects administered by FSU Sponsored Research, departments receiving program income must submit cash, checks, money orders, etc. directly to SRAS with a Sponsored Research Program Income Deposit Form (Attachment A), with appropriate supporting documentation such as:

- Copies of receipts given to buyers, attendees, etc.
- A detailed accounting that may:
    - Identify the goods or services that generated the income.
    - Identify number of units sold and unit cost.
    - Identify the buyers, attendees, etc.
    - Identify the program income chartfield combination (DeptID, Fund, Project) to which the funds should be deposited.

For projects administered by the FSU Research Foundation, departments receiving program income must submit cash, checks, money orders, etc. directly to FSURF with an FSURF Program Income Deposit Form (Attachment B), with appropriate supporting documentation similar to that noted above.

SRAS or FSURF shall determine what constitutes appropriate supporting documentation.

Establishing a Program Income Budget for Projects Administered through FSU.

The first time program income is received, the department should send the deposit and appropriate documentation (see *Generate and receive program income* above) directly to SRAS (not the Cashier's Office). A program income project budget will be established in OMNI based on the initial amount of program income collected. The program income project will be a subproject under the same OMNI Award/Contract as the sponsored project. The PI will be informed of treatment method to be applied and the chartfield string (budget number) to use when spending the program income funds. If a program income project budget is required prior to receipt of revenue, contact SRS.

For all subsequent program income receipts, when revenue is received by the department, the department administrator must deposit it through SRAS, in accordance with the procedure outlined herein.

SRS will review the terms and conditions of the award to determine the appropriate method of treatment of program income funds, and will enter the appropriate Award Attribute on the OMNI Award Profile.

Establishing a Program Income Budget for Projects Administered through FSURF.

The first time program income is received, the department should send the deposit and appropriate documentation (see *Generate and receive program income* above) directly to FSURF. A program income account will be established in FundWare based on the initial amount of program income collected. The PI

will be informed of treatment method to be applied and the chartfield string to use when spending the program income funds. If a program income account is required prior to receipt of revenue, contact FSURF.

For all subsequent program income receipts, when revenue is received by the department, the department administrator must deposit it through FSURF, in accordance with the procedure outlined herein.

FSURF will review the terms and conditions of the award to determine the appropriate method of treatment of program income funds, and will enter the appropriate Award Attribute on the OMNI Award Profile.

Use program income.

Program income should be spent before the sponsor's award is used. OMB Circular A-110, paragraph 22(g) states: "To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments."

Department administrators must monitor expenses in the program income account to ensure that it is spent first. SRAS or FSURF will monitor spending to provide oversight over this requirement. Program income must be spent following the terms and conditions of the sponsored award. Expenses charged to the program income account must be allowable, allocable, and reasonable in relation to the activity supported by the sponsor. Expenses that are unallowable on the sponsored project may also be unallowable on the program income account. Exceptions may be costs incurred that are incidental to the generation of program income.

F&A costs will be charged to program income accounts at the same rate applied to the sponsored agreement that generates the income. F&A costs should be included when determining the registration fee or prices of materials, etc.

Verify program income on reports.

The PI uses the University's financial reports to monitor receipt of program income. If the PI believes that program income has been generated but is not appearing on the reports, he or she works with the department administrator and SRAS or FSURF to determine why.

Report program income, if required.

SRAS or FSURF determines whether the program income must be reported to the sponsor. If required, SRAS or FSURF prepares and sends these reports or includes the necessary information in the sponsor financial reports.

PROGRAM INCOME TREATMENT AT
EXPIRATION OF SPONSORED PROJECT

SRS or FSURF will review the program income Award Attribute on the OMNI Award Profile to determine the appropriate method of disposition of residual program income funds. For most awards, the University is required to use program income funds to cover project expenses before requesting reimbursement from the sponsor. If unexpended funds remain in the program income account after the expiration of the sponsored project, SRAS or FSURF may confer with the PI to determine if any of the expenses charged

to the program income account were incidental to the generation of program income, as these types of costs must be taken into consideration prior to disposition of residual funds. SRAS or FSURF will make appropriate adjustments to the final invoice or financial report submitted to the sponsor.

See *Reporting Program Income* above and example below:

	$100,000	Project expenses charged to sponsored project account
Plus	$5,000	Project expenses charged to program income account ($30,000 total expenses less $25,000 of incidental expenses)
Equals	$105,000	Total
Less	$45,000	Reimbursements received to date from the sponsor
Less	$25,000	Program income revenue ($50,000 total received less $25,000 which covered incidental expenses)
Equals	$35,000	Amount to be reimbursed by the sponsor
Equals	$0	Residual program income

If additional program income is anticipated beyond the expiration date of the sponsored award, SRS or FSURF will determine the appropriate means to account for the future income.

FLORIDA STATE UNIVERSITY
SPONSORED RESEARCH
PROGRAM INCOME DEPOSIT FORM

_____   _____
Department Name   Date

Cash	$
Checks	$
Money Orders	$
Other	$
TOTAL	$

DEPOSIT TO:

DeptID	Fund	Project	Account 601309	Amount

_____   _____   _____
Signature of Person Responsible for Deposit   Print Name   Phone Number

SRAS USE ONLY			
PROCESSED BY:	Print Name:	Signature:	Deposit Date:

Hand deliver deposit and support documentation to:

SRAS Cash Receipts Accountant
Florida State University
Sponsored Research Accounting Services
Third Floor, Student Services Building
644-5260

FSU RESEARCH FOUNDATION

PROGRAM INCOME DEPOSIT FORM

_____   _____
Department Name   Date

Cash	$
Checks	$
Money Orders	$
Other	$
TOTAL	$

DEPOSIT TO:

FundWare Account #:	Object Code	Amount

_____   _____   _____
Signature of Person Responsible for Deposit   Print Name   Phone Number

FSURF USE ONLY			
PROCESSED BY:	Print Name:	Signature:	Date:

Hand deliver deposit and support documentation to:

FSU Research Foundation
Third Floor, Student Services Building
644-8650