



## **Boston College: OFFICE FOR SPONSORED PROGRAMS Definitions and Glossary of Terms**

### **Definitions and Glossary of Terms**

Accounts Receivable is funds owed to Boston College by another entity based on invoices for goods supplied and services rendered.

Additive Method is when program income funds are added to the Federal award by the Federal agency and the non-Federal entity (Boston College), however, the program income **must** be used for the purposes and under the conditions of the Federal award. This is the default method for IHE's.

Advance Account is a mechanism used to establish a PeopleSoft project number which would allow the Principal Investigators (PI's) an opportunity to initiate a sponsored research and begin incurring associated expenses, at the department's risk, prior to the issuance and/or completion of negotiations of an award.

Aging is the tracking of days since an invoice has been issued (the accounts receivable was created) and payment has not been received from the sponsor/the entity that was invoiced.

Allowable Costs are charges for goods or services that are permitted on a sponsored award, agreement, contract, or grant. In other words, these costs are in compliance with Boston College's policies and procedures, the sponsor's terms and conditions, and Federal regulations, and therefore the allowable costs may be paid from the sponsor's funds. Allowability also includes the concepts that costs must be: (a) necessary and reasonable for performance of the sponsored award; allocable to the sponsored award; (b) in compliance with the sponsor's terms and conditions; (c) consistent with policies and procedures that apply uniformly to both Federally-financed and other activities at Boston College; (d) accorded consistent treatment (for example, a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost; (e) in accordance with generally accepted accounting principles (GAAP); (f) only charged once (for example, the cost must not be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period), and (g) adequately documented.

Allocable Costs: A cost is allocable to a particular award if the goods or services [the costs] involved are chargeable or assignable to that award in accordance with relative benefits received. This standard is met if the cost: 1) is incurred specifically for the award, 2) benefits both the award and other work of Boston College and can be distributed in proportions that may be approximated using reasonable methods; and 3) is necessary to the overall operation of Boston College and is assignable in part to the award. See also OSP website for Cost Allocation

Closeout means the process by which Boston College determines that all applicable administrative actions and all required work of the sponsored award have been completed, including financial, performance, and other reports or deliverables as required by the terms and conditions of the sponsored award.

Committed Effort is the amount or percentage of time an individual has communicated/documentated to the sponsor that he/she will work on a specific sponsored project over a specified period of time. Commitments are made in the award proposal and may be documented by the sponsor in the award documentation.

Cost Reimbursable is a payment method specified by a sponsor in their award agreement. Boston College will receive funds from the sponsor after Boston College provides the sponsor with documentation (e.g. invoice) evidencing costs/expenses have been incurred.

Cost Sharing is the payment of project costs by a source other than the sponsor. Cost sharing of effort on a sponsored award is an employee's time and related fringe benefits that were committed and provided in support of a project, but are paid from funding sources other than the sponsor's funds. Cost shared effort in excess of the commitment made in the proposal does not have to be identified or certified.

Cost transfer is the reassignment of a cost/expense onto a sponsored project that was previously recorded in a different chart string in Boston College's general ledger. Cost transfers may also be the reassignment of a cost off of a sponsored project.

Deductive Method is when program income is deducted from the total allowable costs which results in net allowable costs. In other words, the total funds available to the award remain the same and the funds generated through program income are deducted from the financial commitment of the sponsor.

Designated Responsible Person is a Boston College employee who has been designated or assigned the responsibility of overseeing employees' work on a sponsored award, and is therefore able to certify the employees' salary costs charged or cost shared to a sponsored award under his/her purview reasonably reflect the effort expended and work performed during the time period of the Effort Report.

Direct Costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs / F&A costs.

Drawdown is the process for receiving funds from a Letter-Of-Credit.

Effort is the proportion of time spent on professional activities (such as research, teaching, and administration) for which an individual is employed by Boston College or for which one is appointed as a Boston College faculty member. Effort does not include activities such as consulting that are conducted outside the terms of employment at Boston College or outside a Boston College faculty appointment.

Effort reporting is the method of documenting that salaries charged or cost shared to sponsored awards are reasonable in relation to the work performed. The Boston College Sponsored Programs - Employee Effort Report (the Effort Report) is the form of documentation that is used.

Employee means an individual working for Boston College for pay.

Facilities & Administrative Costs (F&A) are costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities.” In past years, these costs were called Indirect Costs.

Fee-for-Service Agreement is a sponsored agreement or contract in which the sponsor agrees to pay an upfront, predetermined price, for agreed upon services or individual tasks to be performed.

Fixed Price Agreement is a sponsored agreement or contract that is not subject to any adjustment on the basis of the University’s cost experience in performing the agreement. This agreement type places upon the University maximum risk and full responsibility for all costs. It provides maximum incentive for the University to control costs and perform effectively. Fixed-price awards include, but are not limited to fixed fee contracts, deliverable-based agreements, and other awards where there is not a requirement that any remaining funds be returned to the sponsor.

Institutional Based Salary (IBS) is defined as the annual compensation paid by Boston College for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS does not include payments from other organizations or income that individuals are permitted to earn outside of their Boston College responsibilities, for example, consulting fees.

Institution of Higher Education (IHE) is defined in 20 U.S.C. § 1001 General definition of institution of higher education.

Invoice is a document issued by Boston College to another entity based on goods supplied and services rendered.

Key Personnel are the program director/Principal Investigator and other individuals, as named in the proposal and/or award, who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they derive salary from the sponsored award.

Labor Redistribution is the reassignment of a salary-related cost/expense onto a sponsored project that was previously recorded in a different chart string in Boston College’s general

ledger. A Labor Redistribution may also be the movement of a salary-related cost off of a sponsored project.

Letter-Of-Credit is a payment method specified by a sponsor in their award agreement, which guarantees Boston College will receive payment in full provided that the sponsor's terms and conditions of the award have been met.

Matching Method is when program income funds are used to finance the non-Federal share of the award (note: the amount of the Federal award remains the same).

Overdraft/ Cost Overruns are charges that exceed the sponsor's funding amount. These costs should be removed from the sponsored award and charged to a non-sponsored chart string via a cost transfer.

Over-expenditure is when costs charged to an award exceed the amount of funds from the sponsor (a negative balance).

Per diem means a daily payment instead of actual expenses for meals and fees or tips to porters and stewards. **Per diem is not permitted on sponsored awards for lodging costs.**

Pre-award costs are costs incurred prior to the effective date of the sponsored award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the sponsored award.

Principal Investigator (PI) is the person primarily responsible for a sponsored award. The PI is primarily responsible for the design, direction, oversight, conduct, and successful completion of the sponsored project, and for managing the associated collaborative relationships. Although Boston College is legally responsible to the sponsor as the actual recipient of a grant or contract, the PI is accountable for the proper fiscal management and conduct of the sponsored award.

Program Income is the gross income earned by the non-Federal entity (Boston College) that is directly generated by a supported activity or earned as a result of a sponsored award during the period of performance.

Reasonable Costs: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Consideration must be given to: (a) whether the cost is generally recognized as ordinary and necessary for the proper and efficient performance of the award, (b) sound business practices, arm's-length bargaining, Federal, State, and other laws and regulations, and terms and conditions of the award, (c) market prices for comparable goods or services for the geographic area, (d) whether the individuals concerned acted with prudence in the circumstances, and (e) whether Boston College deviates from its established practices and policies regarding the incurrence of the costs.

Refund is a remittance of funds from Boston College to a sponsor.

Residual Balance is the balance of funds when the agreement permits the University to retain the funds after the work is completed. These types of agreements may include the following activities: (1) service or product delivery in fixed payment increments, (2) deliverables or milestone completion. If the funding provided by the sponsor is not fully expended after all appropriate expenses have been accounted for, a residual balance will exist. Residual balances can occur on a grant, or contract (including clinical trial and service agreements).

Sponsored awards or the term sponsored programs, may be used in this document interchangeably and mean any agreement, contract, project, or grant that is funded by a source other than Boston College.

Subsistence means lodging, meals, and other necessary expenses for the personal sustenance of the traveler.

Unallowable Costs are expenditures on sponsored award that are not in compliance with Boston College policy, Federal regulations, or specific sponsor terms and conditions. Costs that are deemed unallowable must be removed from the sponsored award via a cost transfer.

Under-expenditure is when costs charged to an award are less than the amount of funds from the sponsor (surplus or a positive balance).

Write-off is the removing of funds from a sponsored award by OSP.