

## **VI. Appendix**

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### **A. Glossary of Terms**

#### **Allocation**

A method of distributing costs (e.g., fringe benefits and F&A costs) to sponsored project accounts in proportion to the benefits received by the project.

#### **Allowable**

For a cost incurred on a grant or contract to be allowable, it must be reasonable, allocable, and given consistent treatment to conform to any limitations or exclusions set forth by OMB A-21.

#### **Audit Finding**

An area of potential control weakness, policy violation, financial misstatement, or other issue identified during an audit.

#### **Benefit Rate**

A rate, established by RIT and approved by the federal government, used to allocate benefit expenses to departments and projects. The RIT and NTID benefit rate includes tuition waivers; the Government rate does not. Current [benefit rates](#) are available on the Controller's Office web page.

#### **Cognizant Agency**

The Federal agency which, on behalf of all Federal agencies, is responsible for implementing the requirements of the Single Audit Act which include: reviewing, negotiating, and approving cost allocation plans, indirect cost rate and similar rates; receiving and approving non-federal audit reports; conducting federal audits as necessary; and resolving cross-cutting audit findings.

#### **Compliance**

Conforming to certain accepted standards, i.e. RIT policies and procedures, federal, state or local laws and regulations, or other principles and standards.

#### **Contingency Accounts**

A grant or contract account setup prior to the receipt of an award notification so that all allowable costs are properly recorded and identifiable in a designated project account. The account designation is changed from contingent to active once the award notice is received in Sponsored Programs Accounting.

#### **Contract**

An award instrument used for the acquisition of goods and services.

**Cost Share**

The University's contribution toward the cost of a sponsored project when required by the agreement including cash and third party in-kind contributions. Cost sharing on federally-funded projects must meet requirements specified in OMB Circular A-110.

**Cost Transfers**

A cost transfer is the movement of expenses to a sponsored project that were originally charged in error to an operating, discretionary, or other sponsored project account.

**Direct Costs**

Unlike indirect costs, direct costs are those costs that can be identified specifically with a particular sponsored project or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

**Effort Reporting**

OMB Circular A-21 requires that salaries and wages charged to federally-funded projects be supported by activity reports signed and approved by the employee, principal investigator, or other responsible official who is in a position to know whether the work was performed. The reports must reflect 100% of an individual's activity. The system must provide for after-the-fact confirmation or determination that the reported effort reasonably represents the actual effort expended on the project. The University follows the after-the-fact activity records method and distributes Quarterly Monitored Workload Reports which detail salary charges to sponsored projects.

**Facilities & Administrative (F&A) Costs**

See Indirect Costs below. The University's F&A rates are negotiated with the federal government's Department of Health and Human Services (DHHS), the University's cognizant agency. A signed agreement that establishes the allowable rates for reimbursement of F&A costs is entered into between the University and DHHS annually. Refer to the Controller's Office web page for information about current F&A rates.

**Grant**

Financial assistance (including cooperative agreements) in the form of money, or property in lieu of money, by the sponsor to an eligible recipient. The term does not include Federal contracts or procurements subject to the Federal Acquisition Regulation (FAR). Generally a grant has the following characteristics: 1) They are made for stated purposes which are specified in writing; 2) They are usually made for a stated period of time during which the funds may be spent; 3) The grant instrument names the Principal Investigator or Project Director under whose direction the project will be carried out; and, 4) The grant carries a minimum number of limiting conditions that are stated in the award document such as final fiscal and project reports.

**Independent Contractor**

An individual who performs services which are not subject to the will and control of RIT as to what must be done and how it must be done. RIT has the right to control or direct only the result of the work and not the means and methods accomplishing the result.

**Indirect Costs**

Those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project but are nevertheless necessary to the operations of the organization. At educational institutions such costs normally are classified under the following cost categories: depreciation and use allowance, general expenses, sponsored project administration expenses, library expenses, departmental administration expenses, library expenses, departmental administration, operations and maintenance expense and student administration services.

**Mandatory (Cost Sharing) Commitment**

Cost sharing either required by the terms and conditions of the award or by federal statute that requires the University or an approved third party sponsor to contribute toward the project as a condition of receiving the award.

**Matching Funds**

A type of cost sharing, matching funds are provided internally or raised from external sources in support of a sponsored project. In general, the sponsor will provide funds equal to the matching funds raised by the University for the project. Normally, this is done on a dollar-for-dollar basis.

**OMB Circular A-21**

A federal government circular that establishes principles for determining costs applicable to federal grants, contracts, and other agreements with education institutions.

**OMB Circular A-110**

A federal government circular that provides standards for obtaining consistency and uniformity among federal agencies in the administration of grants and other agreements with educational institutions.

**OMB Circular A-133**

A federal government circular that establishes a uniform system of auditing for institutions of higher education and other non-profit organizations.

**PIM (Project Initiation Meeting)**

SPA and SRS conduct this meeting with the Principle Investigator, once a project is established, to review the fiscal administration and sponsor requirements of the grant or contract.

**Principal Investigator**

The individual responsible for all activities of the sponsored project including performance of the project to achieve the desired results, adherence to performance goals, time schedules, budgets and/or other requirements as appropriate to the project or the terms and conditions of the award.

**Sponsor**

An external source providing financial support to the University in return for a specifically defined deliverable.

**Sponsored Program**

Any activity for which RIT receives financial support from an external source in return for a specifically defined deliverable (delivery of an end product, accountability, compliance with applicable regulations).

**SPA**

**Sponsored Programs Accounting** is a group within the Controller's Office Accounting with responsibility for monitoring financial activity for externally funded projects including establishing project accounts on the ledger, entering and maintaining budgets, and submitting invoices to sponsors.

**SRS**

**Sponsored Research Services** is a group with the Office of the Vice President for Research that is primarily responsible for working with Principal Investigators to secure external funding for grants and contracts. In addition, SRS acts as a liaison between RIT and the sponsor once funding is obtained.

**Subaward / Subcontract**

A procurement instrument negotiated with a third party for research or development; required when a substantive part of a project must be performed by another organization. Subcontracts flow down the applicable requirements from the grant document and must adhere to the procurement standards of the University, and for federally funded research, OMB Circular A-110.

**Subcontractor**

A third party (outside company or another university) performing a substantive part of a project.

**Sub Recipient**

An entity receiving federal pass through funding from a prime recipient.

**Un-obligated balances**

Funding amounts not fully expended.

**Un-recovered F&A**

The difference between the negotiated facilities and administrative (F&A) cost rate (currently 40.5%) and a lower rate that is charged on the sponsored award. With prior approval from the sponsor, un-recovered F&A can be used as cost sharing on a sponsored project.

**Voluntary (Cost Sharing) Commitment**

A cost associated with a sponsored project, which was specifically identified in the proposal such as a percentage of faculty effort, but was not required or funded by the sponsor.