

OLD DOMINION UNIVERSITY
University Policies and Procedures

**3610 - FINANCIAL ADMINISTRATION OF PRIVATE CONTRACTS
FOR GOODS AND SERVICES DIRECTLY RELATED TO
INSTRUCTION, RESEARCH, AND PUBLIC SERVICE**

Statement: The Chart of Accounts for Virginia State Supported Colleges and Universities stipulates that revenue received from private contracts may be deposited to a separate University fund ledger - ODU Ledger 5, Grants & Contracts.

Private contracts include those monies received for which specific goods and services must be provided to the funder as a stipulation for receipt of the funds. This category includes all restricted and unrestricted gifts, grants, bequests, and contracts to the extent that revenues received are expended in the year received. Unspent restricted funds are not reported as current funds until expended. Only those revenues derived from the provision of goods or services directly related to instruction, research, or public service are included in the category Private Gifts, Grants, and Contracts. Revenues derived from the sale of goods or services incidental to the conduct of instruction, research, or public service should be shown as Sales and Services of Educational Activities.

The Chart of Accounts, by referring to Section 4-2.01 c3 of the 1986 Appropriations Act, also indicates that 70% of the indirect cost reimbursements on grants and contracts administered by state supported colleges and universities may be expended by the institution for "research and related requirements."

Expenditures for instruction and public service are included as "related requirements" so that Ledger 5 Grants & Contracts budgeting provides the institution a fiscal mechanism to make it possible to provide incentives for the development of service contracts and to "roll forward" from one fiscal year to the next a portion of the revenue associated with the indirect costs generated by contracts written for services directly related to instruction, research, or public service. Examples of activities qualifying to be budgeted in Ledger 5 are contracts for instructional services such as employee training programs, contracts for research services such as electron microscopy, and contracts for public service such as theatrical technical services.

Procedures

- (1) Three Ledger 5 budgets (Instruction, Research, Public Service) to be administered under the direction of the Provost and Vice President for Academic Affairs will be established.

- (2) Colleges, noncredit units, and other organizational units that provide goods or services directly related to instruction, research or public service through private contractual arrangements will prepare contracts (using approved contract forms) and submit them, together with a project proposal form, to the Vice Provost for Distance Learning.
- (3) In keeping with University Policy #1500, CE/PS revenue contracts will be signed on behalf of the President by the Vice Provost for Distance Learning and forwarded to the contracting private individual or organization.
- (4) The private individual/organization will return the signed contract to the Vice Provost for Distance Learning.
- (5) The Vice Provost for Distance Learning, upon receipt of the signed contract, will:
 - A. Inform the University Budget Officer of the contract and request an increase in the Ledger 5 budget revenue and expenditure allocations in accordance with the contract.
 - B. Inform the Office of Finance of the contract and request that an account receivable be established and that the contracting individual or organization be billed as specified in the contract.
 - C. Inform the project director that the contract has been signed.
- (6) The project director will provide the goods and services according to the contract.
 - A. All direct costs of the contract will be expensed from the Ledger 5 account.
 - B. Unit administrative costs may be designated as either direct costs or indirect costs. If they are to be included as direct costs, a CE/PS unit may assign the amount of the administrative costs to the contract and transfer the revenue from the Ledger 5 to the CE/PS Ledger 1 account. If they are designated as indirect costs, the funds to cover them will remain in the Ledger 5 account until the project is "closed out."
- (7) When the contract is completed, the unit director will notify the Vice Provost for Distance Learning who will then close out the contract by notifying the Controller that the contract is complete and transferring the residual indirect cost funds from the Ledger 5 account to the appropriate accounts according to the following formula:
 - A. 30% -- Education and general revenues of the institution;
 - B. 60% -- College Ledger 5 Indirect Cost Account;

C. 10% -- Provost and Vice President for Academic Affairs, Ledger 5 Indirect Cost Account.

Responsibility: Provost and Vice President for Academic Affairs and Vice President for Administration and Finance

Authorization: Roseann Runte, President

Date: December 1, 1988; Revised August 22, 2003