

## University Policy: Internally Designated Faculty Research Accounts

**Policy Category:** Finance and Administration

**Subject:** Faculty IDFRA Use

**Responsible Executive:** Provost

**Office Responsible for Review of this Policy:** Office of the Provost and Office of the Vice President for Finance and Treasurer

**Supplemental Documents:** Exhibit A: Related Information for Approving and Spending Internally Designated Faculty Research Accounts

**Related University Policies:** Travel Policy; Procurement Policy; Research Policy, Facilities & Administrative (F&A) Costs on Sponsored Projects

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### I. SCOPE

This policy provides guidance for the establishment and use of Internally Designated Faculty Research Accounts (IDFRAs) for the purpose of enhancing investments in Faculty research. The purpose of this policy is to ensure sound business practices, accountability, transparency, and better management of institutional research funds.

### II. POLICY STATEMENT

Faculty at American University (University) receive funds to support research and scholarly activities from various sources during their affiliation with the University. These funds may include Start-Up and institutional funding to support a new Faculty member's transition to the University (excluding personal relocation), as well as funds shared from Facilities & Administrative (F&A, indirect costs) cost recovery and residuals from fixed price contracts. The University created IDFRAs as a method to increase transparency and accountability for the expenditure of research funds assigned to Faculty members.

This policy provides guidance on how to establish, use, and manage IDFRAs. Deans of Colleges and Schools may request IDFRAs for Faculty members in their units.

### III. DEFINITIONS

- **Internally Designated Faculty Research Accounts (IDFRA):** Individual research accounts assigned to Faculty members that are comprised of both internal and external funding/revenue and may include Faculty start-up funds, Faculty retention support funds, institutional support funds, indirect cost recovery, and fixed price contract residual balances, if applicable.
- **Faculty Start-Up Funds and/or retention funds:** Funds allocated by the Provost to academic units and/or allocated by a Dean from a unit's internally designated funds to cover approved Start-Up costs for newly hired Faculty or provide research support for existing Faculty. Faculty Start-Up costs may include the following: supplemental funds for computer hardware; software; laboratory equipment; transition costs (excluding personal relocation), and research activities.
- **Indirect Cost Recovery:** Indirect Costs, i.e., Facilities and Administrative (F&A) Costs, are actual expenses incurred by the University for its facilities and services used by Faculty for research activities. F&A Costs include building maintenance and operation, utilities, libraries, technology infrastructure, computer hardware and software, human resources and payroll, accounting, purchasing, research administration staff and technology, departmental administration, compliance audit, and general administration. The University quantifies and recovers the F&A Costs, in accordance with guidelines set out in the U.S. Office of Management and Budget Uniform Guidance, by including F&A costs in grants and sponsored project proposal budgets. At the end of each University fiscal year, a portion of F&A Costs recovered is distributed to the School/College/Center responsible for the sponsored research per the University F&A Policy. Each School/College/Center may distribute a portion of the F&A Cost recovery to Faculty.
- **Durable Assets:** Assets, or other property, with a useful life of more than one year and are generally not consumable. Examples of assets include computer or laboratory equipment.

#### IV. GUIDELINES

##### A. Establishment of IDFRA accounts:

IDFRA accounts may be established in one of two ways:

1. Newly-hired Faculty may receive an IDFRA upon hire, if provided with Faculty Start- Up Funds by the Provost or the individual academic unit.
2. Current Faculty without an IDFRA may contact the Dean, or the school's or college's budget and finance office, or in the case of a Center, the Office of the Vice Provost for Research (VPR), to request an IDFRA. If the IDFRA request is approved by the Dean or the VPR, the school's or college's budget or finance office will submit a request to Accounting to create a new IDFRA project code.

The structure for the faculty research accounts will be as follows:

11- <School's Research Unit>- <Expense Object Code>- <Faculty Member Project Code>

##### B. Use of IDFRA accounts:

Faculty must provide the academic unit Dean, or his/her designee, a description of the funding source, along with appropriate documentation referencing the research or scholarly activity being conducted, with an expense request to be paid from an IDFRA. Requests must comply with all University policies and procedures for expenses.

This policy does not apply to: 1) direct expenses related to sponsored research as specified by the University and federal guidelines, 2) other funds that Faculty receive from the Provost, academic units or teaching units for specific dedicated research purposes, or 3) Faculty relocation costs.

Allowable costs covered by IDFRA accounts:

- Research supplies including books, journals, electronic resources, and laboratory supplies
- Research equipment
- Computer hardware and software
- Designated research travel, including transportation, accommodations, and per diem
- Travel to conferences, including registration, travel, accommodations, and per diem
- Research assistance to support research activities
- Membership in professional organizations

Exclusions may apply to the above list depending on the school's or college's internal policy or guidelines. Course releases are generally not chargeable to an IDFRA, but exceptions may be made with approval of the Dean.

**Prohibited Uses of IDFRA Funds:**

The University prohibits the use of an IDFRA for gifts, donations, entertainment, and any costs unrelated to Faculty research or scholarly activities. IDFRA funds cannot be used as a salary supplement or to cover personal expenses. IDFRA funds may not be used to cover summer salary support unless such Faculty member receives prior approval from the Office of the Provost for summer salary support in instances where such Faculty member is conducting University-approved departmental research that is not charged to an external grant. IDFRA funds are not subject to personal income tax unless used for compensation.

**C. Sources of funds that can be credited to an IDFRA upon approval of a Dean (no other funds may be credited to IDFRA's):**

- Faculty Start-Up funds and/or retention funds
- Indirect (F&A) cost recovery funds
- Fixed price contract residual balances
- Other unique circumstances as approved by the Dean, Provost and/or the University Budget Office.

**D. Sources of funds that cannot be credited to an IDFRA:**

- Charitable gifts
- Faculty Consulting Fees
- Faculty Compensation for services not officially sponsored by AU
- Fellowships paid directly to Faculty

**E. Faculty Start-Up Funds:**

Faculty members should expend all Faculty Start-Up funds within the first three academic years of the Faculty member's appointment. Unused Faculty Start-Up funds may be carried over to subsequent fiscal year periods with approval of the Dean or the VPR. All expenses from Faculty Start-Up funds must be fully documented with specific reference to the research or scholarly activity being conducted and must follow all related University policies and procedures. *See* Exhibit A.

**F. Account Management/Reporting:**

The academic unit Dean, VPR or their designee shall ensure that all Faculty research support expenses and reimbursements are made in accordance with this policy and shall maintain an inventory of all durable assets purchased with IDFRA funds.

Each Faculty member shall be solely responsible for the use and management of all funds in the IDFRA. Faculty members may obtain expenditure reports from the unit Budget Manager and shall ensure that the IDFRA maintains a positive balance at year-end closing. All IDFRA accounts will be subject to audit by the University's Office of the Controller. All research expenditures from the IDFRA will be included in National Science Foundation annual reports of research expenditures. Faculty members shall consult with the unit Budget Manager to resolve any issues or discrepancies with the use and/or management of the IDFRA.

**G. University Ownership of IDFRA Funds and Durable Assets:**

The University shall own all research funds in the IDFRA and all items purchased with such funds shall be the property of the University. Upon separation from the University, the balance of funds in the Faculty member's IDFRA shall revert to the academic unit or Center.

**H. Disbursement:**

Faculty Start-Up funds will be disbursed either as a lump sum or in two or more annual installments and credited to IDFRA accounts based on the disbursement schedule detailed in the Faculty member's appointment letter.

Funds shared from F&A Cost recovery and residuals from fixed price contracts will be disbursed and credited to IDFRA accounts within a reasonable period of time following the close of the University fiscal year.

**V. EFFECTIVE DATE AND REVISIONS:**

This Policy is effective as of July 1, 2020.

This Policy was reviewed or revised on June 17, 2020.