

**NOVA SOUTHEASTERN UNIVERSITY
OFFICE OF SPONSORED PROGRAMS
POLICIES AND PROCEDURES**

**AWARD MAINTENANCE
PROGRAM INCOME
EFFECTIVE 12-01-08, REVISED 12-26/2014
POLICY #35
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PURPOSE:

To establish a policy and procedure when program income is earned in relation to the sponsored project. Such program income will be accounted for by the university as set forth in this policy.

DEFINITIONS:

Program Income: Gross income earned by the university that is directly generated by the supported activities of the sponsored project or earned as result of the award during the period of performance. Program income may include:

- income from fee for services performed (includes but not limited payments from patients or third parties for medical or hospital services supported under the award);
- proceeds from use or rental of personal or real property acquired with project funds; (See also property standards 2 CFR. 200.311 and 200.313)
- sale of commodities or items fabricated under an award;
- license fees and royalties on patents and copyrights; and
- principal and interest on loans made with federal award funds.

Unless otherwise specified under the award, program income does not include rebates, credits, discounts, and interest earned on any of these. Generally, the university has no obligation to report or account for program income earned after the end of the period of performance.

POLICY:

The university will maintain all records of program income, including receipt and disposition, in a companion account to the main award account (refer to OSP Policy No. 21 – *Banner Index Number Assignment*). These records will be maintained in the same manner as required for the award and reported to the sponsor in accordance with sponsor terms and conditions.

The university and its subrecipients will retain all program income and treated in the manner stated in the award or in the sponsor's policies. All program income earned must be used to further the program objectives, and as required by the sponsor.

REFERENCES:

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://federalregister.gov/a/2013-30465>
- OMB Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,

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<https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform>

- NIH Grants Policy Statement, <http://grants.nih.gov/grants/policy/policy.htm#gps>
- NSF Proposal and Award Policies and Procedures Guide, <http://www.nsf.gov/bfa/dias/policy/>
- HHS Grants Policy Statement, <http://www.hhs.gov/grants/grants/policies-regulations/index.html>
- Bayh-Dole Act (35 USC 202(c)(7))
- NSU Accounting & Financial Policies and Procedures Manual, Finance Policy 127 – *Administration of Sponsored Programs/Projects*, <http://www.nova.edu/fop/forms/policies.pdf>

PROCEDURES:

1. If program income is not explicitly specified in the award document, the Principal Investigator/Project Director (PI/PD) or his/her designee (department administrator) is responsible for notifying OSP and the Contracts and Grants Accounting Department (CGA) when program income has been received or is expected to be received.
2. Upon notification, the OSP will work with CGA to create a companion account associated with the main account.
3. The PI/PD and the PI/PD's College/Center are responsible for managing and maintaining program income and related records, with support from OSP and CGA.
4. Program income may only be used for allowable costs in accordance with the applicable cost principles and the terms and conditions of the award (refer to OSP Policy Nos. 28, 30, 31 and 32). Sub-awards under grants and cooperative agreements are subject to the terms of the award regarding program income.
5. CGA will assist the PI/PD in the recording and reporting of program income to the sponsor following the sponsor's specified requirements.
4. Program income earned on sponsored awards will be recorded by using one of the following methods:
 - The Deduction Method. The deduction of income from total allowable costs to determine the net allowable costs. In this method, income must be used for current costs unless the sponsor authorizes otherwise.
 - The Cost Sharing or Matching Method. With prior approval of the sponsor, program income may be used to meet the cost sharing or matching requirement of the sponsor.
 - The Addition Method. With prior approval of the sponsor, program income may be added to the award. The program income must be used for the purposes under the conditions of the award.

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5. If a federal sponsor does not specify which of the above methods is to be used, the program income will be recorded by using the Addition Method.
6. If authorized by the sponsor, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.
7. Program income may be used to support cost sharing or matching requirements, subject to sponsor approval (also refer to OSP Policy No. 37 – *Cost Sharing or Matching*).
8. For federally-funded research awards, the university generally has no obligation to the federal funding agency beyond the Bayh-Dole Act with respect to program income generated by license fees and royalties for copyrighted material, patents, patent applications, trademarks and inventions received or accrued at any time, however, the award terms may provide otherwise.