

DATE: January 11, 2005

TO: County Extension Education Directors  
Extension Field Specialists

FROM: Laurie Gustafson                      Linda Wilson  
Director                                      Grants Manager  
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RE: County Grants involving salary for ISU-paid employees

During the past several years, grants received and managed by County Agricultural Extension Districts (CAED) have increased. Currently, county grant dollars for salary/benefits of ISU-paid employees come to campus in two ways:

- 1) Memorandum of Agreement between ISU and CAED establishes a grant account (4XX number) on campus. ISU pays the employee's salary/fringe from the grant account. After incurring the expense, ISU bills the CAED. Revenue generation credit: The staff person whose salary/fringe was paid by the grant account receives "credit" as salary savings.
- 2) Funds are submitted to the Extension Finance Office using the remittance form (<http://www.extension.iastate.edu/admin/forms.html#revgen>). Funds go into revolving accounts (2XX numbers) and are expensed by the AEED or Program Director. Revenue generation credit: The staff person submitting the form and check receives "credit" through the remittance system.

The remittance form (example 2) is appropriate for fee-based programs. However, using the remittance form for county grants creates a potential fiscal liability for the CAED.

Funds submitted by remittance forms do not go into the ISU payroll system; thus, a payroll record is not created for each staff involved in the county grant activity. County grant funds expensed through the ISU revolving account could be disallowed in an audit of the grant. If that happens, the CAED would have to pay back to the Sponsor the \$ amount that was disallowed.

Effective March 1, 2005, we recommend that new county grants with a total of \$2,000 or more for salary/benefits of ISU employees should come to campus using a Memorandum of Agreement (example 1). Linda Wilson will advise on budgets during preparation of county grant proposals. After receiving a county grant involving ISU salary/benefits, she will prepare the Agreement and will assist you with the campus process.

Please let us know if you have questions.