

# Oklahoma State University Policy and Procedures

<b>COST ACCOUNTING STANDARDS: APPLICABLE CREDITS &amp; INCIDENTAL RECEIPTS</b>	<b>4-0137 ADMINISTRATION AND FINANCE Controller June 2019</b>
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## **GENERAL STATEMENT**

1.01 It is the intent of Oklahoma State University to follow Cost Accounting Standards (CAS) as presented by the Cost Accounting Standards Board. The purpose of this policy letter is to provide general policy and institutional intent to ensure compliance with CAS standards.

## **DEFINITIONS**

2.01 Applicable Credits, as defined by 2 CFR 200.406, refers to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to a sponsored award as direct or indirect (Facilities and Administrative [F&A]) Costs. Examples of such transactions are: purchase discounts, rebates, or allowances, recoveries or indemnities on losses, and adjustments of overpayments or erroneous charges. This term also includes “educational discounts” on products or services provided specifically to educational institutions, such as discounts on computer equipment, except where the arrangement is clearly and explicitly identified as a gift by the vendor.

2.02 Incidental receipts are similar in definition to applicable credits, the difference being that specific offset expenditures are not as easily identified. Applicable Credits relate to a specific expenditure, whereas incidental receipts relate to a broader expenditure base such as general operations. Typical examples of incidental receipts are library fees and fines, parking fees, rents of real or personal property, and sales of services.

## **POLICY**

3.01 It is the policy of Oklahoma State University to offset Applicable Credits against the specific direct or indirect costs to which they are related. To the extent that such credits relate to an allowable cost to a sponsored project, the project’s costs will be appropriately credited as a cost reduction or refund to the sponsoring agency.

3.02 University departments must identify Applicable Credits and incidental receipts offsetting expenditures and properly record those credits within the University financial system.

3.03 For the base year of the F&A proposal, Grants and Contracts reviews receipts recorded as “sales & services” or “revenues from other sources” for appropriate classification.