

Projects and Grants Accounting*Effective as of: 02.28.2013**American University of Armenia**Policy for Publication**Policy Number: FINA20060005*

The AUA Financial Services department keeps separate accounting records for each project and grant. One copy of any contract and the estimated budget for a project is to be submitted to the AUA Financial Services department for its review prior to submission to a funding agency. After the acceptance of the project by a funding agency, copies of the approved budget and the contracts are to be submitted to the AUA Financial Services department and to the CFO.

An amount equal to 36.5% of the direct expenses of grant amount will be stipulated as an overhead allocation (as of January 1, 2005: 21% for the central administration of the AUA and 15.5% for the research center).

These rates including the admin portion rate, shall be applied on the direct project costs. A written approval from the President or his designated person is required for the projects to carry lower than 36.5% overhead. Written approvals for a lower overhead rate shall be submitted to the accounting office in conjunction to the project contract and budget. For the projects that carry a lower than 36.5% of overhead rate, the admin portion of 21% shall be deducted first and the residual overhead portion shall go to the research center. For projects that are approved to carry lower than 21% overhead rate, the entire available overhead revenue shall go to the central administration and all efforts shall be made by the project manager to cover the administrative expenses related to the project through direct costs chargeable to the project.

The current rate of 36.5% overhead has been calculated by external auditors based on actual expenses in AUAC and AUA expenses. The AUA has a preliminary endorsement from the US State Department to apply this rate. Final rate is currently under consideration.