Show Me the Money!

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Objectives

• What can I charge to this project?
• How is the financial report/invoice prepared?
• Where is the Money?

(This session applies to 203, 30x-38x WBSE’s)
What can I CHARGE to this project?

THE BIG PICTURE

• THE SPONSOR
  – Federal
  – State
  – Private
    • Non-Profit
    • For-Profit

• THE INSTITUTION – Duke University

THE SPONSOR

• Sponsor – Federal Government
  http://www.whitehouse.gov/omb/circulars/
  – OMB Circular A-21 (2 CFR Part 220)
    Cost Principles for Educational Institutions
  – OMB Circular A-110 (2CFR Part 215)
    Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
  – OMB Circular A-133
    Audits of State, Local Governments, and Non-Profit Organizations
What can I CHARGE to this project?

THE BIG PICTURE

• Sponsor – Federal Agency
  – National Science Foundation
    Grant Policy Manual
  – National Institutes of Health
    NIH Grants Policy Statement
  General or Special Terms & Conditions

• Sponsor – State Agency

• Sponsor – Private Entity
  • Non-Profit
  • For-Profit

Is it a Federal Prime?

General or Special Terms & Conditions
What can I CHARGE to this project?

THE BIG PICTURE

The Award Document

- Is this a Federal Prime?
- When does it start and end?
- How much is awarded/obligated?
- Are there any carry forward funds?
- What are the limitations or restrictions?

General or Special Terms & Conditions

The Institution – Duke University

- Award is made to Institution
- R/3 On-Line system
  - Plan
  - Cost Accounting Standard Expenses (SPCAS)
  - Reviewable Expenses (SPREVWGL)
  - Non-Salary Cost Transfer Tool (ZF418)
- General Accounting Procedures (GAP)
- Forms [http://www.finsvc.duke.edu/gap/forms.php#top](http://www.finsvc.duke.edu/gap/forms.php#top)
TERMS OF AWARD

NAME OF SPONSOR: ____________________________

AWARD/ACCOUNT NO.: ________________________

PI: ____________________________

AWARD PERIOD: ____________________________

GOVERNMENT PRIME: NAME OF PRIME: ______

EQUIPMENT

Sponsor’s approval required for all purchases costing $_______ or more unless including those specified in the approved budget.

Title vests with Duke/Sponsor for items costing $_______ or more

(circle one)

Title for items costing $_______ or more, vests with Duke only if items are listed in budget and/or approved by the Contracting Office

Other: ____________________________

TRAVEL

Sponsor’s approval is required for foreign/domestic travel

(circle one)

Other: ____________________________

REBUDGETING

Budget changes in excess of $________ or ___% require sponsor’s approval

Expenses exceeding budget categories require sponsor’s approval

Other: ____________________________

PAYMENTS/FINANCIAL REPORTS

Financial Reports must reflect approved budget categories

Sponsor may retain ____% of each/final invoice until Final Reports have been accepted

(circle one)

Excess funds remaining at end of project must be returned to sponsor

Investment Income is Mandatory

Investment Income must be used for project expenses

Cost sharing is required: Amount: ____________ Source: ____________________________

SPECIAL RESTRICTIONS SPECIFIED IN AWARD DOCUMENT/TERMS & CONDITIONS

______________________________________________________________________________

______________________________________________________________________________

Symposium for Research Administrators

What can I CHARGE to this project?

Budget Categories

SALARIES & WAGES - 60XXXX

– Institution’s established hiring practices
– Employee-Employer Relationship
– Key Personnel
– Administrative & Clerical Salaries (601900)
– Cost –Sharing of Salaries & Wages
– Effort Reporting
What can I CHARGE to this project?

Budget Categories

FRINGE BENEFITS - 61XXXX

- Federal and Federal Prime (610000 G/L)
- Non Federal (610100 G/L)

SUPPLIES AND MATERIALS - 64XXXX

- CAS Related Expenses

EQUIPMENT - 66XXXX

- Definition
  - Capital Equipment
  - Special Purpose Equipment
  - General Purpose Equipment

- Federally Sponsored Projects
  - OSP Approval
  - Screening & Shared Use
  - 3 Quotes or Sole Source Justification
What can I CHARGE to this project?

**Budget Categories**

- **TRAVEL-** 6986XX and 6987XX
  - Duke’s or Sponsor’s Travel Policy
  - Effort on Project
  - Fly American Act
  - Alcoholic Beverages
  - Cancellation and Penalty Fees

**OTHER COSTS**

- Cost element Groups SPCAS & SPREWGL

**SUBAWARDS – 691660 or 697160**

- OSP Pays Subcontractor Invoices
- OMB Circular A-133 Audit Report
What can I CHARGE to this project?

**Budget Categories**

**TRAINEE RELATED EXPENSES – 63XXXX**
- Restricted

**FACILITIES & ADMINISTRATIVE COSTS (F&A)**
- Theoretical Rate
- Allowable Rate

How is the Financial Report/Invoice Prepared?
Financial Report/Invoice

- The University has delegated the responsibility of financial reporting and invoicing to the Office of Sponsored Programs (OSP) for sponsored projects.
- One of OSP’s main functions is to prepare and submit financial reports/invoices to Sponsors, in a timely manner and in accordance with Sponsor specific requirements.

Basis of Funding

- **Cost-Reimbursement**
  - Sponsor awards a specified amount but the actual money is not received by Duke until after OSP bills for the expenses incurred on the project.
    - Requires submission of Invoice

- **Fixed-Price**
  - Sponsor award stipulates a fixed amount usually paid when the deliverables/milestones are received and accepted by the Sponsor regardless of the actual expenses incurred.
    - Requires submission of Invoice
Basis of Funding

• **Advance Payment**
  - Sponsor provides payment with their award document or make Advance Payments based on a payment schedule specified in the award documents.
    • Requires submission of Financial Report
    • Usually Private Foundations and Department of Defense Awards

Set-up: Reporting/Invoicing Requirements

• OSP establishes report/invoice records for each WBSE within R3, Billing & Reporting module.
• Each record identifies the sponsor required report types & frequency of report/invoice.
• Monthly Workloads are generated to identify and prioritize the reports & invoices to be prepared and submitted for each month.
The Starting Point: Preparing Financial Report/Invoice

- General Ledger
- Adjustments for unallowable expenditures (review SPCAS cost element group for federally funded projects).
- Verify that reporting period of report/invoice is within the dates of the project.
- Verify that the amounts reported/invoiced do not exceed the funds authorized by the Sponsor.
- Reconcile F&A expenditures

Display Examples of Invoices and Financial Reports Submitted to Sponsors.
Where is the MONEY?

Where’s the Money?

- Revenue in your WBSE can come from different sources:
  - Mandatory Investment Income
  - Program Income
  - Revenue from the sponsor
Mandatory Investment Income

– Some sponsors require that their advance payments to Duke are invested to earn interest.
– OSP notifies Endowment / Investment Accounting when investing is required, and the Departmental Administrator is copied on the notification.
– Most sponsors that require investing allow you to spend the income on the project.
– Watch your financial statements for the investment income (GL accounts 331XXX through 333XXX).

Program Income

– Some projects generate income:
  • Registration fees for a seminar
  • Lab drug testing fees earned for services performed
  • Federal sponsors require the program income to be reported on our financial reports.
– Award document will indicate use of Program Income.
A word about Revenue Accruals

- Revenue Accruals do not affect the revenue received from the sponsor.
- Required by Management Centers; are reversed each fiscal period.
- Use Cost Element SPREV or SPREVEXP to exclude revenue accruals when running R/3 financial reports.

Revenue from the Sponsor
How does Duke get the money?

• Two ways:

  1. Electronic Funds Transfer (EFT): sponsors send funds electronically to a Duke bank account.
     • Sponsors who send funds electronically:
       – National Institutes of Health
       – Department of Defense
       – National Science Foundation
       – American Heart Association
       – Susan G. Komen Breast Cancer Foundation

  2. Paper checks: sponsors mail checks payable to Duke University.
     • Sponsors who mail checks:
       – GlaxoSmithKline
       – March of Dimes
       – Research Triangle Institute
       – Educational institutions (for flow-through awards):
         » Harvard
         » UNC-CH
         » UCLA
Payments from Sponsors:

• What triggers a sponsor to send a payment?
  – Invoice: a direct request for payment.
  – Financial report: can be the mechanism that prompts the sponsor to submit their next payment.
  – Payment schedule: provided by the sponsor in the agreement.

How does Duke get the money?

Handout 2
Electronic Funds Transfers and Checks

- Which Duke departments process the Electronic Funds Transfers and checks?
  - Corporate Cash Management
  - Sponsored Programs
  - Bursar’s Office
  - Alumni & Development Records (ADR)

How are EFTs processed?
How are checks processed?

All checks and EFTs to be deposited to these GL accounts:

- 321X00: The Duke Endowment
- 323200: Foundations: expendable gifts
- 323400: Foundations: grants
- 326200: Industry: expendable gifts
- 326400: Industry: grants
- 328200: Other voluntary sources: expendable gifts
- 328400: Other voluntary sources: grants
Revenue from EFTs

What does revenue from an EFT look like on my financial statement?

Revenue from Checks

What does revenue from a check look like on my financial statement?
When will the money come in?

- Payments in advance, based on a payment schedule.
- Payments in arrears
  - Based on invoices sent.
    - Most are cost-reimbursement.
    - Can be based on deliverables or milestones.
  - Based on financial reports sent.
- Some sponsors withhold any payment until required deliverables are received and accepted.

What should I do....

- If I receive a check from a sponsor for a sponsored project?
  - Send it to Sponsored Programs.
  - Include all correspondence that the sponsor sent with the check.
Thank you!