FUN WITH FINANCE

JULY 27, 2010
Presentation Team

- Cindy Panchisin, Closeout Administrator
- Dave Griffith, Billing & Collections Lead
- Devora Frisby, Closeout Administrator
- Jill Vamos, Closeout Administrator
Expected Learning Outcomes

- University’s heightened focus on research and the increased competition for funding
- Identify Cost transfers and understand when/why to use them
- Provide preparation techniques for journal vouchers – required data
- Understand the benefits of monthly review of data
- Differentiate between a journal voucher, budget revision, and 90-day JV
- Eliminate need for 90-day JVs to reduce audit scrutiny
- Examine the makeup and benefits/risks of a good/bad credit score with sponsors and awarding agencies
- Link the importance of timely communications to its benefits to the Research Administrators and the Research Office
“Advancement along the University’s Path to Prominence as one of the Nation’s leading research universities will require significant enhancement of our research competitiveness...significant improvement in our pursuit of external sources of research support...increasing financial resources...operational excellence...in all units on campus that serve the research enterprise.”

Excerpt taken from Research Strategic Initiative Plan 2009
Why would you use a cost transfer?

• Remove after end-date expenses
• Budget vs. expenditures
• Award oversight
• Correction of clerical error – wrong PS account used
• Transfer of pre-award costs
• Reallocate effort to reflect actuals
• PS accounts that get F&A and those that don’t
Benefit of Monthly Review

- Monthly review of award activity along with consultation with PI is recommended to promote UD's established guidelines for responsible stewardship of funds
- Eliminates the need for 90-day JVs
- Reduces audit scrutiny
Difference between JV, budget revision, and 90-day JV

- JV moves an expenditure (within 90 days of the original transaction date) from one Purpose to another
- Budget Revision moves funds between budget categories
- 90-day JV moves an expenditure (90 days after the “original” transaction date) from one Purpose to another
Preparation Techniques for JVs – Required Data

• Cost Transfer Policy 6-18
  – www.udel.edu/ExecVP/policies/research/6-18.html
• Cost Transfer Procedure
  – www.udel.edu/research/pdf/CostTransfer.pdf
• Cost Accounting Standards
• PeopleSoft Accounts - Query
  - UDO_Ref_Accounts_Active_Campus
THE FUN!

*Complete vs Incomplete JV*

- Explanation
- Transactions
- Debits and Credits
Activity #1

Remove Over Expenditures

Part I – Explanation and Justification
Part II – Transactions
Part III – Debits and Credits
Remove Over Expenditures
PART I - Explanation and Justification

(Activity: Select the most complete response)

A. To remove over-expenditure for closeout.

B. To remove the over-expenditure on TEST432163 to bring the balance to zero. The grant ended 6/30/10 and is being prepared for closeout.

Remove Over Expenditures

PART II - Transactions

(Activity: Select the most complete response)

A. TEST43216307000 TEST432163 10/5/2009 10/5/2009 ProCard Journal Template 140600 GPC0123456 $1,880.03 (partial $1,794.04)

B. TEST43216307000 TEST432163 10/5/2009 10/5/2009 ProCard Journal Template 140600 GPC0123456 $1,880.03

C. TEST43216310/5/200910/5/2009ProCardJournalTemplate140600 GPC01234561880.03
Remove Over Expenditures

PART III – Debits and Credits

(Activity: Select the most complete response)

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<td>TEST432163</td>
<td>140600</td>
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<td>1,794.04</td>
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</table>
Explanation and Justification: To remove the over-expenditure on TEST432163 to bring the balance to zero. The grant ended 6/30/10 and is being prepared for closeout.

TEST43216307000 TEST432163 10/5/2009 10/5/2009 Pro-Card Journal Template 140600 GPC0123456 $1,880.03 (partial $1,794.04)

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TOTAL 1,794.04 1,794.04

Additional Information

Question 1: What is the oldest original date of the expense being transferred? (use format mm/dd/yyyy)

Question 2: Why was this original expenditure not charged appropriately?
Activity #2

Correct PS Account

Part I – Explanation and Justification

Part II – Transactions

Part III – Debits and Credits
Correct PS Account
PART I - Explanation and Justification

(Activity: Select the most complete response)

A. All pay for John Doe should have been charged to the REU PS account 148100, so that F&A would hit correctly. This JV will correct the PS accounts, which will correct the F&A that was charged to the grant.

B. Reallocate charges.

C. To transfer the total salary $1,512.00 for period 1/07 to 6/07 for John Doe, which was charged incorrectly to PS account 126000. Salary should have been charged to PS Account 148100, which is for REU support. This JV will correct the error and the associated F&A that was charged on 126000 will be removed by the system.
Correct PS Account

PART II – Transactions

(Activity: Select the most complete response)

A. TEST312127 1/22/2007 STH - Reg Earns 126000 PAY0124748 12345 $252.00
   TEST312127 2/16/2007 STH - Reg Earns 126000 PAY0127203 12345 $720.00
   TEST312127 3/16/2007 STH - Reg Earns 126000 PAY0130218 12345 $540.00

B. TEST312127 TEST31212706000 1/22/2007 STH - Reg Earns 126000 PAY0124748 12345 $252.00
   TEST312127 TEST31212706000 2/16/2007 STH - Reg Earns 126000 PAY0127203 12345 $720.00
   TEST312127 TEST31212706000 3/16/2007 STH - Reg Earns 126000 PAY0130218 12345 $540.00

C. TEST312127 TEST31212706000 1/22/2007 STH - Reg Earns PAY0124748 12345 $252.00
   TEST312127 TEST31212706000 2/16/2007 STH - Reg Earns PAY0127203 12345 $720.00
   TEST312127 TEST31212706000 6/11/2007 STH - Reg Earns PAY0139103 12345 $500.00
Correct PS Account
PART III – Debits and Credits

(Activity: Select the most complete response)

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<tr>
<td>TEST312127</td>
<td>148100</td>
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Explanation and Justification: To transfer the total salary $4,362 for period 1/07 to 6/07 for John Doe, which was charged incorrectly to PS account 126000. Salary should have been charged to PS Account 148100, which is for REU support. This JV will correct the error and the associated F&A that was charged on 126000 will be removed by the system.

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TOTAL $1,512.00 $1,512.00

Additional Information

Question 1: What is the oldest original date of the expense being transferred? (use format mm/dd/yyyy)

Question 2: Why was this original expenditure not charged appropriately?
Activity #3

Remove After End Date Charges

Part I – Explanation and Justification

Part II – Transactions

Part III – Debits and Credits
After End Date Charges
PART I - Explanation and Justification

(Activity: Select the most complete response)

A. To move post end date charges from the project.

B. To remove after end-date charges from TEST322233 and move them to PI’s discretionary code. TEST322233 ended 10/30/09 and is being prepared for closeout. This JV will bring the project to zero.

C. To move after end-date charges from TEST412159 to TEST322233. Research Office is closing the project.
After End Date Charges
PART II – Transactions
(Activity: Select the most complete response)

A. TEST322233 PHS PROJECT DOE 11/2/09 11/2/09 140610 CHEMICALS 123456789101 FSH0123456 9062248 100.00
    TEST322233 PHS PROJECT DOE 11/2/09 11/2/09 140610 CHEMICALS 123456789101 FSH0123456 9203045 50.00
    TEST322233 PHS PROJECT DOE 11/2/09 11/2/09 140610 CHEMICALS 123456789101 FSH0123456 9286327 300.00

B. No transactions listed.

C. TEST322233 TEST32223309000 PHS PROJECT DOE 11/2/09 11/2/09 140610 CHEMICALS 123456789101 FSH0123456 9062248 100.00
    TEST322233 TEST32223309000 PHS PROJECT DOE 11/2/09 11/2/09 140610 CHEMICALS 123456789101 FSH0123456 9203045 50.00
    TEST322233 TEST32223309000 PHS PROJECT DOE 11/2/09 11/2/09 140610 CHEMICALS 123456789101 FSH0123456 9286327 300.00
### After End Date Charges

**PART III – Debits and Credits**

(Activity: Select the most complete response)

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**July 2010 RO Conference--Fun with Finance (Panchisin)**
**Explanation and Justification:**
To remove after end-date charges from TEST322233 and move them to PI’s discretionary code. TEST322233 ended 10/30/09 and is being prepared for closeout. This JV will bring the project to zero.

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**TOTAL** 450.00 450.00

**Additional Information**

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<tr>
<th>Question 1</th>
<th>Question 2</th>
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<tbody>
<tr>
<td>What is the oldest original date of the expense being transferred?</td>
<td>Why was this original expenditure not charged appropriately?</td>
</tr>
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</table>
Enhancements

—Capability to add attachments for documentation on JVs

—JVs will display award number and end-date
90-day JV

• In addition to procedures for cost transfers within 90 days, originators are required to answer a series of questions.

• Documentation - must include indication that the PI has approved or directed the transaction. Email or meeting notes are acceptable as documentation.
Responses to 90 Day JV questions that may cause greater audit scrutiny
Why was this original expenditure not charged appropriately?

• Has been working on a project for another Department
• PI just brought this error to my attention
• Charged incorrectly at time
• This is correcting an earlier JV
• An error was made
Why should this charge be transferred to the proposed receiving project?

- The explanation for the JV earlier on the JV form explains why this JV is being processed
- To charge expense to correct project and move from incorrectly charged project
- This charge is housed in the budget
- PI requested the work be charged to this purpose
- Correction
Why is this cost transfer being requested more than 90 days after the original transaction date?

- I received notification that the change was needed more than 90 days after the original charge hit
- Negligent in closing grant in a timely manner
- Two JV’s already done for this charge which should have taken care of the charges
- Closing of the inappropriately-charged project shed light on the expense
- Discovered during periodic audit of procard transactions
- I don't know what you want for a reason in all of these
What steps will be taken to prevent this type of error from happening in the future?

• Since I am retiring at the end of this month, the new person will be much more efficient in following up
• Employee discussions
• JV Sooner
• Boxes
• Not get transferred to a new job and still be responsible for my old job??? Maybe also make sure that what I sent to the printer actually prints before deleting it.
• Better interpretation
• Unknown
The Big Picture
The Big Picture

• Goal: Increase research and funding
• Classified as a research university with very high research activity
• FY 2006 (Awards: 491, Proposals: 1043, Funding: $134,824,246
• FY 2010 (Awards: 587, Proposals: 1489, Funding: $216,301,232
Combined External Funds Expenditures

UNIVERSITY OF DELAWARE
SPONSORED - PRIMARY PROGRAM EXPENDITURES
WITH PROJECTIONS FOR FISCAL YEAR 2010

DOLLARS (Millions)

FISCAL YEAR (2010 projected)

Total Research Public Instruction

2006 2007 2008 2009 2010
What impacts our Credit Score

• Personal Credit Score
  – Payment history
  – Amount owed
  – Length of credit history
  – New credit
  – Type of credit used
  – (Stability, Ability and Willingness to Pay)

• University of Delaware’s Credit Score (Determining factor in receiving funding)
  – Burn Rate (Identifies the spending rate of the funds)
  – Outstanding Receivables
  – Backup Documentation, Timely Reports, Deliverables
  – Audits
  – Cost Transfer, 90 day JVs
  – Expense Posting & Invoicing
What goes into a credit score?

- What would put UD’s credit score at risk with sponsors?
- What is UD’s success rate?
- What is UD’s credit history with sponsors?
- How does a good credit score benefit the Research Administrators and the Research Office?
RESEARCH JEOPARDY
## Jeopardy Review

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Stewardship of Funds

• **$200**: Statement: The transfer of funds from one budget category to another budget category
  
  Answer (Question): What is a **budget revision**?

• **$400**: Statement: Gives the PI extra time to complete the scope and objectives of the project without additional funds being provided by the sponsors.
  
  Answer (Question): What is a **no-cost extension**?

• **$600**: Statement: Any adjustment or movement of expenditures to/from an externally funded contract or grant purpose/project by means of a journal voucher.
  
  Answer (Question) – What is a **cost transfer**?

• **$800**: Statement: Common term used to reference the cost transfer that moves expenditures from one purpose to another and requires answers to a series of 5 additional questions
  
  Answer (Question): What is a **90 Day JV**?
Billing

- **$200:** Statement: Document that lists expenditures incurred for a period of time and is submitted to the sponsor for payment
- Answer (Question): What is an invoice?
- **$400:** Statement: This contract was awarded for $500,000 and final expenditures posted were $400,000.
- Answer (Question): What is an under-spent award?
- **$600:** Statement: The rate of spending against the funded/awarded amount
- Answer (Question) – What is burn rate?
- **$800:** Statement: Payment of invoices by the sponsor may be contingent upon the submission of these items as documented in the award agreement.
- Answer (Question): What are deliverables?
Players

- **$200**: Statement: This individual has primary institutional responsibility for providing scientific/technical leadership and administrative and financial management of sponsored projects.
- **Answer (Question)** – Who is the Principal Investigator (PI)?
- **$400**: Statement: This individual randomly reviews grant transactions and can cite the University of Delaware for not complying with Federal closeout guidelines.
- **Answer (Question)**: Who is an auditor?
- **$600**: Statement: All grant payments received by departments at the University of Delaware should immediately be forwarded to this office.
- **Answer (Question)** – What is the Cashier’s Office?
- **$800**: Statement: This individual monitors and reconciles balances to ensure spending is within budget and to prevent over-expenditures.
- **Answer (Question)** – Who is the Department/Research Administrator?
Why does this matter?

- Can often raise serious questions with regard to internal fiduciary controls by auditors and sponsors
- Sponsors may question ‘burn rates’ and may affect awarding of future funds
- Issues with invoicing, particularly final invoices
Upcoming Attractions

What is coming (systems) to help facilitate this process?

- Electronic Closeout Checklist
- UData at a Glance
Recommendation

Monthly review of award activity along with consultation with PI is recommended to promote UD's established guidelines for responsible stewardship of funds.
“Advancement along the University’s Path to Prominence as one of the Nation’s leading research universities will require significant enhancement of our research competitiveness...significant improvement in our pursuit of external sources of research support...increasing financial resources...operational excellence...in all units on campus that serve the research enterprise.”

Excerpt taken from Research Strategic Initiative Plan 2009
For additional information:

• Cindy Panchisin, x8001, clp@udel.edu
• Dave Griffith, x4195, daveg@udel.edu
• Devora Frisby, x4554, dfrisby@udel.edu
• Jill Vamos, x8176, jmvamos@udel.edu
Questions?
THANKS!

Reminder: Materials will be posted on Research Office website and an electronic survey will be distributed to participants (due August 1). We appreciate your attendance today and your feedback.