FINANCIAL RESEARCH MYSTERIES REVEALED
JULY 27, 2010
Presentation Team

- Janet Ianni, Manager Sponsored Research Accounting
- Susan M. Tkachick, Closeout Administrator
- Susan M. Bledsoe, Closeout Administrator
Today’s Agenda

• Identify and understand purpose/project discrepancies
• Learn the differences between cash and revenue recognition, and why each is important/relevant
• Understand why and how transactions can be recorded to an award even after it has been closed and inactivated, and how to prevent them
• Find out what happens to an award during the archive process, and what are the department administrator’s responsibilities
• Discuss other financial “mysteries” that you’ve wondered about
Purpose/Project Discrepancies

• What is it?
• What does it mean?
  – Not cost share
  – Missing project causes missing F&A
  – Expense won’t get billed to sponsor
  – Happens infrequently
Purpose/Project Discrepancies

• How to Identify?
  – Queries, UDataGlance, Monthly Statement View
  – Included on the new Closeout Report
  – Difference between ledger total and project total
Purpose Code Summary

**Purpose: CHEM432181 (XYZ Research Study)**

<table>
<thead>
<tr>
<th>Project title:</th>
<th>XYZ Study</th>
<th>Award PI:</th>
<th>Doc, Mary</th>
<th><strong>Budget Total ($)</strong>: 122,492.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin date:</td>
<td>9/1/09</td>
<td>Award ID:</td>
<td>PO#123456</td>
<td>PTD Actuals</td>
</tr>
<tr>
<td>End date:</td>
<td>6/30/10</td>
<td>Project ID:</td>
<td>CHEM43218109000</td>
<td>121,212.95</td>
</tr>
<tr>
<td>F&amp;A Funded Rate:</td>
<td>53%</td>
<td>Project PI:</td>
<td>Doc, Mary</td>
<td>Available Balance ($) : 1,279.05</td>
</tr>
<tr>
<td>Percent spent:</td>
<td>98.96%</td>
<td>Sponsor:</td>
<td>XYZ Inc.</td>
<td>Available Balance + Obligations ($) : 1,279.05</td>
</tr>
<tr>
<td>Total Budgeted FTE:</td>
<td>1.000</td>
<td>Total FTE Budgeted Amount: 36,720.00</td>
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<td></td>
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</tbody>
</table>

**Action:**

Choose one

**Dates:** 2010 period 12

**Expenses and Transfers Out**

<table>
<thead>
<tr>
<th></th>
<th>PTD Budget ($)</th>
<th>Current Month Exp and Transfers Out ($)</th>
<th>Total PTD Exp and Transfers Out ($)</th>
<th>Obligations ($)</th>
<th>Percent Spent of PTD Budget including Obligations (%)</th>
<th>Remaining Budget ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFESSIONAL SALARIES</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td>FACULTY SALARIES</td>
<td>9,100.00</td>
<td>0.00</td>
<td>9,100.00</td>
<td>0.00</td>
<td>100.0%</td>
<td>0.00</td>
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<tr>
<td>GRADUATE STUDENT SALARIES</td>
<td>42,952.00</td>
<td>0.00</td>
<td>26,833.24</td>
<td>0.00</td>
<td>62.0%</td>
<td>16,118.76</td>
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<tr>
<td>EMPLOYEE BENEFIT EXPENSE</td>
<td>4,812.00</td>
<td>0.00</td>
<td>4,012.65</td>
<td>0.00</td>
<td>83.0%</td>
<td>799.35</td>
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<tr>
<td><strong>TOTAL PERSONNEL COSTS</strong></td>
<td><strong>56,864.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>39,945.89</strong></td>
<td><strong>0.00</strong></td>
<td><strong>70.0%</strong></td>
<td><strong>16,918.11</strong></td>
</tr>
<tr>
<td>TRAVEL</td>
<td>1,820.00</td>
<td>0.00</td>
<td>3,410.65</td>
<td>0.00</td>
<td>187.0%</td>
<td>-1,590.65</td>
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<td>SUPPLIES AND GENERAL</td>
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<td>-7,768.66</td>
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<td>6,722.96</td>
<td>0.00</td>
<td>0%</td>
<td>-6,722.96</td>
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<tr>
<td>CAPITAL OUTLAY</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
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<tr>
<td>OVERHEAD - F&amp;A RATE RECOVERY</td>
<td>42,432.00</td>
<td>0.00</td>
<td>41,988.79</td>
<td>0.00</td>
<td>99.0%</td>
<td>443.21</td>
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<tr>
<td><strong>TOTAL SUPPORT FUNDS</strong></td>
<td><strong>65,628.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>81,267.06</strong></td>
<td><strong>0.00</strong></td>
<td><strong>124.0%</strong></td>
<td><strong>15,639.06</strong></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES &amp; TRANSFERS</strong></td>
<td><strong>122,492.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>121,212.95</strong></td>
<td><strong>0.00</strong></td>
<td><strong>99.0%</strong></td>
<td><strong>1,279.05</strong></td>
</tr>
</tbody>
</table>
### Summary Balances by Account Category for selected periods

**Dates:** 2000 period 1 - 2010 period 12

#### Purpose:
XYZ Research Study (CHEM432181)

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Annual Budget ($)</th>
<th>Exp for Period(s) Requested ($)</th>
<th>Total to Date Exp ($)</th>
<th>Percent Budget (%)</th>
<th>Remaining Budget ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFESSIONAL SALARIES</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
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<tr>
<td>FACULTY SALARIES</td>
<td>0.00</td>
<td>9,100.00</td>
<td>24,916.58</td>
<td>0%</td>
<td>-24,916.58</td>
</tr>
<tr>
<td>GRADUATE STUDENT SALARIES</td>
<td>0.00</td>
<td>26,833.24</td>
<td>24,916.58</td>
<td>0%</td>
<td>-24,916.58</td>
</tr>
<tr>
<td>SALARIED STAFF &amp; HOURLY SALARY</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
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<tr>
<td>WAGES</td>
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<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
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<tr>
<td>TOTAL SALARY</td>
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<td>24,916.58</td>
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<td>-24,916.58</td>
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<tr>
<td>EMPLOYEE BENEFIT EXPENSE</td>
<td>0.00</td>
<td>4,012.65</td>
<td>3,935.98</td>
<td>0%</td>
<td>-3,935.98</td>
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<tr>
<td>TOTAL PERSONNEL COSTS</td>
<td>0.00</td>
<td>39,945.89</td>
<td>28,852.56</td>
<td>0%</td>
<td>-28,852.56</td>
</tr>
<tr>
<td>TRAVEL</td>
<td>0.00</td>
<td>3,410.65</td>
<td>3,410.65</td>
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<td>-3,410.65</td>
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<tr>
<td>SUPPLIES AND GENERAL</td>
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<td>29,794.66</td>
<td>29,921.46</td>
<td>0%</td>
<td>-6,627.86</td>
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<tr>
<td>OCCUPANCY &amp; MAINTENANCE</td>
<td>0.00</td>
<td>6,722.96</td>
<td>6,722.96</td>
<td>0%</td>
<td>-6,722.96</td>
</tr>
<tr>
<td>SUPPLIES &amp; EXPENSE</td>
<td>0.00</td>
<td>39,928.27</td>
<td>40,055.07</td>
<td>0%</td>
<td>-40,055.07</td>
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<tr>
<td>CAPITAL OUTLAY</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td>INFORMATION PROCESSING</td>
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<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
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<td>INTERDEPARTMENTAL CREDITS</td>
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<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
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<tr>
<td>OVERHEAD - F&amp;A RATE RECOVERY</td>
<td>0.00</td>
<td>41,988.79</td>
<td>34,618.70</td>
<td>0%</td>
<td>-34,618.70</td>
</tr>
<tr>
<td>OTHER EXPENSE</td>
<td>0.00</td>
<td>41,988.79</td>
<td>34,618.70</td>
<td>0%</td>
<td>-34,618.70</td>
</tr>
<tr>
<td>SUPPORT EXPENSEES (EXCL TRSFS)</td>
<td>0.00</td>
<td>81,917.06</td>
<td>74,673.77</td>
<td>0%</td>
<td>-74,673.77</td>
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<tr>
<td>TRANSFERS OUT</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL SUPPORT FUNDS</td>
<td>0.00</td>
<td>81,917.06</td>
<td>74,673.77</td>
<td>0%</td>
<td>-74,673.77</td>
</tr>
<tr>
<td>TOTAL EXPENSES &amp; TRANSFERS</td>
<td>0.00</td>
<td>121,862.95</td>
<td>103,526.33</td>
<td>0%</td>
<td>-103,526.33</td>
</tr>
</tbody>
</table>
Purpose/Project Discrepancies

Example from new Closeout Report

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Project</th>
<th>Total of mismatched transactions</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CHEM432181</td>
<td>$650.00</td>
<td>View details</td>
</tr>
</tbody>
</table>

Verify that all transactions have hit both the correct purpose and project. The total expenditures for each should be the same. (Double check any pro-card re-allocations made prior to March 2006.) Contact the Research Office to make corrections.
Purpose/Project Discrepancies

• Pair queries or Monthly Statement View

Use one tool that prompts on purpose, one that prompts on project, such as:

Statement View & GMQ_CLOSEOUT_REPORT_BAL

OR

GMQ_CLOSE_OUT_REPORT & GMQ_TRANSACTIONS_GL_DETAIL
Purpose/Project Discrepancies

• How to resolve?
  – Determine where transaction belongs
  – Research Office may need to process JV
  – Procurement may need to correct, please coordinate action with Research Office
Revenue Recognition

• What is it?

• What is Cash vs. Accrual basis?

• Why is Revenue not always equal to Cash?
What is Revenue Recognition?

• Accounting guideline requires that revenue be shown on the income statement in the period in which it is earned, not necessarily in the period when the cash is collected

• Two ways to recognize revenue
  Cash basis and Accrual basis
Cash Basis

• Revenue is recognized when cash is received
• Does not recognize promises to pay
• Does not recognize expectations to receive money in future i.e. accounts receivables
Accrual Basis

- Revenue is recognized when it is realized
- Earned regardless of when cash is received
- Matches revenue with expenses
Which Method Does UD Use?

• Revenue Beginning July 2004
  – Accrual basis - revenue equal to expenses
  – Cash and revenue tracked in two different places
  – Research community gained access to view what had been billed and received
Revenue vs. Cash

• May be different until all cash is received.
• Think of a checkbook:
  – Deposit a check into your bank account.
  – Write the deposit into your checkbook (recognizing the revenue)
  – Check clears five (5) days later (actual cash received)
Important Reminders

• A revenue recognition entry may include revenue based on expenditures in prior months
• Revenue is only recognized up to the award amount
• Revenue recognition follows the project not the purpose
Closed Award Transactions

How can transactions hit a closed purpose?

• What can be done to prevent this from happening?
Closed Award Transactions

• A purpose is considered to be closed when a (D) or (P) or (C) has been added to the beginning of the title
  – (D) means closed and completed with sponsor
  – (P) means closed and waiting for final payment
  – (C) is used on some multi-project awards as the individual purposes are closed
Closed Award Transactions

- Even though the closeout may be complete with the sponsor, we can be waiting for internal actions such as month-end fringe benefits and F&A

- New transactions which do not belong on the closed purpose can still hit
Top ten things to minimize or eliminate transactions after closeout:

• Update the LAM based on grant end date
• Close any open PO’s with Procurement
• Cancel continuing/standing orders
• Proofread for speedtype typos in JV’s
• Review JV’s carefully if you are an approver
• Exercise care when initiating cost transfers
• Review procard transactions, be sure you know which purpose was intended
• Remind PI’s, grad students and other grant personnel to stop initiating expenses on grants approaching or past the end date
• Educate non-grant staff about (D), (P) and (C)
• Monitor purposes after closeout for errors
Closed Award Transactions

To find transactions that have hit a closed purpose use this query:

UDQ_REF_PURPS_W_ACTIV_BY_ADM

(sort by title/description)
Closed Award Transactions

How can transactions hit an inactivated purpose?

• What can be done to prevent this from happening?
Closed Award Transactions

These conditions must be met:

• All financial reporting has been submitted
• All expected transactions have hit and the last month-end has closed
• All cash has been received
• A (D) is in the short title
• Revenue = Cash = Expenses
Closed Award Transactions

• As part of the inactivation process, Closeout Administrator sets all system flags as closed and inactive

• Closeout Administrator deletes the speedtype – This prevents some webform transactions such as JV’s from completing
Closed Award Transactions

Transactions can still hit an inactive purpose!

- See Top Ten list
- See query (UDQ_REF_PURPS_W_ACTIV_BY_ADM)
Archive Process

• RO reviews closed award, confirms that no new transactions have hit
• RO deletes speedtype, if not done previously
• RO sets the purpose to inactive status
• File is logged into RO database, assigned a target destruction date and sent to archives
Archive Process

• Destruction dates are based on sponsor rules, submission of reports, and/or closeout date

• Destruction dates can be anywhere from one to five years from the appropriate event

• Archived files are retrieved from Archives at the end of the fiscal year, based on the destruction target date
Archive Process

• Only the following documents are retained:
  – Proposal and Proposal Summary Sheet
  – Award and all amendments/modifications
  – Final closeout reports submitted to sponsor

• File is reviewed and backup is shredded

• The cleaned file is returned to Archives and becomes part of the University’s records
Archive Process

- RO sends memo to the department administrator indicating which purposes can be destroyed by the department
- Department contacts Archives, identifying which purposes are to be destroyed
Recommendation

Monthly review of award activity along with consultation with PI is recommended to promote UD's established guidelines for responsible stewardship of funds.
Upcoming Attractions

New tools coming to facilitate this process!
- Electronic Closeout Report
- UDataGlance
Questions
For additional information:

- Janet Ianni, x4282, jianni@udel.edu
- Susan M. Tkachick, x8578, tkachick@udel.edu
- Susan M. Bledsoe, x0446, sbledsoe@udel.edu
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.