Managing Accounts
Topics

- General Points
- Expenditure Approval
- Cost Transfers
- Distribution of Income and Expense
- Error Certifications
- Backstops
- SPS Analytics: Dashboard Reports
- UA Financials: Screens SPS most often uses to review account balances
General Points – Fiscal Responsibility

• The principal investigator/business manager is responsible for ensuring that all disbursements from the account are:
  - For the sole benefit and purpose of the account
  - Allowable per the terms of the award
  - Authorized in accordance with university policies, state and federal laws and regulations
  - Charged to the appropriate object code

• The principal investigator/business manager is responsible for ensuring that:
  - The account is reconciled on a timely basis, i.e., within 30 days of receiving the month-end report
  - Immediate action is taken to resolve any errors or discrepancies noted during report reconciliation and to follow up to ensure that errors are corrected
General Points - Expenditures

- **Reasonable**
  A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the numerous amounts involved therefore, reflect the action that a *prudent person* would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

- ** Allocable**
  A cost is allocable to a sponsored agreement if (1) it is incurred solely to *advance the work under the sponsored agreement*; (2) it benefits both the sponsored agreement and other work of the institution, *in proportions that can be approximated* through the use of reasonable methods.

- **Allowable**
  A cost is allowable if it meets the award’s terms and conditions.
General Points

• Understand the terms and regulations specific to different sponsors
• Common principles/rules oftentimes apply across multiple awards from same sponsor
• Your approval of an expense:
  – Confirms that you understand and acknowledge the regulations
  – Affirms that the cost meets all criteria for the project and according to university policy
General Points

What SPS looks for

- Think like an auditor
- Expense allowable as per project budget?
- Have similar expenses posted in the past?
- Is there room in the loaded budget?
- Does the expense fall within account/project dates?
- Red flag items
  - Alcohol
  - Business entertainment expense
Expenditure Approval

• Common documents we review and approve on sponsored accounts
  – Disbursement Vouchers
  – Purchase Orders
  – Requisitions
  – Procurement Card
Expenditure Approval: Disbursement Vouchers (DV)

• The Disbursement Voucher is used
  1. Reimburse employees and nonemployees for expenses incurred while conducting university business
  2. Pay vendors for performing a service, or providing material goods for the university.

• Common functions of DV SPS approves
  1. Operational advances
  2. Reimbursements for travel expenses or supplies (We make sure falls within project dates)
  3. Process refunds to sponsors at closeout.
Expenditure Approval: Purchase Orders

- The Purchase Order document serves two purposes.
  1. Externally it is a legal contract with a vendor to deliver goods or services.
  2. Internally it provides the mechanism to generate payments and receipt of goods from vendors.

- Purchase Order amendments
  1. Revise amounts according to final invoices
  2. Change in duration to subcontracts
  3. Change in duration and cost to subcontracts
Expenditure Approval: Requisitions

- Requisition uses
  1. Subcontracts on sponsored accounts - Initial Setup
     - First $25,000 is to object code 3350
     - Remaining goes to 3340 – Not subject to IDC
  2. Purchasing goods/services from external vendors
Expenditure Approval: Procurement Card

- The Procurement Card document is used for various purchase of goods and services.
- We approve for services, supplies (research, office, and educational), and travel airfare for grant accounts.
- Routed to SPS for approval if the account is expired.
Cost Transfers

• Properly charging labor and expenses to sponsored projects is critical.
• Transfers of costs to federal and subfederal sponsored projects correcting errors must be made promptly after the errors are discovered and within 30 days of posting to the account.
• Commonly used documents for cost transfers:
  1. General Error Correction
  2. Salary Expense Transfer
Cost Transfers: General Error Correction

- The General Error Correction document is used to correct inappropriate or erroneous accounting string data for General Ledger entries generated from other financial transactions.
- By consistently referring to the details of each original transaction being corrected, the GEC preserves and maintains the audit trail.
Cost Transfers: General Error Correction

• It is preferable to post expenditures to the correct account the first time but occasional mistakes do happen.

“Cost Transfers – They are not necessarily prohibited but they don’t look good. Shifts between programs make it look like you don’t know what you’re doing or you’re up to something. Those that occur close to the end of a project are particularly suspect.”

– Thomson Single Audit Information Services, Issue 254
Cost Transfers: General Error Correction (GEC)

- Common Sponsored Projects functions:
  - Change an object code on a transaction
  - Move incorrectly posted expenses on/off a sponsored account
  - Distribute expenses to appropriate accounts
  - If transferring prior year expenses and receive an error, you will need to process as a DI and follow specific instructions.
Cost Transfers: General Error Correction

• Review GEC e-Docs closely, especially for federal or sub-federal accounts
  – Sufficient amount of detail
  – Business purpose: needs to be provided somewhere in the document
  – Error Certification if required (additional detail later)
Cost Transfers: Salary Expense Transfer

- The Salary Expense Transfer document is used to **move salaries and benefit charges** for a given employee for a particular accounting period from one or more accounts to one or more other accounts.
- Various ways these are generated:
  - Department initiates
  - Spawned by an effort certification
Cost Transfers:
Salary Expense Transfer

• A single pay period up to an entire year can be transferred in a single SET
• Check for E-Verify
• Enough funding to cover or up-to-date backstop
• Expenses incurred within award dates
• Business Purpose listed
• Deficit Removal
Distribution of Income and Expense

• Generally: DI’s distribute income or expenses from one or more accounts to one or more other appropriate accounts
• Mostly a central admin. tool
• Other Uses you may see
  – Object code changes
  – Cash Management – Unbilled payments
  – Settlement of Operational Advances
  – Processed as a GEC according to specific guidelines
• DO NOT use to distribute salary, wages, or benefits expenses
Error Certification

• Federal regulations require that late cost transfers be documented by a "Correction of Error Certification," which certifies that the expenditures were incurred for the goals, objectives, and benefit of the account to which the costs are being transferred.

• Required on SETs and GECs.

• BETTER information, not necessarily more information. Will it satisfy an auditor?
Error Certification: Guidelines

• Federal accounts: 30+ days or older transactions
• All other accounts: 90+ days or older transactions
• Four required responses:
  – Describe in detail the expenditures that are being transferred.
  – How did this expenditure benefit the project?
  – How the error occurred?
  – Why is the error correction late?
Error Certification:
Describe in detail the expenditures that are being transferred.

• Good
  – Travel reimb. For expert scientist Dr. Handsome Dan of Yale Univ. to attend iCats (HIP) meeting – held in Tucson 1/28-2/1/13
  – T-Shirts for Native American students participating in the Water Quality Project

• Bad
  – Travel
  – Shirts
**Error Certification:**

How did this expenditure benefit the project?

- **Good**
  - iCat engaged the assistance of a scientist considered an expert in his respective field.
  - Native American students participating in the Water Quality Project were provided with t-shirts to be worn during their presentations to professors in the college, Navajo Nation officials, and families.

- **Bad**
  - Travel is in the budget
  - Given to participants
Error Certification:
How the error occurred?

• Good
  – Although Yale Univ. has been an iCat subcontractor for years in the past, iCat no longer considers Yale to be a close collaborator. Hence, the need to reclassify this travel reimbursement as outside participant support.
  – Grant funding was to be begin in July 2012. Grant funds were awarded in December 2012. Expense was incurred during October 2012 before account was established.

• Bad
  – Wrong object code
  – Expense posted to wrong account
Error Certification:
Why is the error correction late?

• Good
  – Although the related iCats meeting took place in Feb ‘13, Payee’s travel receipts were received & submitted less than a month ago.
  – Grant account was set up in December 12 after the student presentations occurred.

• Bad
  – Just got around to submitting the reimbursement
  – It’s been more than 30 days
Back Stops

• A Principal Investigator (PI), department or college uses an advance account or backstop to start or continue work on a project when the sponsor has not issued a new award or modification/extension to an existing award.

• **University does not condone place holding or deficit spending**

• **Backstops**
  – Guarantee of funding based on a discretionary account (cannot be in deficit)
  – Must be signed by authorized signer for both accounts
  – Cannot be greater then pending funding on PRS in UAccess Research
  – Cannot be used to defer resolving a deficit account
  – Limited to 90 day periods. Anything beyond 90 days must have verification from sponsor and approval of assist. Director of SPS and Department Head.

• [http://rgw.arizona.edu/administration/managing-projects/backstopping](http://rgw.arizona.edu/administration/managing-projects/backstopping)
SPS Analytics: Dashboard Reports

Analytics > Financials > General – Sponsored Projects
• Go to far right arrows up by tabs to display more..
SPS Analytics: Dashboard Reports
(Continued)

UAF Financials Reports tab: This dashboard is used by SPS for invoicing and reporting. This can be used across campus as a reconciliation tool for Sponsored Accounts.

• The left side runs by a single account number.
  - This is where SPS obtains figures for invoices and reports for an individual account, including cost share.
  - These are standard reports SPS uses to send as back-up for invoicing. Depending upon sponsor requirements more or less detail is sent.
  - These reports are also used by SPS in preparation of financial reports, although sponsors do not usually require that back-up be sent with the report.
Managing Accounts

Invoicing and Reporting Documentation
- Enter KFS Account, Fiscal Year, and Fiscal Period
- Subaccount is optional and will limit the report to a single subaccount
- Click Go
- Click on one of the listed, a separate window will open

Fiscal Period: 01 = Jul, 02 = Aug, 03 = Sep, etc.

Expenditures by KFS account, excludes cost share subaccounts

Expenditures by KFS account and subaccount, excludes cost share subaccounts

Expenditures by KFS account and cost share subaccount, includes cost share activity only

* - The symbol identifies a field that is mandatory as a prompt when running reports on that page.
* - The symbol identifies fields that have a default value populated when you first open the dashboard; you may change or remove these default values as needed.
* - Populated fields without this symbol may have been carried over from a previous page on the same dashboard.
SPS Analytics: Dashboard Reports (Continued)

- The right side runs by income stream account number.
  - These reports (except for SPS GL Reconciliation by Income Stream) are used for the same purpose as the left side, but are more efficient for accounts with one Income Stream and multiple siblings.

- **SPS GL Reconciliation by Income Stream (Fund Balance)**
  - This is a Bottom Line summary report SPS uses for preparation and reconciliation of financial reports and invoices. It is used even when there are not multiple sibling accounts (unlike the other reports on the right side of the dashboard).
Managing Accounts

UAccess Analytics

Expenditures by KFS account, excludes cost share sub accounts
- Summary by Category - Account
- Summary by Object Code - Account
- Transaction Details - Account
- Payroll Expenditure Listing - Account

Expenditures by KFS account and subaccount, excludes cost share subaccounts
- Summary by Object Code - Account with P/Y Sub
- Transaction Details - Account with P/Y Sub
- Payroll Expenditure Listing - Account with P/Y Sub

Expenditures by KFS account and cost share subaccount, includes cost share activity only
- Summary by Object Code - Cost Share Subaccount
- Transaction Details - Cost Share Subaccount
- Payroll Expenditure Listing - Cost Share Subaccount

SPS GL Reconciliation by Income Stream (Fund Balance)

- Income Stream Account
- Sub Account
- Fiscal Year: 2016, Fiscal Period: 01
- Account Number

SPS GL Summary by Income Stream Account

Expenditures by KFS income stream account, excludes cost share subaccounts
- Summary by Category - Income Stream Account
- Summary by Object Code - Income Stream Account
- Transaction Details - Income Stream Account
- Payroll Expenditure Listing - Income Stream Account

Expenditures by KFS income stream account and subaccount, excludes cost share subaccounts
- Summary by Category - Income Stream Account and Subaccount

Expenditures by KFS income stream account and cost share subaccount, includes cost share activity only
- Summary by Category - Income Stream Costshare Subaccounts

Note: This symbol identifies a field that is mandatory as a prompt when running reports on that page. This symbol identifies fields that have a default value populated when you first open the dashboard; you may change or remove these default values as needed.
UA Financials: Screens SPS most often uses to review account balances

• SPS uses Financials, not Analytics, to check account balances when reviewing and approving financial documents.
• Located on the main menu in financials under account balances.
• For budget style accounts (3xxxxxx, 4xxxxxx) – UAF Balances by Consolidation (lists budget and balances)
• Ignore Income Amounts and Net Revenue.
  – Use variance amount on far right for Total Expense line (budget – actual-encumbrance) to see what is available (not spent or encumbered).
## Managing Accounts

### Table of Accounts

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<tr>
<th>Fiscal Year</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Reporting Sort Code</th>
<th>Consolidation Code</th>
<th>Lookup By Level</th>
<th>Budget Amount</th>
<th>Actuals Amount</th>
<th>Encumbrance Amount</th>
<th>Variance</th>
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<td>(26,434.24)</td>
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### Totals

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<th>Type</th>
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<th>Actuals Amount</th>
<th>Encumbrance Amount</th>
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<tr>
<td>Income From Transfers</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Total Income</td>
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**Net Revenues**: (20,214.62)
Managing Accounts

UA Financials: Screens SPS most often uses to review account balances

- For Cash style accounts (indirect and gift accounts) use UAF Cash Balance Lookup report.
  - Use Cash Expenditure Authority – This is the balance currently available for spending and does account for encumbrances.
  - Balances by Consolidation is not accurate for these accounts because the prior fiscal year carryforward is not reflected anywhere.
Cash Balance Lookup

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• Questions?
Contact Information

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