SPONSORED PROJECTS INVOICING AND REPORTING

Transcript of the Online Course

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This transcript is current as of 1-30-14.

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Course Overview

ABOUT
This course is the online portion of Sponsored Projects Invoicing and Reporting training. The course focuses on critical department actions, best practices, and coordination with Sponsored Financial Reporting (SFR) to support timely and accurate invoicing of and reporting to award sponsors.

AUDIENCE
It is intended for departmental research administrators (DRAs), departmental accountants, and principal investigators (PIs) and is based on a general knowledge of sponsored projects, research compliance, and the Chart of Accounts.

PREREQUISITES
Courses covering the prerequisite concepts are Sponsored Projects Overview and Research Compliance. The Chart of Accounts course is highly recommended. The Sponsored Projects Closeout course will complement the procedures you will learn about in this course.

TIME
This course will take approximately 45 minutes. A one-hour lab session which will discuss specific examples is a required part of the training.

TRANSCRIPT
Download printable course transcript (PDF)
Upon completion of both the online and the lab portions of this blended course, you should be able to:

- Apply an understanding of sponsored invoicing and reporting terms to the scheduling and completion of required departmental tasks.
- Determine sponsor due dates and terms and conditions by referring to the NOGA Report.
- Use the expense worksheet from the Sponsored Financial Reporting accountant as a tool to verify award expenses.
- Follow a summary list of best practices to support timely and accurate invoicing and reporting.
Notice of Grant Award (NOGA)

Departments will rely on award information provided in the NOGA in order to help plan and complete required tasks which support the timely and appropriate invoicing of or reporting to the sponsor by Sponsored Financial Reporting (SFR).

As soon as an award is granted and throughout the life cycle of an award, the department should refer to the Notice of Grant Award report (NOGA). This report is provided by the Grant Administrator by running the report at Sponsored Projects Administration (SPA), and may also be obtained through the Grants module in the financial system. It is the document that provides terms and conditions of the awards and related details needed to manage and monitor sponsored projects. The following NOGA example highlights the types of information you will focus on and how you may use those details for your department’s award.
Click the red dots to explore the format and location of key pieces of award information.

Take time to review each of the areas.
Notice of Grant Award (NOGA)

Area highlighted: Basic Award Information
Notice of Grant Award (NOGA)

Area highlighted: Project Period
Notice of Grant Award (NOGA)

Area highlighted: Budget Periods
Notice of Grant Award (NOGA)

<table>
<thead>
<tr>
<th>Period</th>
<th>Cost Sharing Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0.00</td>
</tr>
<tr>
<td>2</td>
<td>$0.00</td>
</tr>
<tr>
<td>3</td>
<td>$0.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Area highlighted: Cost Sharing Information
Notice of Grant Award (NOGA)

Area highlighted: When Funds Revert
Notice of Grant Award (NOGA)

Area highlighted: Reporting
Notice of Grant Award (NOGA)

Area highlighted: Spending Restrictions
Notice of Grant Award (NOGA)

Area highlighted: Spending Restrictions
**Notice of Grant Award (NOGA)**

Areas highlighted:
- Non-Financial Reporting
- Invoicing/Billing
- Financial Reporting
Department Tools and Resources

In order to perform the necessary tasks, departments will rely on the following in order to gather needed information:

- NOGA
- SFR spreadsheet
- EFS Inquiries and UM Reports

SPETRUM Sponsored Invoice Reporting
Overview of Department Responsibilities

The department will use information provided in the NOGA in order to:

- Follow budget or spending restrictions.
- Plan and complete transactions according to University policy and within sponsor timelines.
- Communicate and verify information with the SFR accountant in order to meet sponsor deadlines.

Next we will focus on invoicing and reporting terminology and the roles of both the departmental accountant and the SFR accountant.
The University of Minnesota receives awarded sponsored payments at pre-determined time intervals through invoicing procedures which are handled by SFR. All sponsored projects will require invoicing whether it be a single invoice or recurrent schedule of invoicing. The Financial System has two types of invoicing: amount based and rate based.

**Amount Based**
Sponsor is invoiced on the award’s pre-determined lump sum

**Rate Based**
Sponsor is invoiced for actual expenses incurred
Amount Based Invoicing

Amount Based awards may be either Cost Reimbursable or Fixed Price.

**Amount Based:** Sponsor is invoiced on the award’s pre-determined lump sum

- **Cost Reimbursable** - For an Amount based, Cost Reimbursable award, the University receives predetermined lump sum amount from the sponsor at the beginning of the award or on a predetermined schedule. **Amount Based, Cost Reimbursable awards** - The University (SFR) submits financial reports on those grants to show how funding was spent. Any unspent funds revert to the sponsor. Funds revert at final budget end or project end. Example sponsors: Department of Defense, MN Medical Foundation, American Heart Association, American Cancer Society, Hennepin County.

- **Fixed Price** - In a Fixed Price award, the funds will be invoiced and received based on predetermined lump sum amounts. **Amount Based, Fixed Price Awards** - The award amount remains constant even if actual costs for the project are below or above the award amount. Any unspent funds do not revert to the sponsor. It will be transferred to the department’s non-sponsored program. Additionally, overdrafts must also be transferred to a non-sponsored program. Example sponsors: Pharmaceutical companies - Clinical Trial type awards.
Rate Based Cost Reimbursable Awards

Rate Based awards are always Cost Reimbursable. Rate based is the pricing method which means, each billing period, SFR prepares an invoice for expenses incurred, that have posted to the U of M general ledger (GL).

Rate Based - Sponsor is invoiced for actual expenses incurred.
Cost Reimbursable - The University will receive payments from the sponsor that equal the total allowable expenses on the sponsored project.
Cost reimbursable awards funds revert to the sponsor either at budget period ending, project period ending, or at termination as indicated in the contract agreement.
What type of the award is this?

“The University was awarded $100,000 by a sponsor. The University invoiced for $95,000 through the conclusion of the project, the unspent amount of $5,000 reverts to the sponsor”.

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- Amount Based, Cost Reimbursable Award
- Amount Based, Fixed Price Award
- Rate Based, Cost Reimbursable Award
Correct!

Rate Based, Cost Reimbusable Award

The University receives the funds equaling the amount spent on the project up to the award amount for rate based, cost reimbursable awards. In this example, an award was issued for $100,000, and the University spent and invoiced for $95,000 through the conclusion of the project, the unspent amount of $5,000 reverted to the sponsor.

Rate Based Award of $100,000 Invoicing based on incurred expenses > University keeps $95,000 in funds to total expenses within the award amount > $5,000 in remaining funds revert to sponsor

Examples of rate based cost reimbursable awards include subcontracts, various State agencies such as MN Dept of Agriculture, MN Soybean Association, MN Corn Council, MN Dept of Human Services, MN Pollution Control, and some businesses, Industry, and local government.
What type of the award is described in the above example?

- Amount Based, Cost Reimbursable Award
- Amount Based, Fixed Price Award
- Rate Based, Cost Reimbursable Award
Amount Based, Fixed Price Award

Amount Based Award of $100,000 Invoicing based on an amount per task or milestone > University keeps the full award amount

- Department communicates to SFR what to bill the sponsor
- Department or lab sends a technical or progress report to the sponsor

Q: What if the task, test, or milestone has not been achieved?
A: If the task or milestone is not completed, the University is not entitled to bill the sponsor for it.
Letter of Credit Draw

Some non-DHHS (Department of Health and Human Sciences) and non-NSF (National Science Foundation) sponsors are associated with a letter of credit draw process which does not include an invoice being sent to the sponsor. Interim letter of credit invoices are generated monthly by an automated process and a draw is requested for the funds. Final reconciliation is completed by SFR accountant working with the academic department accountant to ensure all allowable expenses are included on the final draw.
Letter of Credit Draw

SFR uses an online system and draw the funds. The financial system records an invoice date that represents the draw, but there is no physical evidence created or sent to the department or sponsor.
Weekly Automatic Letter of Credit Draw

A weekly draw process, which is primarily automated, is used specifically to obtain sponsor funds for awards which are sponsored by Department of Health and Human Services (DHHS) and National Science Foundation (NSF.)

- **Q:** How is the amount to draw determined?
- **A:** A weekly draw amount from these two sponsors is based on expenses that have posted to the General Ledger.

- **Q:** Does the departmental accountant or the SFR accountant have any direct role in the draw process?
- **A:** The departmental accountant needs to continue to expense items correctly. No documents are exchanged with SFR regarding the draw.

- **Q:** At what point will expenses allowability and allocability be evaluated?
- **A:** Expenses are evaluated for allowability and allocability at the time that final reports are due.
Some sponsors require financial reporting on their grants to show how their funding was spent. There are two types of financial reports: interim reports and final reports.

If the sponsor has indicated that financial reports are required, but has not provided a report format to be used, SFR will use a standard UMN cumulative report.
Interim Reporting Overview

Departments must verify all expenses to be sure that project expenses are allowable, allocable, and in accordance with policy and the agreement.

For an interim report or invoice, SFR does not consult the academic department for approval of expenses to be included.

It is also the department’s responsibility to ensure that any required deliverables have been submitted to the sponsor by the due date so that SFR can submit the report to the sponsor as required.

Department Tasks
- Verify expenses continuously.
- Submit required deliverables to sponsor.
- Inform SFR of submissions to sponsor.
Interim Reports

An interim report is created during the project period and could be scheduled for a monthly, quarterly, semi-annual, or annual due date. Interim reports are generally due within 30 days.

This report shows Previously Reported, Current Expenses, and Cumulative Total broken out by expense categories. It includes all expenses that posted to the University General Ledger through the end date of the reporting period.

Typical schedules for reporting and invoicing during an award lifecycle are:

- Monthly invoicing and annual reporting
- Quarterly invoicing and reporting at termination
- One-time invoicing and annual reports
Final Reporting Overview

Final reports are those which have due dates either at the end of a budget period (if funds revert annually), or at the end of a project period. Depending on the sponsor, final reports could be due in 30-90 days.

The SFR accountant analyzes expenses for final reports. SFR compiles the current reportable transactions into a spreadsheet and splits them between budget period expenses and late expenses. Late expenses are those that have posted to the General Ledger after the end date of the reporting period. The academic department’s role is to ensure that all allowable charges have been included.

Department Tasks
  • Ensure expenses compiled on the SFR spreadsheet are allowable.
The SFR Transaction Spreadsheet

When approaching the due date for a final report or final invoice, departments will receive and verify the transaction detail spreadsheet from SFR.

The spreadsheet will list included expenses for the final invoice or final report. A list of expenses not included is also displayed in the spreadsheet. Along with the amounts are accounting dates and transaction dates.

Transactions with an accounting date after the end date of an award can be allowable expenses but require further justification.

The SFR accountant analyzes any late charges for inclusion on the report; SFR determines allowability based on transaction date, description, HSA dates, and receipts.

Department Tasks

- Ensure expenses compiled on the SFR spreadsheet are allowable.
- Verify transactions on SFR spreadsheet and give written approval in reply email to SFR.
When verifying a worksheet from SFR the following information is important to remember regarding transaction dates and accounting dates:

- Transaction dates typically represent the date an item was ordered or paid, with exceptions depending on what type of expense it is. It depends upon how the transaction is entered in the financial system. The transaction date can be the actual date of the transaction.
- SFR relies on accounting dates for transaction review. Only those transactions that fall within the reporting or invoicing period will be included. Typically an accounting date represents the date a transaction posts to the general ledger; the accounting date does not represent the actual date that the transaction occurred.

In the case of final invoices or reports, SFR analyzes any late charges for transaction dates or other information that may identify the transaction as belonging to the period being reported or invoiced.
In addition to verifying expenses, departments must monitor overall spending by categories or accounts in case rebudgeting is needed.

Answers to the following questions are contained in the Terms and Conditions of the NOGA:
  • Does the sponsor allow deviations from the approved budget?
  • At what point does the sponsor require submission of a rebudget request?

Departments must be sure to communicate with SFR when a rebudget request is made or exceptions to restrictions are granted.

Department Tasks

  • Monitor project budget and budget restrictions.
  • Communicate to SFR any rebudgeting requests or exceptions.
Timely Posting of Journal Entries (JE) and Historical Salary Adjustments (HSA)

Invoices or reports prepared by SFR may include Journal Entries (JEs) and Historical Salary Adjustments (HSAs).

Departments must be aware of the processing timeline when preparing such transactions and allow for sufficient time for transactions to post to the General Ledger.

For example, if a JE is prepared and approved on Wednesday, the transaction will not be available to include on the invoice or report until Friday.

Department Tasks

- Timely, thorough JE and HSA preparation.
JE and HSA Considerations

Departments should do the following to help ensure transactions being reported or invoiced to the sponsor are accurate:

1. Be timely with preparation of JEs and HSAs to ensure they will be posted and available for SFR to include on the invoice or report by the sponsor's deadline.
2. Communicate with the SFR accountant with any related questions especially when processing JEs or HSAs close to an upcoming report or invoice deadline.
3. Fully justify and document JEs and HSAs.
4. Maintain backup documentation per the University’s record retention policy; this is information that SFR may require and request, especially when analyzing late charges.
Award Closeout Procedures for Departments

Throughout the award phase the NOGA Terms and Conditions are followed and are used to guide necessary procedures. Additional procedures are required at the end of a project’s lifecycle, known as Closeout. Below is the Task list or Closeout Checklist which departments must follow. These items are covered in detail in the Sponsored Project Closeout course.

<table>
<thead>
<tr>
<th>Task</th>
<th>Action Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Distribution Changes</td>
<td>• Request the department payroll preparer to complete a Distribution Correction for all personnel being paid by project.</td>
</tr>
<tr>
<td>Release Encumbrances</td>
<td>• Request Grant Administrator at SPA to close subcontract encumbrances.</td>
</tr>
<tr>
<td></td>
<td>• Request Procurement Specialist to close all other encumbrances including open purchase orders.</td>
</tr>
<tr>
<td>Remove Overdrafts and any Unallowable Expenses</td>
<td>• Process a journal entry and/or process an HSA to remove payroll.</td>
</tr>
<tr>
<td>Fund Cost Share ChartField strings</td>
<td>• Process a journal entry.</td>
</tr>
<tr>
<td>Fixed Price Transfer</td>
<td>• Refer to Form UM 1767 and procedure <a href="http://www.policy.umn.edu/Policies/Research/CLINICALTRIALS_PROC01.html">www.policy.umn.edu/Policies/Research/CLINICALTRIALS_PROC01.html</a></td>
</tr>
<tr>
<td>Facilities and Administrative (F&amp;A)</td>
<td>• Process a journal entry at the RRC level.</td>
</tr>
</tbody>
</table>
Timely Verification and Communication

Departments must plan to reply to SFR requests or relay critical questions and information to the SFR accountant well before sponsor’s deadline. Being timely provides adequate opportunity for the SFR accountant to work with the information to complete an invoice or report.

While departments can expect to receive standardized spreadsheets of expenses/transactions, and standardized email notifications as tools from SFR, departments should anticipate and proactively prepare for any due dates.

Department Tasks
• Communicate replies and questions to SFR in a timely manner.
Submission of Reports and Invoices

SFR submits financial reports and invoices to sponsoring agencies in several ways, depending on the sponsor:

Mail

- Reports and invoices may be sent as a hard copy through US mail

Email

- Reports and invoices may be transmitted via email as an attachment.

Sponsor-specific System / Online Portal

- Upload through a sponsor-specific system or submission via an online portal is yet another method of sending reports and invoices to a sponsor.
- Example sponsors with online submission systems include the American Heart Association, Komen for a Cure, Juvenile Diabetes Research Foundation, Howard Hughes Medical Institute.
- Various Federal sponsor systems also exist for processing a draw electronically.
Summary of Best Practices

Best Practices that support the timely and accurate reporting to and invoicing of sponsors can be summarized as follow. Department DRAs and accountants should:

- Be knowledgeable of the award NOGA Terms and Conditions, including milestones.
- Monitor expenses and document thoroughly.
- Remove any inappropriate or uncollectible costs in a timely manner.
- Monitor award budget
- Inform SFR when deliverables have been submitted to a sponsor where invoicing or reporting is contingent on the deliverable.
- Prepare any JEs and HSAs within policy timelines and prior to final report or invoice due date, whichever is less.
- Verify SFR spreadsheets, communicate questions, and provide written approval to SFR.
- Not remove any allowable expenses that have been approved, invoiced or reported without prior discussion with the SFR accountant.
- Not add any expenses after a final invoice or report has been submitted.
- Communicate to SFR any restriction approvals from sponsor, including requests for rebudgeting.
- Track any cost share obligations.
- Plan ahead for needed action to meet sponsor due dates.
- Prepare for and follow closeout procedures.
- Seek assistance from appropriate local and central resources as needed.
Lab Session Component and Resources

This completes the online portion of Sponsored Projects Invoicing and Reporting.
Be sure to register in ULearn for the lab session which is a required part of this course.

Resources:
Refer to these resources for information related to this course:

- Sponsored Projects Administration (SPA) www.ospa.umn.edu
- UM Reports www.umreports.umn.edu
- UWide Policy Library www.policy.umn.edu
- Training Services www.umn.edu/ohr/trainingservices/
- Sponsored Project Closeout Checklist
- Download printable course transcript (PDF)

Lab Session Component

The lab session you will register for in ULearn will cover the following

- Examples of award types
- Reading the SFR transaction spreadsheet
- Example Communication from SFR
- Question and Answer