

Welcome

Grants & Contracts *PeopleSoft Financials* *Q & A Session*

Presented by:

The Office of Research & Sponsored Programs

with

The Office of Business & Budget Services

Overview

- Introduction
- Office of Business & Budget Services (OBBS)
 - Budgets
 - Transfers
 - Actuals
 - Cost sharing of salaries
 - Timing of cost share transactions
- Office of Research & Sponsored Programs (ORSP)
 - Cost transfers
 - Charging of salaries & wages
 - GL Statement and How to read it
 - Determining a project balance
- Open for Questions

A look at MaineStreet

<http://www.umaine.edu/mainestreet/>

--- **MAINE STREET 101** ---

Click Here to Log In

Cost Transfers – How To

- You may download cost transfer forms from ORSP's website. On ORSP's homepage, click the Forms and Downloads link. Then click on the Project Adjustment Request Form link.
- Once opened, notice the four tabs located in the bottom and select which form you need.
- These ORSP forms should only be used for adjustments for grants and contracts.
- The form should not be used for adjustments where 540xxxx projects are not involved. Our office processes only Grants & Contract project related adjustments.
- The Cost Adjustment form is used to adjust a non-payroll type expense. Fill in the information for the entry. Up to seven entries can be put on the form.
- The Labor Distribution Adjustment form is used to re-distribute a payroll expense. Enter all the appropriate chartfields, including the 10-digit Accounting ID that maps the expense to the appropriate line in your project.

Cost Transfers – How to: Project Adjustment Request form

Item Number		Original Journal Posting Date	Original Amount	Amount	PeopleSoft Chartfields					
					DeptID	Account	Class	Fund	Program	Project
1					DB					
1					CR					
2					DB					
2					CR					
3					DB					
3					CR					
4					DB					
4					CR					
5					DB					
5					CR					
6					DB					
6					CR					
7					DB					
7					CR					
<p>Detailed reason for adjustment - cryptic or generic explanations WILL NOT be approved (Refer to Item Numbers when explaining particular line-items.)</p>										
Signature of Preparer ⁺				Date	Phone #	Mailing Address				
<p>Please forward to Research and Sponsored Programs, 424 Corbett Hall, for signature/approval.</p>										
<p>Instructions \ Cost Adjustment LDA / Adjustment Certification /</p>										

ORSP

Cost Transfers – How to: Project Adjustment Request form

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University of Maine		Labor Distribution Adjustments to Grants / Contracts								Date: June 15, 2009		
ORSP		involving PS project numbers 540xxxx										
Employee Name (Last, First MI)	EmplID	PeopleSoft Chartfields (as applicable)							Amount	Pay End Date		
		Accounting ID	Dept	Fund	Account	Program	Project	m		d	yyyy	
		DB								/	/	
		CR								/	/	
		DB								/	/	
		CR								/	/	
		DB								/	/	
		CR								/	/	
		DB								/	/	
		CR								/	/	
		DB								/	/	
		CR								/	/	
		DB								/	/	
		CR								/	/	
		DB								/	/	
		CR								/	/	
Detailed Explanation * See Instructions									TOTAL:	\$0.00		
Originated By: (Signature)⁺		Printed Name			Phone	ORSP Authorization		Date				
<p>Please forward to Research and Sponsored Programs, 424 Corbett Hall, for signature/approval. + LDAs submitted more than 30 days from the month-end of the original charge must be signed by the department chair or unit director. Note: LDAs submitted more than 60 days from the date of the original payroll must be accompanied by an Adjustment Certification form.</p>												
rev. 12/18/2008												
<p>Instructions / Cost Adjustment / LDA / Adjustment Certification /</p>												

Cost Transfers – How To continued

- Enter the Pay End Date as shown GL Inquiry by drilling down to the Payroll Journal Detail page. Do not enter the Journal Posting date. It is not needed. A printout of the Payroll Journal Detail page should be attached to the LDA.
- A detailed explanation should be provided as to why the adjustment is being requested. When the adjustment is related to an oversight issue, steps should be taken to avoid this in the future.
- Explanations like to “Correct Account” or to “Charge Project” are not acceptable.
- The explanation should state what happened to the original posting and why it is being corrected.

Cost Transfers (continued)

- COST TRANSFERS SHOULD NEVER BE USED TO TRANSFER CHARGES INTO A PROJECT FOR THE PURPOSES OF “SPENDING DOWN AN ACCOUNT”
- It’s not only against the law, it is a red flag to auditors!



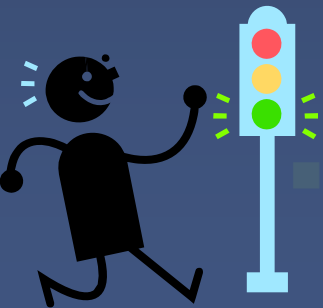
★ Recently, Yale agreed to pay \$7.6 million to settle a grant investigation in which questionable cost transfers were involved: <http://www.yaledailynews.com/articles/printarticle/26951> ★

Charging of Salaries & Wages

The Right Way

- Salaries & wages should be charged directly to a project (to the appropriate fund code)
- An Earning Distribution Form should be processed, through Human Resources, that reflects an accurate distribution of an employee's time & effort before the work is done.
- If at the end of a payroll cycle it is determined that an employee's actual time spent on a project differs from the payroll distribution record, a Labor Distribution Adjustment (LDA) should be processed to adjust the discrepancy.
- The Earning Distribution Form should then be reviewed, and if needed, updated, so that another LDA won't have to be done later on.

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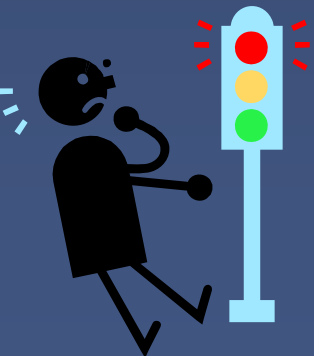


Charging of Salaries & Wages

An Example of “The Wrong Way”

- Here is an example of a project where all salary charges posted to a project were posted by way of LDA and not by way of normal payroll charges.
- The sponsor had requested monthly invoicing, and when invoices were sent showing no salaries, they questioned it. The invoice conflicted with the technical progress report that the researcher submitted.
- LDAs were eventually processed to charge the project for work done, but too much was transferred for July, August & September and another round of LDAs had to be processed in October. The automatically generated September invoice then had to be edited to remove the excess salary, benefits and indirects before it could be mailed out.

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Charging of Salaries & Wages

An Example of “The Wrong Way” (continued)

▼ Revenues/Expenses								
Account	Class	Base Budget	Current Budget	Current Month	Year to Date	Project to Date	Encumbrance	Budget Variance
BEGINNING OF YEAR BALANCE								
32002	Net Assets Restr Research				2,645.10			
Total non-faculty salaries to date (FY09- March)								
CURRENT YEAR ACTIVITY								
43740	Grants - Corporate/Business	0.00	<u>-27,003.00</u>	0.00	-10,057.07	-10,057.07	0.00	-16,945.93
Total Revenue		0.00	-27,003.00	0.00	-10,057.07	-10,057.07	0.00	-16,945.93
50000	Faculty Salaries	0.00	<u>8,153.00</u>	0.00	<u>0.00</u>	0.00	0.00	8,153.00
51000	Non-Faculty Salaries	0.00	<u>4,241.00</u>	<u>1,887.30</u>	<u>5,394.84</u>	6,128.14	0.00	-1,887.14
Total Salaries & Wages		0.00	12,394.00	1,887.30	5,394.84	6,128.14	0.00	6,265.86
54800	Employee Benefits Distribution	0.00	<u>5,059.00</u>	<u>798.33</u>	<u>2,282.02</u>	<u>2,577.54</u>	0.00	2,481.46
Total Compensation		0.00	17,453.00	2,685.63	7,676.86	8,705.68	0.00	8,747.32
61500	Out of State Travel	0.00	<u>1,084.00</u>	0.00	0.00	1,117.30	0.00	-33.30
Total Supplies & Services		0.00	1,084.00	0.00	0.00	1,117.30	0.00	-33.30
Total Expenses and Transfers		0.00	18,537.00	2,685.63	7,676.86	9,822.98	0.00	8,714.02
65700	F&A Facilities and Admin Costs	0.00	<u>8,466.00</u>	<u>1,302.53</u>	<u>3,723.27</u>	<u>4,222.25</u>	0.00	4,243.75
Total Facilities & Admin Costs		0.00	8,466.00	1,302.53	3,723.27	4,222.25	0.00	4,243.75
Total Net Expenses		0.00	27,003.00	3,988.16	11,400.13	14,045.23	0.00	12,957.77
Total Net Revenue and Expenses		0.00	0.00	3,988.16	1,343.06	3,988.16	0.00	-3,988.16

Charging of Salaries & Wages

An Example of "The Wrong Way" (continued)

Journal Entries									
Account	Class	Journal Date	Date Posted	Journal Line Description	Amount	Source	Journal Line Reference	Journal ID	Seq
51000		05/21/2008	05/22/2008	<u>Payroll Entry - Retro</u>	733.30	PAY		PAYRTR9704	
					733.30				
Journal Entries									
Account	Class	Journal Date	Date Posted	Journal Line Description	Amount	Source	Journal Line Reference	Journal ID	Seq
51000		09/08/2008	09/09/2008	<u>Payroll Entry - Retro</u>	4,179.73	PAY		PAYRTR2241	
					4,179.73				
Journal Entries									
Account	Class	Journal Date	Date Posted	Journal Line Description	Amount	Source	Journal Line Reference	Journal ID	Seq
51000		10/21/2008	10/22/2008	<u>Payroll Entry - Retro</u>	783.22	PAY		PAYRTR7309	
51000		10/29/2008	10/30/2008	<u>Payroll Entry - Retro</u>	-2,614.35	PAY		PAYRTR9385	
51000		10/30/2008	10/31/2008	<u>Payroll Entry - Retro</u>	1,158.94	PAY		PAYRTR9386	
					-672.19				
Journal Entries									
Account	Class	Journal Date	Date Posted	Journal Line Description	Amount	Source	Journal Line Reference	Journal ID	Seq
51000		03/10/2009	03/11/2009	<u>Payroll Entry - Retro</u>	1,887.30	PAY		PAYRTR9420	
					1,887.30				

Total \$6128.14:
The entire non-faculty salary to date)



This all could have been accomplished by simply providing Human Resources with an updated Employee Data Sheet!



GL Statement & How to read it

Basic Project Structure:

- In Grant & Contract projects, sponsor funds are budgeted in fund code 20.
- Not all projects have the same expense budget structure. (direct and indirect)
- Most projects have F&A associated with them.
- Some don't because a sponsor does not allow F&A to be shown.
- Some projects have Costs Sharing being contributed. This Cost Sharing may be from:
 - Direct dollars
 - The waiving of F&A costs
 - Third Parties or some other In-Kind contribution

GL Statement & How to read it

Basic Project Structure:

- When direct dollars are involved, the funds may be from an un-restricted source, such as University Departmental funds (E&G). These funds are budgeted in fund code 04. When the source of funds is a restricted source such as MEIF monies (State of Maine Bond funds) the budgets are in fund code 24, so they can be tracked separately.
- Sometimes costs sharing may be contributed by third parties. Such contributions are accounted for separately, that is, not in fund codes 04 nor 24. The contributor will provide as documentation, a written statement, and should specify exactly what was contributed, when it was contributed, and its dollar value.
- There is no distinction as to whether in-kind or third party contributions are restricted or un-restricted. They are not budgeted in either fund code 04 or 24. An example of an in-kind contribution could be the University donates the use of the baseball field for a sponsored event. Obviously, we would not set up a fund code 04 budget for this. The value of the contribution would have to be documented is some other way.

GL Statement & How to read it

MainStreet		Home Worklist MultiChannel						
▼ Revenues/Expenses								
Account	Class	Base Budget	Current Budget	Current Month	Year to Date	Project to Date	Encumbrance	Budget Variance
BEGINNING OF YEAR BALANCE								
32002	Net Assets Restr Research				13,421.08			
CURRENT YEAR ACTIVITY								
43510	Grants - Federal	0.00	-100,000.00				0.00	-53,026.23
	<u>Total Revenue</u>	0.00	<u>-100,000.00</u>				0.00	-53,026.23
50000	Faculty Salaries	0.00	48,910.00				0.00	48,910.00
51000	Non-Faculty Salaries	0.00	3,311.00	3,804.16	11,412.48	38,041.60	7,608.32	-42,338.92
52000	Wages Classified - Regular	0.00	650.00	0.00	0.00	0.00	0.00	650.00
	<u>Total Salaries & Wages</u>	0.00	<u>52,871.00</u>	<u>3,804.16</u>	<u>11,412.48</u>	<u>38,041.60</u>	<u>7,608.32</u>	<u>7,221.08</u>
54800	Employee Benefits Distribution	0.00	21,149.00	1,533.08	4,599.23	15,250.88	3,066.15	2,831.97
	<u>Total Compensation</u>	0.00	<u>74,020.00</u>	<u>5,337.24</u>	<u>16,011.71</u>	<u>53,292.48</u>	<u>10,674.47</u>	<u>10,053.05</u>
61500	Out of State Travel	0.00	5,345.00	0.00	0.00	0.00	0.00	5,345.00
	<u>Total Supplies & Services</u>	0.00	<u>5,345.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,345.00</u>
	<u>Total Expenses and Transfers</u>	0.00	<u>79,365.00</u>	<u>5,337.24</u>	<u>16,011.71</u>	<u>53,292.48</u>	<u>10,674.47</u>	<u>15,398.05</u>
65700	F&A Facilities and Admin Costs	0.00	20,635.00	1,387.68	4,163.04	13,856.04	0.00	6,778.96
	<u>Total Facilities & Admin Costs</u>	0.00	<u>20,635.00</u>	<u>1,387.68</u>	<u>4,163.04</u>	<u>13,856.04</u>	<u>0.00</u>	<u>6,778.96</u>
	<u>Total Net Expenses</u>	0.00	<u>100,000.00</u>	<u>6,724.92</u>	<u>20,174.75</u>	<u>67,148.52</u>	<u>10,674.47</u>	<u>22,177.01</u>
	<u>Total Net Revenue and Expenses</u>	0.00	<u>0.00</u>	<u>-6,724.92</u>	<u>-20,174.75</u>	<u>-67,148.52</u>	<u>-10,674.47</u>	<u>-30,849.22</u>
NET BALANCE								

Revenue is entered as a negative value.

Expenses are entered as positive values.

Total Net Budgeted Revenue & Expenses = 0

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Direct Costs

F&A (Indirect) Costs

Determining a Project Balance

Fund Code 20

		A	B	C	D	E	F	
▼ Revenues/Expenses								
Account	Class	Base Budget	Current Budget	Current Month	Year to Date	Project to Date	Encumbrance	Budget Variance
43730	Grants - Other Non-Profits	0.00	-63,471.00	0.00	-36,830.22	-36,830.22	0.00	-26,640.78
II	Total Revenue	0.00	-63,471.00	0.00	-36,830.22	-36,830.22	0.00	-26,640.78
50100	AFUM Faculty Salaries Base	0.00	28,600.00			20,230.00	0.00	8,370.00
	Total Salaries & Wages	0.00	28,600.00			20,230.00	0.00	8,370.00
54800	Employee Benefits Distribution	0.00	12,098.00		8,557.29	8,557.29	0.00	3,540.71
	Total Compensation	0.00	40,698.00	0.00	28,787.29	28,787.29	0.00	11,910.71
61000	Supplies and Materials	0.00	500.00	0.00	0.00	0.00	0.00	500.00
61400	In-State Travel	10	0.00	108.48	108.48	108.48	0.00	-108.48
61401	In-State Mileage		0.00	0.00	82.28	82.28	0.00	-82.28
61500	Out of State Travel		1,400.00	0.00	0.00	0.00	0.00	1,400.00
61500	Out of State Travel	10	0.00	0.00	801.04	801.04	0.00	-801.04
	Total Travel	0.00	1,400.00	108.48	883.52	883.52	0.00	408.20
	Total Supplies & Services	0.00	1,900.00	108.48	883.52	883.52	0.00	908.20
	Total Expenses and Transfers	0.00	42,598.00	108.48	29,779.09	29,779.09	0.00	12,818.91
65700	F&A Facilities and Admin Costs	0.00	41,791.00	53.15	14,591.75	14,591.75	0.00	27,199.25
65710	F&A Cost Sharing	0.00	-20,918.00	-26.60	-7,303.17	-7,303.17	0.00	-13,614.83
	Total Facilities & Admin Costs	0.00	20,873.00	26.55	7,288.58	7,288.58	0.00	13,584.42
III	Total Net Expenses	0.00	63,471.00	135.03	37,067.67	37,067.67	0.00	26,403.33
IV	Total Net Revenue and Expenses	0.00	0.00	135.03	237.45	237.45	0.00	-237.45

Read top-to-bottom (down rows) for cash balances:
II + III = IV

Read left-to-right (across columns) for budget balances: A - (D + E) = F

Direct Cost Balance Available

Budget Balance

Cash Balance

Determining a Project Balance (continued)

- Keep in mind, this balance will only be accurate to the extent that the budget is being followed.
- If you deviate from the budget in terms of what is excluded from F&A and what is not, the indicated balance may not be accurate.
- If this is the case, than a deeper analysis is required to determine the *spendable balance*.
- To do this, you must know two things:
 - The effective F&A rate
 - Actual expenses exempted from F&A

Determining a Project Balance (continued)

Calculating a spendable balance

- The effective F&A rate
 - This is the rate being charged to the sponsor.
 - Example: If the F&A rate applied to a project is 49%, and the University is waiving half (50%), then the effective F&A rate being charged to the sponsor is 24.5%.
 - It is always the net F&A budget divided by the base.
 - The base is the total direct cost budget less items exempt from F&A (Modified Total Direct Cost or mtdc)

Determining a Project Balance (continued)

Calculating a spendable balance

- Actual expenses exempted from F&A
 - For example:
 - Suppose you have \$20,000 budgeted for Capital Equipment and a \$4,000 budget for tuition.
 - The equipment ended up costing only \$17,000 and Tuition came to \$5000.
 - You have an exempted budget of \$24,000, but exempted actuals of only \$22,000.
 - The \$22,000 figure should be used in the calculation

Determining a Project Balance (continued)

Calculating a spendable balance

- The formula:

$$\frac{\text{Total Expense Budget (add all fund codes)}}{\text{Actual expenses exempted from F\&A}}$$

The inverse of the effective F&A rate



In our previous example, the effective rate was 24.5% so the inverse of that would be 1.245

- The result will give you a figure which represents all direct costs subject to F&A. Compare it to the actual (all direct costs except those exempted from F&A) to obtain your spendable balance.

Questions



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- Robin Crocker 581-1471
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- Robert Lavigne 581-1482
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- Wayne Astbury 581-1481
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Resources

ORSP

Main page <http://www.orsp.umesp.maine.edu/>
 Contacts <http://www.orsp.umesp.maine.edu/Staff.htm>
 Policies & Procedures <http://www.orsp.umesp.maine.edu/Policies.htm>
 Workshop Training materials and information <http://www.orsp.umesp.maine.edu/Training.htm>

OBBS

Maine page <http://www.umaine.edu/obbs/>
 Contacts <http://www.umaine.edu/obbs/obbspersonnel.htm>
 Budget Information <http://www.umaine.edu/obbs/default.htm>

GENERAL POST-AWARD

“Post-Award Role & Responsibilities of a PI” <http://www.orsp.umesp.maine.edu/ORSPDocs/Policies/PIResp.pdf>
 Post Award FAQ http://www.orsp.umesp.maine.edu/FAQ_Postaward.htm
 University of Maine System Administrative Practice Letter (Index) <http://www.maine.edu/system/oft/apls/index.php?section=5>
 OMB Circular A-21: http://www.whitehouse.gov/omb/circulars_a021_2004/
 OMB Circular A-110: <http://www.whitehouse.gov/omb/circulars/a110/a110.aspx>
 OMB Circular A-133: <http://www.whitehouse.gov/omb/assets/omb/circulars/a133/a133.pdf>

AWARD MANAGEMENT

UMS APL VIII-C <http://www.maine.edu/pdf/APLVIII.CDirectChargingofExpenses.pdf>
 ORSP's Guide to Budget Preparation <http://www.orsp.umesp.maine.edu/ORSPDocs/Info/budgetguide.htm>
 UMS APL VIII-I <http://www.maine.edu/pdf/APLVIII.IRevisionofBudgetandProgramPlans4-2-07.pdf>
 GL Reader (Available on ORSP's webpage under 'Forms') <http://www.orsp.umesp.maine.edu/Forms.htm>
 Project Adjustment Request Form: www.orsp.umesp.maine.edu/AwardAdmin.htm
 UMS APL-K <http://www.maine.edu/pdf/APLVIII.KCostTransfers.pdf>
 UMS APL VIII-D <http://www.maine.edu/pdf/APLVIII.DSubrecipientMonitoring4-2-07.pdf>
 UMS APL VIII-J <http://www.maine.edu/pdf/APLVIII.JFinancialReporting4-2-07.pdf>
 UMS APL VIII-E: <http://www.maine.edu/pdf/APLVIII.EEffortCertification.pdf>
 UMS APL VIII-I: <http://www.maine.edu/pdf/APLVIII.IRevisionofBudgetandProgramPlans4-2-07.pdf>

PEOPLESOFT/MAINE STREET FINANCIALS 9.0

MaineStreet home page: <http://www.umaine.edu/mainestreet/>
 MaineStreet training materials (general) <http://www.maine.edu/system/mainestreet/training.php?section=11>
 MaineStreet Financials Training Tools & Materials <http://www.maine.edu/system/mainestreet/fin90.php>

