

BUDGET CONTROLS AND EXPENDITURE MONITORING

POLICY

Once an award is made by the sponsor and official notice has been received by the University, the Office of Sponsored Projects Administration or the SOM Office of Grants and Contracts establishes in PeopleSoft using the Grants Module a unique account for each project and loads the budget as approved by the sponsor (and revised as necessary by the principal investigator and approved by the department, management center, and the university).

A unique contract number is established within PeopleSoft for each sponsored project at the University, e.g., CON030703. Four budget types are then established for collecting financial information about sponsored projects. An account number's budget type is determined by the first three characters in the account number (e.g., RES040013).

These budget types are as follows:

RES for Research
SPC for Special Programs
TRN for Training & Fellowships
OSA for Discretionary Funds

Discussion

OMB Circular A-2 1, *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions*, stipulates that the accounting practices of the University must support the accumulation of costs applicable to research and development, training, and other sponsored work performed by colleges and universities under grants, contracts, and other agreements with the federal government.

Since A-21 requires the University to accumulate costs by "major function" so that it can determine the various components of the allowable costs of work performed under sponsored agreements; each account number at CWRU is tagged with a "budget type."

In its Definition of Terms (Section B 1), A-21 identifies four major functions of a University: Instruction, Organized Research, Other Sponsored Activities, and Other Institutional Activities. CWRU's Budget Type RES is designated for "organized" research. According to A21 (B1b(I)), sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilized the same facilities as other research and development activities and where such activities are not included in the instruction function. Budget Type RES also includes University research. University research means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds.

CWRU's Budget Type OSA is designated for "departmental" or "discretionary" research. According to A- 21 (B 1 a(2) and B 1 b(2)), departmental research means research development and scholarly activities that are not organized research and, consequently, are *not* separately budgeted and accounted for. Departmental research is not considered its own major function. It is included with the "instructional" function of the University. The following grid is designed to help you classify sponsored activity into the major functions of the University.

Activity	Research	Special Programs	Training & Fellowships	Discretionary
Character Identifier	RES	SPC	TRN	OSA
Description	Organized research projects (e.g., N, P, R, S, and U-series; other federal research; non-federal research), research equipment, and research career awards (K-series).	Conferences, seminars, meetings, teaching or educational activities.	Training and fellowship programs, including: T-series, F-series, American Heart, American Cancer, institutional training grants, individual fellowships, and corporate fellowships. These projects may involve research.	Miscellaneous activities that can not be classified as RES, TRN or SPC Includes developmental support (e.g., startup funds) that may provide general support for a variety of activities, including department research.
Source	Externally Sponsored (federal & non-federal) or University sponsored.	Externally sponsored (federal & non-federal), University sponsored, or fee supported.	Externally sponsored (federal & non-federal) or University sponsored.	Externally sponsored (non-federal), University sponsored, or fee supported.
Sub-Accounts	Yes, of any other budget type (e.g., RES, TRN, SPC, OSA).	Yes, of any other budget type.	Yes, of any other budget type.	Yes, of any other budget type.
Proposal	Always formal	Not always formal	Always formal	Rarely formal
University Review Form	Required	Required	Required	Required
Terms & Conditions	Awards are always restricted by sponsor (e.g, deliverables, end date, rebudgeting requirements, etc.).	Sometimes restricted.	Always restricted.	Rarely restricted by sponsor, but may be restricted by University Accounts used for startup research are subject to an annual space certification process.
Deliverables	Generally required. Depending on the sponsor, may include progress, technical, financial reports, and a final invention statement. Federal awards always require a financial report and a final invention statement.	Reports occasionally required. Always required when sponsor is federal.	Reports occasionally required. Always required when sponsor is federal.	Reports generally not required. Financial reports are rarely required.
End Date Determination	Definite end date. Determined by sponsor's terms & conditions.	Definite end date. Determined by sponsor's terms & conditions or by the University	Definite end date. Determined by sponsor's terms & conditions.	Definite end date. Determined by University. Usually 1 year from start date.

Expenditure Monitoring

The PeopleSoft Income/Expense Statement

In order to provide more information and to aid in tracking financial transactions, three types of expense statements are generated in PeopleSoft: one for sponsored projects and the associated cost-sharing components, another for endowments and funds held in trust by others (FHBO), and one for operating and instructional activities.

The PeopleSoft expense statement has two major parts: a summary activity section and a detailed activity section. Each section contains a report header that provides information about the department, project or fund included on the report. The detail section of all three expense statements includes a listing of current purchasing commitments. In addition, the research project and endowment/FHBO statements present current period, year-to-date and total-to-date income information.

Report Header

Both the summary and detail portions of all three statements contain important information in the header section of the report:

Department The identifying name and number of the department in which the activity, project, endowment or FHBO is based

Project Director The individual responsible for the specific department or research project.

Fund This is a PeopleSoft chartfield used to classify financial activity by type. The following fund categories are commonly seen by departments:

4xxxx series Endowment Funds
7xxxx series Funds Held in Trust by Others
97000 Academic Administrative and Operating
97100 Organized Activities
97200 Government Sponsored Research and Training
97250 Non-government Sponsored Research and Training
97300 Government Sponsored Special Projects and Misc. Programs
97350 Non-government Sponsored Special Projects and Misc. Programs
97400 Libraries
97500 Plant Operation and Maintenance
97600 General Administration
97700 General Institutional
97800 Student Aid
97900 Auxiliary Services
98000 Student Services
98100 Instructional
98600 University Sponsored Cost-Sharing

For endowments and funds held in trust, each individual fund or trust is assigned an unique PeopleSoft fund in its respective series. Operating and research activities are grouped into a single fund based on type. The department or project is used to distinguish specific activities.

The report header for sponsored projects includes additional data about each project:

Parent The five-digit number serial number assigned by the Office of Research Administration (OSPA) used to identify a project or group of related projects over the lifetime of the award. The serial number is listed on the Notice of Award.

Project ID/Name The unique project identification number and the project name.

Project Status The status of the project as of the report date. The following abbreviations are used to denote the project's status:

O Open - the project is active and in good standing.

D Deficit - the project is overexpended.

E Expired - the project is expired (after end date).

P Petitioned - the project has received permission to expend while in deficit or when it has passed its end date.

Award Number The award number as identified on the Notice of Award from the sponsor.

Agency Code The agency code is a University-assigned number that classifies and identifies the sponsoring agency. Agency codes in the 000 - 499 range denote a government agency and those in the 500 - 999 range indicate a non-government agency

Sponsor Name This is the name of the corporation, government agency or other source of funding for the project.

Start / End Dates The start and end dates of the project as listed on the Notice of Award.

Location Code This indicates the location of the project as listed on the Notice of Award. The location code may be used in the determination of the indirect cost rate for the project.

The Summary Report

The summary activity report for all three types of statements utilizes the following basic format. Transactions are summarized by PeopleSoft account number and totaled by major expense control groups. The summary shows the expenses and revenue for the noncost sharing portion first. Then the summary for cost sharing expenses is shown next. The expense statement then shows a combined line for regular and cost-sharing expense and a line for total revenue. The detail for regular (non-cost sharing expenses) follows the summary page, then the detail for the cost sharing expenses is shown last.

The columns contain the following information:

Account Number All of the activity for the given PeopleSoft account is rolled up to this summary line. Note that erroneous expense class activity is shown on the PeopleSoft expense statements under account 3999.

Account Name The system description for the PeopleSoft account listed.

Expended for Date Range The total expenditures for the period listed in the header. The period generally will be a single month.

Expended Year To Date The total expenditures from July 1 of the fiscal year listed in the header to the current month.

Expended Total To Date For research projects, the total expenditures from the project's inception to the date specified in the statement header. This column does not appear on the statements for operating and Instruction funds.

Authorized Amount The total authorized budget for each range of expense classes

Unexpended Balance The difference between the Authorized Amount and either the Expended Total to Date column for sponsored projects and endowment funds, or the Expended Year to Date column for operating and instructional funds. This is the amount remaining to spend in each category.

The **total direct cost** line, which is the sum of the total salary and total non-salary lines, appears at the end of the expense summary. The calculated indirect cost line, where applicable, completes the expense section of the report.

The income and expense statements for sponsored projects and endowments/FHBOs will also include revenue information. Project-related statements will show the current period, year-to-date and total-to-date income received under account number 1001 - Sponsored Project Revenue. *For billing code 2 contracts, the amounts shown represent the total amount invoiced. It does not take into consideration outstanding receivable amounts.*

Please contact Sponsored Projects Accounting with questions regarding income for billing code 2 projects. The PeopleSoft endowment statements will display income information in a similar manner using account 0680 for income distributed to endowment funds and 0527 for income received by funds held in trust. No income information will be shown for operating and instructional funds.

The final section of the summary report lists the total income and expense as well as the total budget and remaining (unexpended) balance. For project-related statements, *the fund total* shows the total expense and income for either the funded portion or cost share portion of the project, as noted in the header. *The project total* displays the totals for the entire project, including both the funded and the cost share portions.

The Detail Report

The detail activity section of the income and expense statements incorporates more information about each transaction line.

The following is a list of the columns included on the detail report and a brief description of each:

Account Number The PeopleSoft account of the individual transaction. Again, all activities charged to invalid expense classes are combined in PeopleSoft account 3999.

Journal Line Description This is the transaction description as listed on the detail line of the journal that debited or credited the project

Expended Amount The dollar amount as listed on the detail line of the journal which debited or credited the project

Journal ID Number This is the PeopleSoft assigned journal number of the journal that debited or credited the project. This journal ID number is used to lookup additional journal information.

Journal Ref Number If a reference number was entered on the journal, it will be printed here. Generally, this field will be blank.

CWRU Ref Number This is an Accounts Payable reference number.

Requisition Number This is the requisition number that initiated the charge to the project.

Transaction Date This is the journal date - the approximate date on which the debit or credit was posted to the project.

Receipt Number Tracking number generated by the Cashier's Office for deposits and credits.

Invoice Number Invoice number received by Accounts Payable for this charge (if applicable).

PO Number Indicates the University-assigned Purchase Order number under which this transaction was charged.

Source Indicates the journal line source.

Each major expense control group is subtotaled and the grand total expense and income for the period is shown at the end of the report. The detail report includes all transactions that occurred during the period indicated in the header. Purchasing commitments are displayed in a similar manner immediately following the transaction detail.