Demystifying Invoicing and Financial Reporting

Ryan Hermreck
Today’s Agenda

How to breakdown invoicing and reporting at UNC

The most asked questions that we receive about invoicing and reporting at OSR

The top requests that OSR asks of the departments.
Please hold questions until the end.
If you take one thing away today, it’s that all awards are not created equal.

Understanding this leads us to the most dreaded answer of all!

IT DEPENDS.
How one question affects the way payments are received in ConnectCarolina.
Is the sponsor paying us **As Incurred** or by **Amount (Fixed)**?

1. Straight out of the GL
   - As Incurred
   - Federal LOC
   - Drawdown
   - OSR submits invoices

2. Other terms and conditions
   - Amount (Fixed)
   - Installment
   - Deliverable
   - Pre Pay
Most UNC awards are Cost Reimbursable

This term is over-used to explain the types of awards at UNC. Cost reimbursable only means we do not get to keep cash in excess of expenses. This does not explain how we get paid.

All as-incurred awards are cost reimbursable but not all awards are cost reimbursable.

Think of it like: all blue birds are birds but not all birds are blue birds.
As Incurred

Applies to Both

- You have to spend it to get it
- Report and invoice to actual expenses posted on the General Ledger in ConnectCarolina

Federal LOC Drawdown

- OSR Cash Management draws down the funds from the Federal source as expenses are posted on the General Ledger in ConnectCarolina

OSR submits invoices as Incurred

- Sponsor will reimburse for expenses on the General Ledger in ConnectCarolina
Amount (Fixed)

**All Three**
- Has an payment schedule or terms for reimbursement
- A report of actual expenses may be required

**Installment**
- Pays in lump sum or on a predetermined timeline
- May or may not get to retain unused funds

**Deliverable**
- Pays when a milestone is met or specific activity is completed
- OSR can’t invoice until confirmed deliverable is met by the department (Please email OSR Billing)
- May or may not get to retain unused funds

**Pre Pay**
- Paid at award set up
- May or may not get to retain funds

*UNC SYMPOSIUM for RESEARCH ADMINISTRATORS*
How awards breakdown at UNC.

Federal = 60% of Awards

- These can be Letter Of Credit or invoiced. Uniform Guidance applies to these awards.
- There are 8600 active projects that are LOC drawn down. 7000 of these are NIH.
- Most of the standards that UNC applies, follows federal award guidelines.

Non-Federal = 40% of Awards

- These can be invoiced as incurred or amount based.
- Most of these awards are amount based and require a combination of invoicing and reporting.
- Most of these awards have a final due date that is less than 60 days after budget end date.

How to Work with Industry?
https://research.unc.edu/sponsored-research/train/#trnForum
What is a GM#

Accounts Receivable

All awards when payment is received will have a GM# or will need a GM# for A/R

All invoices will have a GM#

Not all reports need a GM#

An LOC draw down will have a GM# for each draw, but the financial report will not.
Record Retention is another way in which awards are different

Per Federal statute all financial, statistical records, supporting documentation and records for the award must be retained for three years. 200 CFR 200.33-37

Per State statute all records be retained for 5 years.

If the agreement requires that we retain records for a different period then we follow the agreement.
Invoicing and Reporting all have the same goal. We need to do one or both in order to receive payment.

- Budget on the project does not equal cash! (this will come up again in OSR Billing questions)

Budgets are loaded on a project based on the way they were proposed during the application.

- UNC account codes do not always line up with the sponsors idea of their budget line

Rebudget Authority (not everybody has it)

- While expanded authority does allow some rebudgeting on federal awards, it may not apply to all federal and non-federal awards.
- Understanding the terms of your award is important.
Frequently asked OSR Billing questions.
Where did you get the numbers to invoice?

All invoices and reports signed by OSR are from the general ledger.

- This is the official financial document for UNC.
- The most recent month to close is where the numbers come from.

Today there will be sessions on Reports and Queries. Learn how to manage grants accounting by using the OSR reports and queries available to campus.

You can get their presentation from this link: https://research.unc.edu/sponsored-research/train/#trnForum
Why has OSR not sent the invoice or report yet?

1. The award might have just been set up.
   • The award date is 7/1/2018-6/30/2020. The setup date is 8/15/2019.

2. No expenses have posted to the general ledger.
   • If it’s as incurred, we have to wait until expenses post and the month closes to invoice or report.
   • If it’s amount based, we can invoice for payment but can’t do a financial report until expenses post and the month closes.

3. The award is on letter of guarantee.
   • We cannot bill or receive payment for awards on LOG.

4. The deliverable has not been met or OSR does not know about it.

5. No report or invoice is needed

6. Someone at sponsor agency calls the PI to claim that no report has been received, but it turns out to be false.
How did you send it?

Federal LOC – ERA Commons
A. Most DHHS awards NIH, CDC, and AHRQ
B. NSF in general require no financial reports

Sponsor Specific Portal
A. PCORI, American Heart, Cystic Fibrosis, Simons

Corporate and Foundation Relations
A. Duke Endowment, Andrew Mellon

Hard Copy Mail or Email
A. Most other sponsors (NCBC, Kitware, Duke Univ, NC State, ECU)

State of North Carolina
A. Emailed and mailed a hard copy.( and then some)
How much have we been paid? Have we been paid? What is the Invoice #?

In Infoporte on the OSR Financial Reporting tab you will find these hyperlinks to the SAS reports.

This page will contain links in the future for internal OSR reports.

OSR Contract Closeout Report

Used to facilitate Award/Contract closeout systematically. This report will serve as a tool to ensure all OSR close out processings, status validation, and other reconciliation processes have been completed successfully.

OSR Payments Report

This report displays all AR payment transactions that have hit a cash account for that project which include AR Direct Journals, AR payments, AR worksheet items and AR maintenance transactions.

OSR Invoice Listing Report

This report shows all invoices that have been provided to the sponsor and can be used to track who has been billed.

Payroll Accounting Report

This report shows payroll expenses by financial accounting date for reconciliation and grants billing.

https://research.unc.edu/sponsored-research/train/#trnForum
Ramses also has copies of Invoices and Reports.

<table>
<thead>
<tr>
<th>General</th>
<th>Awards</th>
<th>PS Project IDs</th>
<th>Billing</th>
<th>Personnel</th>
<th>Proposals</th>
<th>Subcontracts</th>
<th>Events</th>
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</tr>
</tbody>
</table>

**Billing Team Code:** 02

**Sponsored Projects Accountant:** 28 - Ryan Hermreck

**Reporting Form:** ...

**Payment Basis:** Cost Reimbursement / Scheduled Payment

**Payment Method:** (11) Periodic Billing

**Invoice Frequency:** (08) Monthly - no invoice

**Pre-Audit ID:** ...

**Invoice Instructions:**

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**Billing Attachment List**

*Select File Type to filter the list of attachments below.*

**Attachment Filter:** All

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<tr>
<th>Attachment</th>
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<td>Award Project</td>
<td>All Parties</td>
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</table>

Uploaded by: Lauren Magnuson
Uploaded on: 9/8/2019 at 3:17 PM

View 1 - 1 of 1
At the end of the performance period, residual balances on sponsored projects can be transferred to the administering department when all of the following conditions are met:

- All direct charges and project revenue have been accounted for properly
- All project deliverables have been provided and accepted by the sponsor
- All project payments have been received from the sponsor
- The applicable amount of indirect costs generated by the project’s expenditures have been recovered
- The sponsored agreement terms do not require the University to return the residual balance

Justification for residual balances greater than 25% of the Total Award Amount - insufficient justification will require further documentation prior to processing a residual request
Projects with minimal or no direct expenses will be charged the full amount of indirect costs from the residual balance based on the Total Award Amount.

**Exclusions**

*Indirect costs will not be applied to residual balances except in the following instance:*

Applicable residual balances will be reduced to recover indirect costs if the project received a full or partial Facilities and Administrative (F&A) waiver or if a reduced indirect rate was otherwise awarded by the sponsor. The amount charged will be up to the total amount of indirect costs that would have been incurred had the project not received a waiver, based on the current direct costs.

**Requesting a Residual Transfer**


[https://research.unc.edu/sponsored-research/](https://research.unc.edu/sponsored-research/)
What is LAPSED.

LAPSED is a FRS term that shows a decrease in budget. This will show as a direct expense

- Cash does not equal Budget.

- When closing an award cash will = expenses.
Example of LAPSED and Residual Funds Transfer

### CSR GL Expense & Budget Report

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#### Project: 5107984

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<th>Avail Bal</th>
<th>FY Exps</th>
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Project Sponsor Expense Total:

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<td>1,686.50</td>
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PROJECT: 5107984 TOTAL (Including COST SHARE, if required):

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CONTRACT: A18-0148-001 GRAND TOTAL

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<tr>
<td></td>
<td>1,686.50</td>
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</table>
Things to work on with your **SPS** before the end of date of the award

**No Cost Extension**
- If needed the PI should request an NCE with their SPS at least 30 days prior to the end date, or earlier if required by the sponsor

**Budget Revision**
- 90-30 days before the end date the department should review expenses and see if a budget revision is needed
- Also if there is any restricted funds that need to be budgeted

**KK Dates**
- OSR Help can only override the budget check. The SPS is the one that can help you change the KK Date.
The top requests that OSR sends to the department.
A PAAT Needs to be done.

- Individuals are not allowed on the award
- Salary is not allowed at all on the award
- Over spent on a line item budget
- Effort corrections
- Individual should be on the award and isn’t.
PAATs can come in three different forms

- Regular PAAT where the salary, fringe benefits and Indirects follow once approved
- Fringe only PAAT – Only fringe benefit and Indirects follow a fringe only PAAT
- Salary only PAAT – Salary and the allocations follow (core data, composite benefits, transit fees fit this criteria). Indirects follow once approved
For salary and fringe only PAATs, they need to be put in by people who have **PAAT Super User Access**

There might be a high level manager that has this access in your department that can do this for you.

If there is no high level manager that has the access, your school's central office will have at least one person who has PAAT Super User Access (School of Medicine, College of Arts and Sciences, Office of the Vice Chancellor for Research, etc.).

Last resort, contact OSR to get this type of a PAAT adjustment done.
A Journal needs to be done.

Expenses are not allowed on the award

Over spent on a line item budget

The wrong budget year

Sponsor asks why this expense is not on the award

Keep in mind the end date and KK date
Please Reconcile your Cash Advance with in 60-90 days of cash receipt.

Cash Advance is not an expense and thus will not show on the GL. You will need to do a reconciliation journal before the end date of the award. [https://unc.policystat.com/policy/6590572/latest/](https://unc.policystat.com/policy/6590572/latest/)

- **500.14 – Cash Advances**
  - **500.14 Procedure 1 – Cash Advance Requests and Reconciliation**

You must reconcile the cash advance with the same Fund, Source and Department ID that was used when the cash advance was requested. Otherwise it will create an additional line in account code 559510 and will not show as reconciled.
What do you mean I have Cost Share?

Required and Voluntary cost sharing included in a proposal are binding commitments of the University when an award is made.

If the proposal is funded, both of these types of cost sharing must be recorded, tracked and reported. *(must be accounted for in the institutions records)*
Potential Consequence of not meeting Cost Share Commitment

- Sponsor may not accept invoices if cost share isn’t reflected on it.
- Sponsor may disallow a prorated portion of UNC allowable expenses if our cost share commitment isn’t met.
- Sponsor may consider UNC in default of award if our cost share commitment isn’t met and could terminate the award.
- Future funding for Sponsor could be put at risk.
- If a third party cost share commitment isn’t provided, UNC’s cost share commitment could increase accordingly.
- Contact OSR immediately if you think you won’t meet your cost share commitment.
Types of Cost Share

- **Cash Matching (GL, UNC Pays)**
  - Hard dollars or funds specifically appropriated for and allocated to the project.

- **Contributed effort (GL, UNC Pays)**
  - Faculty and staff effort funded by non-sponsor sources (documented in eCRT)

- **In-Kind Matching (Non-GL, Third Party Pays)**
  - Third party contribution
  - Donated/Volunteer Services
  - Requires documentation from the third party

- **Unrecovered Indirect Costs (Non-GL, UNC Pays)**
  - If solicitation doesn’t address unrecovered indirect costs, then sponsor must give prior approval
  - Must be provided for in the approved budget when submitted application to the sponsor
Sample ConnectCarolina Cost Share Transaction (GL)

Epidemiology – Disbursement for Scientific Supplies from Sponsored Award for Research with cost share

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<tr>
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<td>CHOSR</td>
<td>5033746</td>
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Example of an Audit Question.

4. Transaction level accounting reports for costs claimed on the AmeriCorps grant. The transaction level reports should show detailed information such as the expense category, general ledger date, employee name, vendor name, transaction amount, check date, etc.

a. Please provide in **Excel** the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 12AFHNC001 for PY 2014-2015.

b. Please provide in **Excel** the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 15AFHNC001 for PY 2015-2016.

c. Please provide in **Excel** the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 15AFHNC001 for PY 2016-2017.
Now lets take a moment and circle back. Remember that no matter what issue you present or what question you ask, the answer will always be

IT DEPENDS