Projecting Expenses

When a new award or award modification is received, you will get a notice from DCG. The first step is to login to TARA and review the awarded budget and terms.

Review how much of the award was funded (first year, task 1, whole project etc.). Review award document to see what triggers future increments (e.g. reports, project anniversaries, deliverables, spending milestones). If reports are due, make note of the due dates.

Once the award is received and the account is set up according to the approved budget, meet with the PI to review the following:

1. **Personnel**
    - How much time did the PI commit to the project (funded period)?
        - If summer salary, when in the summer will they take it?
    - What personnel were committed (GRAs, postdocs, etc)? Have they been hired? If not, when will they start?
    - Review when raises are due for staff, faculty and postdocs
    - If there are any consultants, set up an independent contracting agreement and open the purchase order.

2. **Supplies**
    - Will there be any large supply purchases?
    - Any recurring costs we can anticipate (e.g. gas canisters, vivaria, monthly chemical orders, etc)?
    - Blanket POs for regularly ordered items/vendors?

3. **Equipment**
    - Was equipment budgeted? When will it be purchased?

4. **Travel**
    - What trips are scheduled?
    - When will they take place?

5. **Subawards**
    - What subawards were included on the proposal?
    - Need to be funded proportionally to funding received if incremental or for one project year at a time if funds come all at once.
    - Future years: Has the subawardee work been acceptable? Will the subaward continue at the budgeted amount?

6. **Tuition**
    - Tuition charged after the end of the semester worked

Notes:

If an award is funded in partial year increments, discuss with the PI what categories to fund first in the budget set up. If 6 months of funding is awarded, but travel isn't planned until the 10th month, it may be prudent to delay funding the travel lines until the next increment is received. But you still need to follow the approved proposed budget when funding. For example you cannot fund a category or increase amounts in a category that was not on the approved proposed budget

If there are Subawards then they should be set-up by the percentage of funding received. In Workday be sure to include the information that you are setting up the subaward based on partial year per the percentage of the increment received and the remaining will be funded for that year when the next increment is received and/or was previously funded by an earlier increment.

Workday does not encumber IDC on encumbered funds so the remaining balance is usually inflated. When calculating remaining balance, remember to calculate the IDC and deduct from the total.

Once a quarter, meet with the PI to review how spending is going and any anticipated changes to personnel, ordering, subawards, etc.

Cost Sharing

Review the terms of the cost sharing.

If needed work with VBA-RA to fund the cost share companion account.

- Determine what was committed and if any adjustments need to be made (in the case of a reduced award).
- Is it committed and reportable or voluntary and will not be reported?
- If it's reportable, what was committed and how often does it need to be reported?
    - Salaries: Make sure costing allocations (PA1s) are set-up correctly to capture the cost share. This effort will be certified on the regular eCert schedule.
        - PI Academic and other salaries: Committed portion will be paid from cost share companion account instead of the regular department compensation account. If it is for a federal award will need to recalculate the fringe at the federal rate and also calculate the proper F&A.
        - Tuition as cost sharing make sure the student is taking the proper number of units to meet the cost sharing threshold
    - Equipment: What and when will it be purchased?

Actual Spending

1. **Personnel**
    - PI instructions regarding the effort /project for each personnel.
    - Create spreadsheet to record the effort/account/ PA1 # for each personnel
    - Record each Payroll Accounting Adjustments (PAA) in Workday
    - Postdoc effort on NSF grant – if not on original proposal budget a post-doc mentoring plan needs to be submitted to the program manager and approved
    - RCR training report
    - Appointment letter and termination package for fixed employee (Postdoc /staff/ Visiting RA/Visiting Scholar).

2. **M&S**
    - Back-up docs for each expenditure should have at least the following two docs: (1) Invoices; (2) Request emails indicate the business purpose.

3. **Travel**
    - Concur docs should contain the following supporting docs : Concur summary report page , receipts, conference poster.
    - Agency approval for foreign travel docs, if the award requires it.
    - Business Purpose, possibly with conference agenda as back-up.

4. **Tuition**
    - List of RA per each semester

5. **Equipment**
    - Purchase Order (PO)
        - Either quotes or sole source forms
    - Possible Tax Exemption forms

6. **Subawards**
    - Subaward proposal pkt.
    - Subaward agreement signed by USC and Subrecipient.
    - Invoices
    - Create a spreadsheet to record the invoice #, total invoice amount, and PO balance.

7. **Independent Contractor Agreement (ICA**)
    - ICA approval packet.
    - Invoices

8. **F&A (IDC)**
    - IDC Cost sharing approval.
    - Account reconciliation to ensure the correct IDC rate are posted to the account.

Backup Documentation

A comprehensive backup policy can help clarify ambiguous transactions/transfers for other administrators, speed up USC approvals, and prevent future audit questions.

1. **Procurement**
   - For procurement backup, attach PI approval emails detailing business purpose & account instructions to the relevant purchase.
     - Examples:
       - Append approval email to P-card invoices on eStatement
       - Upload approval email to PO internal attachments
       - Attach approval email to Concur notes section

2. **Budget Reallocations**
   - Upload PI justifications/sponsor approvals and file to corresponding folders (once submitted, myViterbi will not show uploads)

3. **Expense Transfers**
   - Upload PI justifications/approvals of expense transfers (payroll, accounting journals)

4. **Organization**
   - It is recommended that departments set-up a shared access drive for administrators to organize their sponsored project files and prevent lapses in coverage (e.g., vacations, staff shortages, etc.)
   - A common file structure can include separate folders for each PI with their active/closed accounts, research group, financial reports, expenditure history, supplementary proposal documents, sponsor reports, etc.
   - Communicate with your team to develop consistent naming conventions for your files/folders.
     - Reimbursements: Concur #_Reimbursee_Amount
     - P-card [folder]: Line #_Vendor_PI_Amount
   - Scan any paper receipts, if keeping paper files please refer to USC retention grid and/or award terms for how long to keep the paper files.

Follow USC retention policy when storing important and/or sensitive documentation.

Notes:
OneNote can be useful for documenting unique situations or processes that are not encountered often (department or PI specific)

Reconciliation

Reconciliation is an essential process to ensure consistent financial accuracy throughout the life of an account/project.

It is recommended that administrators keep a shadow balance of each account to track pending transactions and earmarked funds.

1. **Shadow Sheets**
    - A shadow sheet/book is used to record upcoming debits/credits which may not yet be reflected in Workday. This is useful to cover lag times between incurring an expense and clearing to the general ledger.
        - Examples:
            - P-card transactions made between 01/10 and 01/25 will not post to the GL until 02/14.
            - P-card purchases with out-of-state vendors may incur CA use tax that post separately.
            - Recharge centers using CORES will post on the 20th of each month.
            - GRA tuition remission will usually post within a month of a semester end.
            - PO disencumbrance issues (cancelled invoices, installment billing)
            - Gas demurrage charges
            - Lagging reimbursements due to approval delays
            - Pending expense transfers

    - An accurate shadow system can close these gaps and help distinguish a 'true' balance for accurate reporting and future projections.
    - This shadow balance can be used to reconcile the account on a monthly basis with the ASR (Account Status Report - located in Business Intelligence) or 'Financial Report - Transaction Detail'
    - Payroll transactions do not contain any identifiable information in the GL line descriptions. To help reconcile, use the Labor Distribution tool in Workday to match salary/wages to employees.

2. **Best Practices**
    - Enter all obligated expenses in shadow system as they are made/known
    - Reconcile shadows with monthly Workday transactions and identify any discrepancies
    - Initiate expense transfers for corrections and/or unauthorized expenses
    - Monthly accounting reports are sent to PIs for their review
    - Annually request IDC worksheets from SPA to ensure no indirect costs and fringe benefit shortfalls prior to fiscal year end
    - Review subawards regularly especially if there are delays in invoicing.
    - Review satellite accounts to ensure they are spending as budgeted and as planned.
    - Review cost sharing companion accounts to ensure are meeting the obligation

If upcoming shortfalls are detected, obtain any required agency approvals and initiate budget reallocation.

<u>Reporting</u>

Types of reports: Agency reports (monthly, quarterly, annual and closing), account reports, personnel

1. **Account Reports and/or Shadow Sheets**
   - Report your balances and projections for each of your accounts to your PI at least quarterly, if not monthly. These reports will assist with trends throughout the period of performance of the project and identify quickly with you and the PI if any reallocations need to be planned.
   - The Account Reports (shadow sheets) should have your expenses identified (date, payee, business purpose, amount and date reconciled). This will help you in seeing what expenses are outstanding and areas that are not budgeted per the award that should be addressed.

2. **Personnel**
   - A report of the personnel each PI has helps as you and he/she work on proposals, plan payroll and process effort certifications. As GRAs graduate and new ones are added, a cumulative report of the PI's group is essential to project accounts and identify support needs.
   - Current and Pending Support – an updated report of your PIs current and pending support should be maintained to assist with proposal submissions that require it.
   - PI Effort – a report of your PIs effort should be kept up to date for payroll processing and effort certification. This will assist with your checks and balances against payroll and your account reconciliation processes.

3. **Agency Reports**
   - Account reports – some agencies may require a financial report be submitted within technical reports by the PI to show monthly, quarterly or annual progress on spending. It may be detailed or very general. If a cost share account is involved, this may be included as well. A good idea is to coordinate with SPA before submitting agency reports to make sure they align with what is being invoiced and/or reported from their offices. Depending upon the agency, a final financial report may be required. Before submitting this, coordinate with SPA for accuracy. Complete all account adjustments that will need to be made and notify SPA that it is ready for close-out.
   - Depending upon the agency, a final report may be required that is not financial, but you may be asked to coordinate and/or submit on behalf of the PI. Work with the PI for the details required by the agency.