

Closing Research Budgets

By now your neon green 90 day sheet has been signed and returned. Remember that it's always best practice to reach out to your PI to see if the path to close has been altered; if so please work with the College Grants and Contracts Office for an extension.

If the PI indicated that the grant is to close the following checklist will help to ensure that you close out your budget with little to no issues:

Open encumbrances – Check all open encumbrances to see when they will post to the budget.

- All salary charges should be posted on or before the account end date.
- Make sure all wage payroll expenses have posted, that there are no outstanding wage expenses yet to be posted (because it will take approximately two weeks after a wage timecard is submitted before it will actually post to an account), and that no additional wage timecards will be processed after the budget is closed.
- Review with the faculty member all “Supply and Equipment” open encumbrances to ensure:
 1. Open purchase orders are closed (items received and invoices paid)
 2. eBuy+ Orders – eBuy+ orders are frequently shipped in partial shipments. Unfortunately, the entire dollar amount of the order is not encumbered. Review with faculty member that all eBuy+ orders and items have been received and posted to the budget.
 3. Standing orders are closed or moved to another budget
 4. All direct bill charges are closed or moved to another budget (such as General Stores gas charges, CAC account charges, etc.)
 5. There are no outstanding expenses waiting to be posted on CRFN screens (have to check with the Finance Office to see what details are sitting on BCDE)
 6. There are no outstanding Purchasing Card expenses waiting to be reconciled/posted on RPCC.

Fringe Benefits – Check to make sure that all fringe benefit charges have been applied for wage and salary charges. Fringe and overhead is calculated daily and posted weekly. At the end of an accounting month, a posting is done to coincide with month end.

Overhead (Indirect Costs) – Check to make sure that overhead is being charged to the budget and that it is being charged at the correct overhead rate. Some multiple-year budgets are negotiated with the sponsor at a set overhead rate that covers the entire award period. Sometimes when we begin a new fiscal year, the overhead rate can inadvertently change to the new fiscal year overhead rate instead of staying at the negotiated set rate. It is always a good idea to double check the indirect cost rate before figuring the final bottom-line balance.

Tuition Costs – Check to make sure that all tuition costs have been applied correctly. Effective with Fall Semester 2001, the tuition is charged to a budget depending on what the student is registered for. For example, if a student is taking 601, make sure the 601 tuition rate is being charged and not the full tuition rate. The per semester tuition costs should match up with the number of graduate assistants being charged to the budget during the semester.

Supplemental Salary – All supplemental salary needs to be submitted and paid before end date of grant.

Federal audit requirements and the university pay and effort system will not allow supplemental salary requests to be processed after the end date of a sponsored project. For awards that end prior to the pay date for the last month of the award, the systems will not allow supplemental salary payments in the last month, since the supplement will not be paid until after the end date of the award. That is, the award ends February 15, then supplemental salary cannot be paid on the grant/award for February even though the potential of working on the award exists for the first 2 weeks.

The 30- Day Rule: Every effort must be made to pay supplemental salary payments in the month it is earned. As is required for audit purposes, a letter of justification will be required for supplemental salary payments requests that go back more than one monthly pay period (30 days). The letter of justification should certify that effort was in fact expended during the time period payment is being requested and provide an explanation as to why the supplemental salary was not requested at that time. To expedite the processing of supplemental salary requests in these instances the faculty member should attach the letter of justification to the Supplemental Salary Request Form.

Supplemental Salary Payment Revisions: If a faculty member needs to make a change to a previously submitted supplemental salary requests, a **36-Week Supplemental Salary Redistribution Request Form** must be completed in accordance with the faculty member's effort. This process must be done prior to the **Hold Close Date**.

Hold-Close Date – The Hold Close date is automatically set by the system to be **45 days** after a budget end date. This time period is used to make any necessary adjustments to zero out a budget. To check the Hold Close date, use the IACT screen on IBIS. Make sure that any JVDP's, salary changes or other budget adjustments necessary to zero out an account are submitted in enough time to post as an "actual" before the Hold Close date ends.

Sub-Contracts – If there is a sub-contract on the grant, need to find out if all invoices have been submitted & paid. Need to monitor the dollar amount encumbered for the sub-contracts on the grant to ensure it is being spent down. There are times when they are not being spent down because the scope of the project changed and the sub-contractor cannot complete the work as originally intended. In that case, work with the faculty PI and College to release some of the encumbered subcontract funds back into the grant so it can be spent elsewhere and not released too late when the budget is about to be closed.

Calculating the Bottom-Line Balance – After all of the above items have been taken into consideration and factored into the FIT report’s balance, you can calculate how much money is actually left to spend by dividing the balance by the overhead and/or fringe rate—depending on whether the remaining funds will be used for supplies and materials or salaries and wages.

Example 1: If you have a research grant that has a negative balance of (\$2,243.66). To zero out the budget, you want to move partial Post-Doc salaries to another budget by doing the following:

1. Divide the negative (\$2,243.66) by post-doc fringe – $2,243.66 \div 1.083 = 2,071.71$
2. Divide the new number \$2,072.71 by the overhead rate – $2,071.71 \div 1.525 = 1,358.50$

To double-check: $\$1,358.50 \times 8.3\%$ (fringe) = 112.75 → $\$1,358.50 + 112.75 = \$1,471.25$
 $\$1,471.25 \times 52.5\%$ (overhead) = 772.41
 $\$1,471.25 + 772.41 = 2,243.66$

Example 2: If you have a research grant with a positive balance of \$7,000, you can use the following to zero out the budget—again, depending on whether you will be spending the balance on supplies or salaries.

	<u>Spending on Supplies</u>	<u>Spending on PI Salary</u>
FIT Balance	\$7,000.00	\$7,000.00
Divided by overhead (1.525)	\$4,590.16	\$4,590.16
Divided by fringe (1.2860)		\$3,569.33
Balance Available to Spend	\$4,590.16	\$3,569.33

Example 3: If you have a research grant that has a negative balance of (\$2,000). To zero out the budget, you want to move supply charges to another budget by doing the following:

1. Divide the negative (\$2,000) by the overhead rate $\$-2000 \div 1.25 = 1600$

To double-check: $\$1,600 \times 25\%$ (overhead) = \$400 → $\$1,600 + \$400 = 2,000$

Example 4: If you have a research grant with a negative balance of (\$4,208.85). To zero out the budget, you want to move partial salaries and supplies to another budget by doing the following:

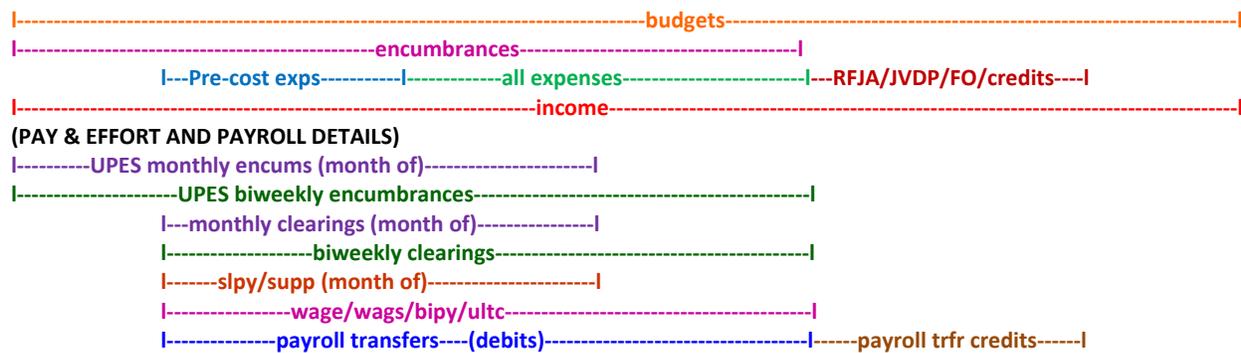
1. Identify the amount of salaries you want to move divide the negative number (\$2,004.68) by salary fringe $\div 1.365 = 1,468.63$
2. Divide the new number \$1,468.63 by the overhead rate. $\$1,468.63 \div 1.25 = 1,174.90$. Remaining balance to be moved (\$2,204.17) in supplies.
3. Divide the negative amount (\$2,204.17) by overhead rate $\$2,204.17 \div 1.25 = 1,763.34$.

To double-check the above: $\$1,468.63 \times 36.5$ (fringe) = \$536.05 → $\$1,468.63 + \$536.05 = \$2,004.68$
 $\$1,763.34 \times 25\%$ (overhead) = \$440.84 → $\$1,763.34 + \$440.84 = \$2,204.18$
 $\$2,004.68 + \$2,204.18 = 4,208.85$

Reporting Tool	Real-Time Data	Custom Reporting	Fringe & Overhead Calculation on Encumbrances	Multiple Account/Cost Center Reporting
ICAG/ISTR	Y <i>(data is reflected as soon as the transaction clears the IBIS system)</i>	N	N	N
FIT	Y	Y	Y	N
AIMS	Y	N	Y	N
DataWarehouse	N <i>(Is not live – data is refreshed nightly)</i>	Y <i>(if using Access)</i>	N	Y
FileMaker Pro	N <i>(Is not live – data is refreshed daily at 9:00 am)</i>	N <i>(Users cannot create custom reports; reports are controlled by College)</i>	N	Y

RESTRICTED ACCOUNT POSTING RULES
(To accommodate 90 day after end date stipulation)

AURU						
Create Date	Pre-cost Date	Begin Date	End Date	Hold Close Date	Expense Close Date	Close Date
7/1/1999	8/1/1999	9/1/1999	8/31/2000	10/15/2000 (45)	11/29/2000 (90)	12/31/2099



Create Date – The date the account (budget/fund) was added to the IBIS system, or the date the AURA form was processed.

Pre-cost Date – The date the agency and dept agree expenses (<= pre-cost amt) can be charged before the begin date of the contract.

Begin Date – The start date as established in the agreement for the period of performance.

End Date – The ending date of the period of performance as established by the agreement.

Hold Close Date – Automatically set by the system **45 days** after the end date. *(Cannot be changed by using UHCD)*

Expense Close Date – Automatically set by the system **90 days** after the end date.

Close Date – Automatically set to 12/31/2099 by the system. Once all income has been received, the Close Date will be modified by a Research Accountant (userid will be stored). No further posting on the account once this date has been reached.

Proposed options to correct details that have posted OUTSIDE the allowable date range:

- 1) Display details on error function (BCDE) with a mechanism to auto-jv to appropriate account.
- 2) Post the erroneous detail to a clearing account (per admin) to be cleared by the area.

Additional Notes:

- 1) If the actual create date is after the begin date of the account, IBIS will set the create date equal to the begin date.
- 2) An account cannot be created after the end date. This is by design.
- 3) Once an account is closed it will not be reopened. Make sure that all encumbrances are removed before account is closed.
- 4) IBIS is driven by dates; make sure you enter them accurately.

Cost Sharing Budgets – There are a few budgets that generate a 1% cost sharing *credit*. With this type of budget, a 1% credit will be applied to the budget for every dollar of actual expenses. The 1% credit needs to **added back in** when determining the bottom-line balance. The 1% credit is based on all actual expenditures including fringe and overhead. See example below:

Example: Sample Budget - October Expenses:

Post-Doc salary	\$2,990.00
Post-Doc fringe (@ 8.3%)	248.17
Overhead (@ 52.5%)	<u>1,700.04</u>
Total All October Expenses	\$4,938.21
1% Cost Share Credit Back to Budget	+\$49.38