

Billing and Reporting

Post Award Management of
Extramural Funds
(PAM of EMF 3)

September 20, 2007

Room 308, Laurel Heights

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Course Objectives

- So you got your award – Congratulations!

We got it setup in RAS – what now?

This course will help you develop an understanding on what transpires in the “interim” between the award setup and the closeout of sponsored awards through the following lead topics on:

- Billing – How do we claim the money, what methods and what are our roles in making sure we get the dollars due to the project.
- Reporting – Keeping the sponsors updated on financial progress and the associated potential audit issues, such as allowable costs, cost sharing and overdraft monitoring.

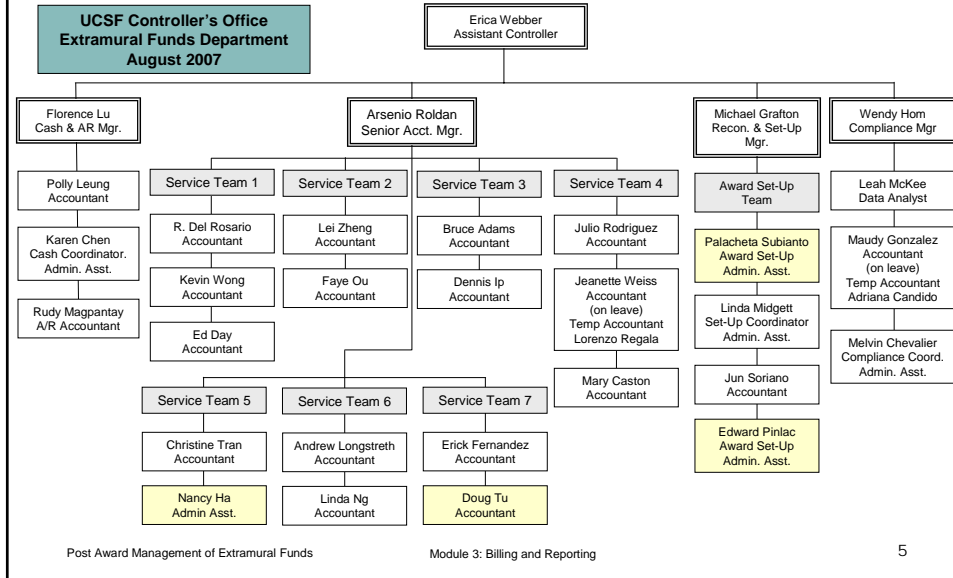
**When in doubt, read
the agreement!**

Course Contents

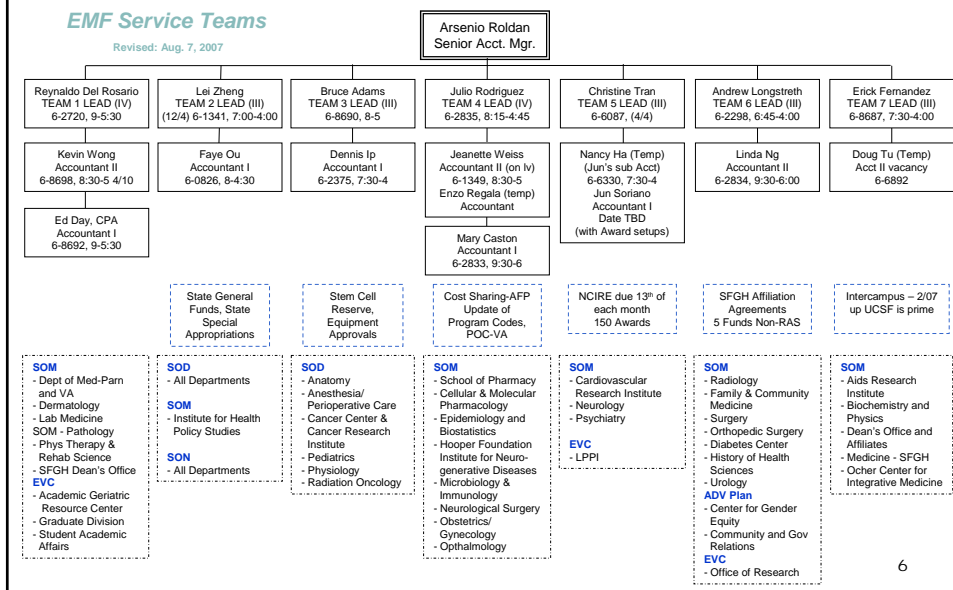
- I. Introduction
 - A. EMF Service Team Organization
 - B. EMF Service Team Tasks
 - C. EMF Billing Statistics
 - D. Sponsored Award Life Cycle
 - E. Terminology Review
- II. Billing
 - A. Award Billing Terms and Conditions
 - B. RAS Billing Methods – CRB and PPD
 - C. Methods of Claiming the Money
 - D. Claim Forms – Easy to Difficult
 - E. EMF Monthly Billing Process
 - F. Success Factors
- III. Appropriations
 - A. Setup by Service Team Accountants
 - B. Prior-to-Award (PTA) or Pre-Award Spending
 - C. Monitoring Overdrafts
- IV. Reporting
 - A. Interim – FSRs and FCTRs
 - B. Allowable Costs
 - C. Cost Sharing
 - D. Pitfalls and Consequences
- V. Summary

- I. Introduction
 - A. EMF Organization Chart
 - B. EMF Service Team Tasks
 - C. EMF Billing Statistics
 - D. Sponsored Award Life Cycle
 - E. Terminology Review

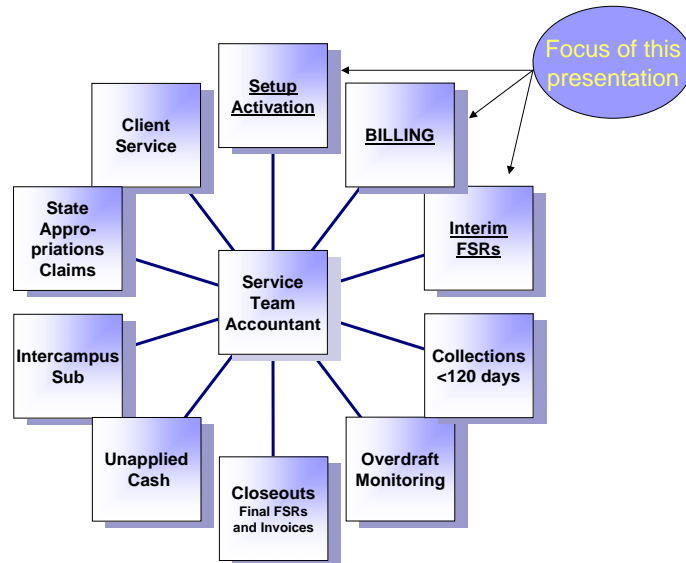
I. Introduction: A. EMF Organization Chart



I. Introduction: A. EMF Organization Chart



I. Introduction: B. EMF Service Team Tasks

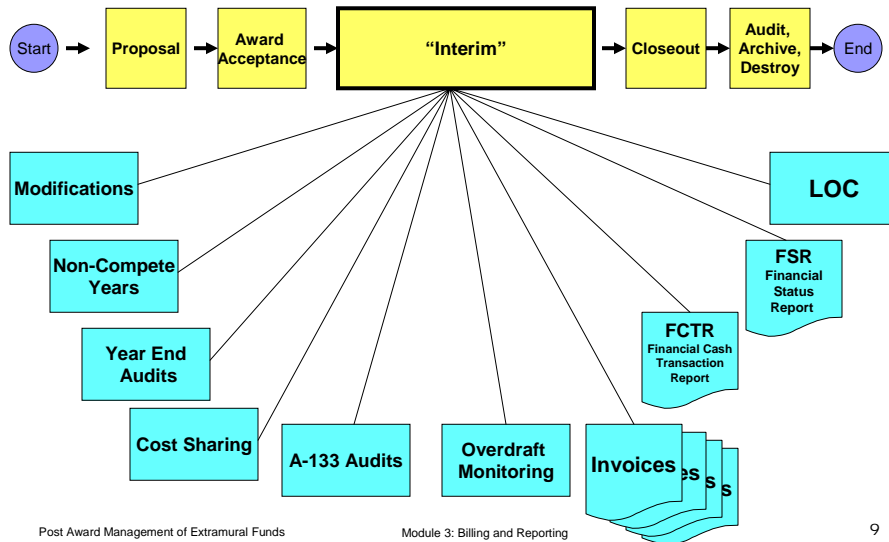


I. Introduction: C. EMF Billing Statistics

- LOC, about \$528M in FY2007
- Non-LOC, about \$272M in FY2007
- 16 Service Team Accountants, or \$17M Non-LOC per year, per accountant on average.
- 7 Service Teams of 2 or 3 accountants for various departments.
- Number of monthly CRB invoices reviewed – 450 invoices totaling \$12M on the average.

I. Introduction: D. Sponsored Award Life Cycle

According to EMF



I. Introduction: E. Terminology Review

- **Revenue**
Recognition of income when an expense is incurred
- **Accounts Receivable (AR)**
Billing that has not been paid
- **Billing**
Tracking of:
(1) invoices for expenses incurred,
(2) installment or scheduled payments due, or
(3) milestone payments (e.g., clinical trials)
- **Unbilled Accounts Receivable (UAR)**
Recognized revenue that has not been billed to the sponsor
- **Deferred Revenue**
Prepayment amount that is "utilized" as expenses are incurred

II. Billing

- A. Award billing terms and conditions
- B. RAS Billing Methods– CRB and PPD
- C. Methods of Claiming the Money
- D. Claim Forms – Easy to Difficult
- E. EMF Monthly Billing Process
- F. Success Factors

II. Billing: A. Award Billing Terms & Conditions

■ Billing Terms

- Costs incurred (also known as billing in arrears)
- Advance payment
- Payment schedule
- Milestones
- Per Patient
- Units of Service

When in doubt, read
the agreement!

II. Billing: A. Award Billing Terms & Conditions

■ Billing Conditions

- Invoice forms/formats
- Invoice details
- Electronic form
- Electronic and paper combinations
- Attachments
- Number of copies
- Signatures
- Several addresses

When in doubt, read
the agreement!

Exercise - Award Billing Terms & Conditions

- What is the billing limit for:
 - Award 1: _____
 - Award 2: _____
- What are the billing terms (costs incurred/billing in arrears, advance payment, payment schedule, milestones, per patient, units of service) for:
 - Award 1: _____
 - Award 2: _____
- For Award 1:
 - How often will UCSF be paid? _____
 - What triggers the second, third, and fourth payments? _____
- For Award 2:
 - How often will UCSF bill the sponsor? _____
 - What are the specific invoice detail requirements for this award?



II. Billing: B. RAS Billing Methods

■ Cost Reimbursable (CRB)

- Awards that are billed based on actual expenses incurred and posted to the General Ledger
- Includes Federal awards where request for reimbursement is by Letter of Credit (LOC) drawdown, a direct request for funds based upon actual expenses paid, and UCSF is the primary holder of the award

Examples: Federal LOC grants, cost reimbursable contracts

■ Prepaid (PPD)

- Awards that are NOT billed on actual expenses (payment may come early or in specified amounts)

Examples: Clinical Trials, Installment Pay, Fixed Price Contracts, Units of Service, Milestones, Prepayment, Combinations

II. Billing: B. RAS Billing Methods

■ Cost Reimbursable (CRB)

- EMF can only bill up to authorized spending limit (appropriation).
 - Budget is appropriated based on award document.
- Cannot bill for liens.
- No advance or additional payments.
- Can defer certain charges if needed.
- Do not confuse contract language with RAS billing language.

II. Billing: B. RAS Billing Methods

■ Prepaid (PPD)

- Used when award NOT based on costs incurred or includes combination
 - **Clinical Trial** - Payment is based on fixed deliverables (e.g., units of service, patient enrollment) not on costs incurred; sponsor may provide advance payment
 - **Installment** - Payment is based on pre-defined intervals as outlined in the award document; may or may not require an invoice.
 - **Milestone** - Payment is based on the achievement of pre-defined events as outlined in the award document; EMF or OSR sets up milestone dates in RAS; offline invoicing or reporting
 - **Prepayment** - Sponsor makes an advance payment without being invoiced.
 - **Units of Service** - Payment is based on units of service not on costs incurred (for example, public service awards).
 - **Combination** – Partial advance payment with cost reimbursable invoicing for the remainder of the contract.

II. Billing: B. RAS Billing Methods



■ How you can help

- Cannot change from Cost Reimbursable method to Prepaid method
 - EMF would need to generate a new Award/Fund indicating it was a prepaid award.
 - Department would need to transfer costs from old Award/Fund to new Award/Fund.
- If sponsor requests change from cost reimbursable to a prepaid type of reimbursement, work with OSR to negotiate this change at time of renewal.

Exercise – RAS Billing Method

- What is the RAS billing method for:
 - Award 1: _____
 - Award 2: _____



II. Billing: C. Methods of Claiming the Money

- Letter of Credit (LOC)
 - Request reimbursement immediately after UCSF has paid eligible expenses; twice-weekly drawdown
 - Major Federal agencies only
- Non-LOC
 - Paper invoice
 - Electronic
 - Patient report forms (prf or crf)
 - Automatic payments

II. Billing: D. Claim Forms – Easy to Difficult

- Easiest – no claim forms, payment schedule.
- Easy – total amount only, no detail and no attachments.
- Medium – salaries, benefits, travel, equipment, subcontract, direct and indirect subtotals.
- Difficult – detailed salaries, matches the detailed budget and on a special agency form.

Okay, so how do I know what was billed?

- Research Financial Summary Report by Fund/FY
http://www.acctg.ucsf.edu/extramural_funds/communications/index.htm
- Budget Status Report (BSR)
- GL Transaction Detail - AR NCA List and Journal ID equals A30*

II. Billing: E. EMF Monthly Billing Process

Letter of Credit (LOC)

- EMF Cash Management team performs twice-weekly drawdown to request immediate reimbursement for expenses that UCSF has paid.
- Major Federal agencies only

Standard Cost Reimbursable Billing

- EMF must process and send bills for these types of awards to the sponsor. *Departments can no longer submit any of their own invoices directly to the sponsor.*
 - RAS Cost Reimbursement Tracker
 - Large amounts first
 - Non-RAS Cost Reimbursement
 - NCIRE, Special State Appropriations
- Expenses must appear on the General Ledger; EMF cannot add pending expenses.
- If sponsor requires backup documentation, departments should send backup to EMF, but if must match the bill from EMF. *Work closely with your Service Team Accountant.*

II. Billing: E. EMF Monthly Billing Process

Clinical Trial Billing

- Departments should process and send clinical trial bills.
- There is no need to send a copy of the invoice to EMF.

Fee for Service, Unit of Service and Milestone Billing

- EMF must process and send bills for these types of awards to the sponsor. *Departments can no longer submit any of their own invoices directly to the sponsor.*
 - Milestone Tracker
- To trigger the billing process, Departments should send the appropriate documentation to EMF, who will submit the bill to the sponsor.

Installment Awards

- EMF must prepare and send the bills for these types of awards to the sponsor.

Summary: Clinical Trials are the only billing departments may do.

II. Billing: F. Success Factors

■ RSA

- Read agreements carefully for all terms and conditions.
- Review for any special budgetary line item restrictions.
- Review for additional projects and DPAs.
- Review award profile to ensure that there are enough DPA-Fund-FY assigned.
- Review fund setup in WebLinks.
- Review for any re-budgeting special conditions, i.e. prior approval.
- Review ledgers regularly for unallowable costs.
- Discuss with EMF service team any special coordination requirements.
- Review for any prior approval requirements on purchases:
 - Equipment
 - Travel
 - Sub-contract

■ EMF

- Read agreements carefully for all terms and conditions.
- Code billing rules in RAS accurately and completely.
- Ensure that the proper form and number of copies are used.
- Review for any attachment requirements, e.g. progress reports, program details, etc.
- Select the appropriate billing method – CRB or PPD.
- Discuss with RSA any special coordination conditions.
- Assist RSAs with billing issues when needed.
- Review trackers monthly.

III. Appropriations

- A. Setup by Service Team Accountants
- B. Prior to Award (PTA) or Pre-Award spending
- C. Monitoring Overdrafts

When in doubt, read
the agreement!

III. Appropriations: A. Setup by Service Team Accountants

- Part of the Setup “Activation” task for service team accountants
 - Revenue [ready]
 - Billing [ready]
 - Contract [active]
- Based on approved budget in the contract.
- Based on a signed contract.
- RSA must review for accuracy as this is a major control element for other factors such as overdraft and sponsor budget year restrictions.
- Clinical trials exception: budget is based only on payments.

III. Appropriations: B. PTA and Pre-Award Spending

Prior to Award (PTA)


- Before an award is actually signed, PI and departments are allowed to start spending. Results in reduced cost transfers. Less cost transfers = less audit scrutiny!
 - No appropriation is set up until award is received, no billing occurs either.
 - Must submit Advanced Fund Request to OSR.

Pre-Award Spending

- As allowed by the sponsor before the official start date, e.g. pre-award 90 day clause for certain NIH awards.
 - Only on the first year of the competitive cycle. Sometimes confused with accelerated spending in non-compete years.
 - No appropriation setup until award is received, no billing occurs either.

When in doubt, read
the agreement!

III. Appropriations: C. Overdrafts

- Overdrafts
 - Red flag for auditors, always! 
 - On federal awards, adversely impacts UCSF STIP earnings.
 - Monitoring of >\$50K currently enforced.
 - Resulting cost transfers are tested and monitored by auditors as well.

IV. Reporting

A. Interim FSRs and FCTRs

- Federal – EMF top priority! *On time, on schedule!*
- Private – RSAs prepare for EMF review.

B. Allowable Costs

C. Cost Sharing or matching funds

D. Pitfalls and Consequences

IV. Reporting: A. FSRs/FCTRs

■ FSR – Financial Status Report

- Federal Form SF269
- Provides a status report on cumulative expenditures and budget/funds authorized – no cash picture.
- Does not ask for money – but can stop the money from coming in if not submitted.
- Submitted by EMF after concurrence from department RSA and PI, unless a response is not received in time.
 - 10 days prior to termination date rule – EMF submits draft for concurrence to department.
 - Department must return to EMF within 5 days, or else FSR will be submitted as is.

Sample FSR SF 269:

<http://www.whitehouse.gov/omb/grants/sf269.pdf>

IV. Reporting A. FSRs/FCTRs

■ Request for Advance or Reimbursement

- SF 270
- Asks for reimbursement in arrears or advances up to 3 months, if allowed.
- Setup as PPD only if possibility of advance requests.

Sample Request for Advance or Reimbursement SF270:

<http://www.whitehouse.gov/omb/grants/sf270.pdf>

IV. Reporting: A. FSRs/FCTRs

■ FCTR – Financial Cash Transaction Report

- Federal Form SF272
- Provides a status report on cumulative expenditures, cash and cash balance.
- The form does not ask for money – but can stop the money from coming in if not submitted accurately and in a timely manner.
- Final FCTR: Submitted by EMF after concurrence from department RSA and PI, unless a response is not received in time – 5 day turn around.

Sample FCTR SF272:

<http://www.whitehouse.gov/omb/grants/sf272.pdf>

IV. Reporting - B. Allowable Costs

- Allowable per several factors:
 - Principal Investigator is primarily responsible for the financial control of the award. RSAs must address issues with the PI.
 - Sponsor Cost and Administrative Policies
 - Federal Guidelines – OMB A-21, A-110, A-133, FAR, etc.
 - SAM – State (CA) Administrative Manual
 - University Cost Policies
 - UCSF Contracts and Grants Manual, Chapter 6
 - Actual Award Agreement
 - Provides detailed instructions or preferences

IV. Reporting - C. Cost Sharing

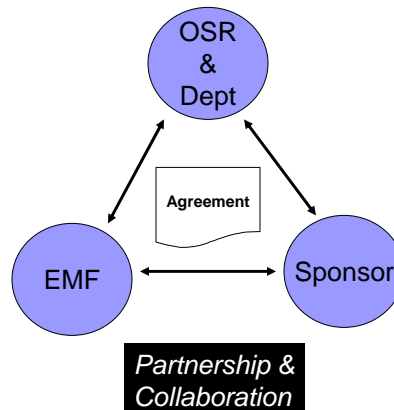
- What is cost sharing?
- When is it reported in FSRs or Invoices?
 - Form SF269
- What are the possible repercussions if omitted or wrong?
 - Reduction of funding if matching funds, always inform and check with the sponsor.

IV. Reporting – D. Pitfalls and Consequences

- Late or Revised FSRs – *audit red flag!* puts institution and future funding at risk!
- Unallowable costs – refund plus interest and penalty, loss of future funding, loss of funds for UCSF or UC system.
- Wrong Form and attachments – suspended invoices results in financial costs to UCSF, can lead to an audit and result in adverse billing terms or loss of future funding.
- Poorly negotiated billing terms – high financing costs to the university and higher risks.
- Slow spending – can lead to reduction of current or future budgets.
- Accelerated spending – disallowed if without approval from agency.
- “Parking” Expenses – results in poor accounting reports and management, plus overdraft and cost transfers result in more administrative costs and red flags to the auditors. Major audit exceptions can imperil other UCSF and UC system funds.

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the agreement!

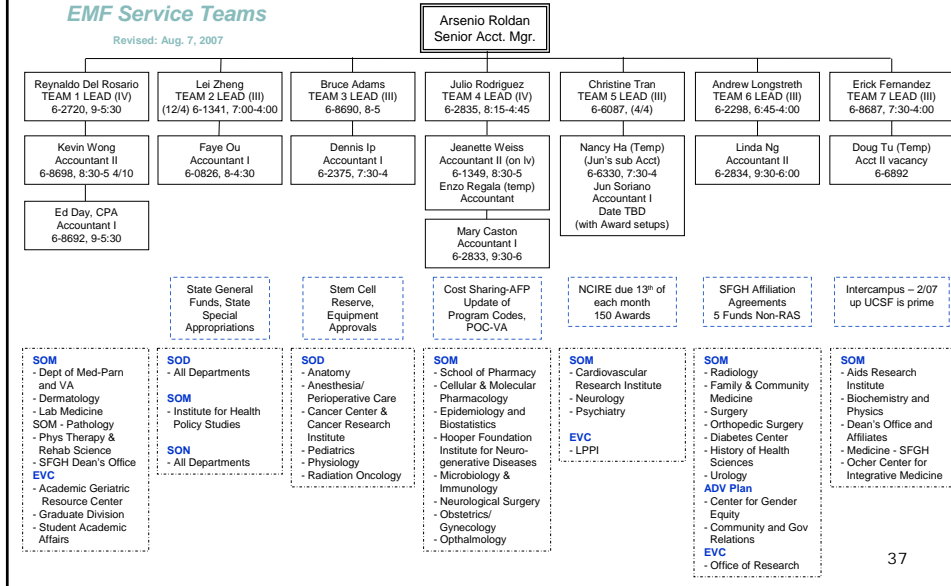
V. Summary



I. Introduction: A. EMF Organization Chart

EMF Service Teams

Revised: Aug. 7, 2007



V. Summary

- Questions
- Evaluation/Suggestion forms
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Review

- What is the basis for billing a cost reimbursable award?
 - _____
- What is the difference between billing a Letter of Credit (LOC) award and other cost reimbursable awards?
 - _____
- What are five types of RAS prepaid billing methods (excluding Combination)?
 - _____
 - _____
 - _____
 - _____
 - _____
- Which billing method cannot be changed once an award has been billed?
 - _____

Review

- Which type of billing is the only one that departments may do?
 - _____
- What are examples of invoicing that require close cooperation between the department and the Service Team Accountant?
 - _____
- What determines the amount of an appropriation for all awards except clinical trials? For clinical trials?
 - _____
 - _____
- How does a department request authorization for advance spending (prior to award)?
 - _____

Review

- Who monitors and submits Federal FSRs?

- Who monitors and submits Private FSRs?

- What are four common "Reporting" pitfalls?

Exercise - Award Billing Terms & Conditions

- What is the billing limit for:
 Award 1: \$100,000
 Award 2: \$154,845
- What are the billing terms (costs incurred/billing in arrears, advance payment, payment schedule, milestones, per patient, units of service) for:
 Award 1: Milestones
 Award 2: Costs incurred (billing in arrears)
- For Award 1:
 How often will UCSF be paid? In four equal installments
 What triggers the second, third, and fourth payments? Sponsor receipt of satisfactory progress report (due 11-30-07; 05-31-08; 11-30-08)
- For Award 2:
 How often will UCSF bill the sponsor? quarterly
 What are the specific invoice detail requirements for this award?
Include agreement number; names of people employed under contract; Certification by the Dir. Of Family Practice Residency Training Program



Exercise – RAS Billing Method

- What is the RAS billing method for:
 - Award 1: Prepaid - Milestone
 - Award 2: Cost Reimbursable



Review

- What is the basis for billing a cost reimbursable award?
 - Actual Expenses incurred and posted to the General Ledger
- What is the difference between billing a Letter of Credit (LOC) award and other cost reimbursable awards?
 - Actual Expenses paid
- What are five types of RAS prepaid billing methods (excluding Combination)?
 - Clinical Trial
 - Installment
 - Milestone
 - Prepayment
 - Units of Service
- Which billing method cannot be changed once an award has been billed?
 - Cost Reimbursable

Review

- Which type of billing is the only one that departments may do?
 - [Clinical Trial](#)
- What are examples of invoicing that require close cooperation between the department and the Service Team Accountant?
 - [Sponsor requires backup documentation; special attention to budget line items](#)
- What determines the amount of an appropriation for all awards except clinical trials? For clinical trials?
 - [For most awards, approved budget in the contract](#)
 - [For clinical trials, budget is based only on payments](#)
- How does a department request authorization for advance spending (prior to award)?
 - [Submit Advanced Fund Request Form to OSR](#)

Review

- Who monitors and submits Federal FSRs?
 - [EMF](#)
- Who monitors and submits Private FSRs?
 - [Department monitors; EMF submits](#)
- What are four common "Reporting" pitfalls?
 - [Late or Revised FSRs](#)
 - [Unallowable Costs](#)
 - [Wrong Form and attachments](#)
 - [Slow spending or accelerated spending](#)