

The University of Chicago

Sponsored Award Accounting

Accounting Primer

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Sponsored Award Accounting
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Introduction

To work in the Sponsored Award Accounting Section of the Comptroller's Office, individuals need to have some technical accounting skills. This accounting primer is intended both for individuals with and without a formal accounting background. The benefit of the Primer to the individual with an accounting background is that it will describe accounting entries that are unique to Sponsored Award Accounting, of which some may not be in accordance with GAAP (Generally Accepted Accounting Practices). For the individual without a formal accounting background, the Primer will provide some very basic accounting instruction that will allow an individual to understand the concepts of the balance sheet and debit and credit accounting entries. The Primer's instruction combined with taking one or two formal introductory accounting classes should equip an individual with the accounting skills that are necessary to perform their Sponsored Award Accounting job duties successfully.

Balance Sheet

The balance sheet is a report that is common to all accounting entities. The balance sheet identifies the accounting entity's assets, liabilities, and equity. The term balance sheet stems from the age-old accounting rule that assets are equal—though opposite in sign—to the sum of the liabilities and equity. In a classic balance sheet report, the assets are displayed on the left and liabilities and equity balances are displayed on the right.

Assets

Assets are resources to the accounting entity. Examples include cash, accounts receivable, investments, buildings, equipment, etc. Assets are recorded as positive numbers.

Liabilities

Liabilities are the accounting entity's specific responsibilities. The amount due a vendor for services or goods provided to the accounting entity is an example of a specific liability. Liabilities are recorded as negative numbers.

Equity (Fund Balance)

Equity represents a "residual" responsibility. There is the responsibility to use the accounting entity's resources for the purpose for which the entity exists. Equity in the for-profit world usually has two components: paid-in-capital and retained earnings. Paid-in-capital is the amount of capital raised from investors, which is often done through the sale of stock. Retained earning is the amount of capital generated from net income. Equity is recorded as a negative number.

In Sponsored Award Accounting, equity is referred to as "fund balance". Fund balances represent the accounting entity's residual responsibilities. The University is responsible for using award funds for the purpose for which they were intended, such as research, training, drug studies, etc.

Accounting Entries

Accounting entries are often described as debits and credits. Debits are positive numbers and credits are negative. When accounting transactions are displayed in columnar format, debits are placed on the left column, and credits are placed on the right. But what determines whether the entry is a debit or credit, and how do they affect the balance sheet's assets, liabilities and fund balance?

Debits and Credits

A debit entry to an asset account will increase the asset, while a credit entry will decrease it. For liability and fund balance accounts, it is just the opposite: a credit entry to a liability or a fund balance account will increase it, while a debit entry will decrease it. Debits increase assets and decrease liabilities and fund balances; while credits increase liabilities and fund balances and decrease assets.

Entry Type	Sign +/-	Assets	Liabilities and Fund Balances
Debit	+	Increase	Decrease
Credit	-	Decrease	Increase

Once you determine how you want to affect the balance sheet line items (i.e., assets, liabilities and fund balance) you can determine the entry type. For example, if you wanted to increase the cash asset, the entry type would be a debit. If you wanted to decrease the cash asset, a credit entry would be needed.

Double Entry Bookkeeping

Accounting is often described as double entry bookkeeping and that is because every accounting entry has a debit and credit component. The absolute value of the debits must always equal the absolute value of the credits; if they don't, there is an error. Remember, the balance sheet's assets are represented by debits and the liabilities and fund balance are represented by credits. The balance sheet's assets must always equal its liabilities and fund balances, which is the same thing as saying that the balance sheet's debits must equal its credits. So, any entry to the balance sheet must be paired with an offsetting entry. You often hear accounting personnel use the expression "in-balance". The accounting entry or the balance sheet is "in balance" if the debits equal the credits, or you are "in-balance" if the sum of the positive debit numbers and the negative credit numbers equals zero.

Fund Balance Accounting Entries

Entries are never made directly to the fund balance. Instead, they are made to subsidiary records that are maintained for fund additions (income and other additions) and fund deductions (expenses and other deductions). Subsidiary records are then "closed" to the fund balance.

How do you "close" a subsidiary record? First you total the activity for the subsidiary record. Then you make a an entry to the subsidiary record that when added to all other

Accounting Entries

activity in the subsidiary record will result in a sum equal to zero and, thereby, “closes” the subsidiary record. The other side of the “closing” entry is to the fund balance.

Sponsored Award Accounting Events

Sponsored award accounting events can be group into eight categories: 1, income fund balance additions; 2, other fund balance additions; 3, expense fund balance deductions; 4, other fund balance deductions; 5, exchange of assets; 6, asset and liability exchanges; 7, budgets; and 8, encumbrances. In this section, we will discuss the first six accounting categories. The last two categories, budgets and encumbrances, will be discussed in the next section, Sponsored Award Budget and Encumbrance Events.

Income Additions

A new award or an increase to an existing award represents income to the sponsored award. (Note: The accountant knows that income is not actually earned until the award activity is performed. But for the non-accountants, it is easier to work with the notion that there is an income “event” at the time of the award.) Income will increase the account receivable asset (resource) and will also increase the fund balance (residual responsibilities). The accounting entry to record income is:

Debit	Credit
Asset (Account receivable)	Fund balance: Fund addition subsidiary record - income

Other Additions

Fund balance additions other than income are called other additions. Example, some awarding agencies require the University to add interest earned on unspent award funds to those funds the agency has given the University. Other additions will increase the cash asset (resources) and increase fund balance (residual responsibilities). The accounting entry is:

Debit	Credit
Asset (Cash)	Fund balance: Fund addition subsidiary record - other

Expenses

Expenses will decrease cash assets (resources) or increase liabilities (specific responsibilities) and decrease fund balance (residual responsibilities). The accounting entry is:

Debit	Credit
Fund balance: Fund deduction subsidiary record - expense	Asset (Cash) and/or liability

Other Deductions

Fund balance deductions other than expense are called other deductions. Like expenses, other deductions decrease resources (assets) or increase specific responsibilities

Sponsored Award Accounting Events

(liabilities) and decrease fund balance (residual responsibilities). Example, some awarding agencies require the University to remit to them any interest earned on funds they provide to the University. When this event occurs, the University accounts for the remittance as an “other deduction”. The accounting entry is:

Debit	Credit
Fund balance: Fund deduction subsidiary record – other	Asset (Cash) and/or liability

Asset Exchange Transactions

An asset exchange transaction is one where one asset is decreased and another is increased. The most common sponsored award example of such a transaction is when an awarding agency makes a payment on its award. The account receivable asset (resource) is decreased and the cash asset (resource) is increased. There is no change in the total resources or specific or general responsibilities. The accounting entry is:

Debit	Credit
Asset (Cash)	Asset (Account receivable)

Asset and Liability Exchange Transactions

An asset and liability exchange transaction is one where a change in an asset (resource) is offset by an equal change in a liability (specific responsibility). The most common example of this transaction is the payment of an account payable liability. The account payable liability (specific responsibility) is decreased and the cash asset (resource) is decreased by a like amount. The accounting entry is:

Debit	Credit
Liability (Accounts payable)	Asset (Cash)

Sponsored Award Budget and Encumbrance Events

Budget and encumbrance events are unlike the accounting events described in the previous section. The previous section described accounting events that are necessary to present fairly the financial position of the accounting entity to its management and interested external parties. To do that, financial information must be prepared in accordance with Generally Accepted Accounting Practices (GAAP).

Budgets

Budget accounting events are limited to activities set by the accounting entity's management—there is no GAAP for budget accounting. For example, budget entries do not have to follow the double entry bookkeeping principle, i.e., budgets can be one-sided accounting entries.

The sole purpose of budget accounting is to help management manage itself. Budget accounting records are often referred to as memorandum records. Use of the word “memorandum” probably stems from the fact that the budget information is used for reporting information to management only. The accounting profession's governing bodies do not promulgate budget accounting principles because only management uses budget accounting information, it's not used for reporting financial results to external parties.

Debit accounting entries decrease revenue budgets and increase expense budgets. In sponsored award accounting, increases and reductions to award budgets are shown as one-sided entries. Transfers of budgets between accounts, however, may be shown as two-sided entries, though those entries also could be—and usually are at the University—submitted as two separate one-sided entries.

In the University's sponsored award accounting, only expense budget entries are entered into the Financial Accounting System (FAS). FAS, however, will calculate a revenue budget that is equal to the expense budget and will place that amount in a “summary account control” (See the Chart of Accounts Section for a discussion of “summary account controls”.) Below are examples of typical budget entries for a sponsored agreement.

Budget New Award

Debit	Credit
Expense budget	

Budget Transfer

Debit	Credit
Expense budget	Expense budget

Sponsored Award Budget and Encumbrance vents

Budget Reduction

Debit	Credit
	Expense budget

More detailed information on budgeting at the account and subaccount level can be found in [Chapter 5 of the FAS Users Manual](#). More detailed information on the budget transactions (budget entry codes) can also be found in the [FAS Users Manual in Section 9.c.i.](#)

Encumbrances

An encumbrance is an obligation to pay in the future for some goods or services that have not yet been received and /or billed by the vendor. Like budget accounting, encumbrance accounting is limited to activities set by management. At the University, encumbrance accounting is usually performed only for obligations that are incurred because of the issuance of a purchase order.

Like budget entries, encumbrance accounting entries can be, and usually are, one-sided entries. The only time an encumbrance entry is two-sided is when the encumbrance is being transferred from one account to another. Debits increase encumbrances, while credits decrease them.

The accounting entry to increase an encumbrance is:

Debit	Credit
Encumbrance	

A new or an increase in an encumbrance is usually the result of issuing a Regular Purchase Order. (Note: The University has three types of purchase orders: Regular, Standing, Maintenance and Repair and Z-Order. Encumbrance accounting is done only for the Regular, Standing and Maintenance and Repair Orders, not for Z-Orders)

The accounting entry to decrease an encumbrance is:

Debit	Credit
	Encumbrance

Encumbrances are usually decreased by a cash disbursement or an accounts payable creation, but they can also be decreased by other accounting events such as travel expense voucher. More general information encumbrances can be found [Chapter 6 of the FAS Users Manual](#), and information on the different types of encumbrance transactions can be found in [Section 9.c.i. of the Manual](#).

Chart of Accounts

The University has a 10-digit account number. Its structure is shown below:

Digit	Description
1	Ledger Designation GL 0 SL 5,6
2-5	Account number
6-10	GL: Account Control SL: Subaccount

General Ledger

The General Ledger (GL) maintains 10-digit account numbers for:

1. Balance sheet categories for assets, liabilities, and fund balances.
2. Fund balance subsidiary records for income, other fund additions, fund deductions, and expenses.
3. Memorandum records for budgets and encumbrances.

Summary Accounts

The GL's fund balance subsidiary record for expense and its memorandum records for budgets and encumbrances are called "summary accounts" because what is posted to them is the total expense, budget and encumbrance transactions as reported in the Subsidiary Ledger (SL).

Subsidiary Ledger

The SL is a special detailed subsidiary record for expense as well as a special detailed memorandum record for budgets and encumbrances. The SL maintains detailed expense, budget and encumbrance transactions by 10-digit account numbers. The summarized SL information is what is reported in the GL's summary accounts.

Sponsored Award Accounts

A sponsored award is assigned one [General Ledger](#) (GL) *account number* and one or more [Subsidiary Ledger](#) (SL) *account numbers*. One of the SL's account numbers must have the same value as the GL account number. The SL account number with the same value as the GL account number is called the *master account*; if there are other SL accounts for the award, they are called associate accounts. All of the SL accounts have a [mapping code attribute](#) that ties them to the awards GL account. The mapping code attribute value for an award account is always equal in value to the award's GL account number.

Chart of Accounts

Abbreviated Chart of Accounts for Sponsored Awards

An abbreviated chart of accounts for sponsored awards appears on the following pages.
The University's complete chart of accounts can be found in the [FAS Manual](#).

Abbreviated Chart of Accounts for Sponsored Awards			
General Ledger:	Ledger	Account	Account Control/ Subaccount
Asset			
Cash			
Federal	0	2xxxx	1100
Non-federal	0	34/36xxx	1100
Account Receivable			
Federal	0	2xxxx	1361
Non-federal	0	34/36xxx	1362
Liabilities			
Vouchers (accounts) payable			
Federal	0	2xxxx	2100
Non-federal	0	34/36xxx	2100
Interest payable			
Federal	0	2xxxx	2127
Non-federal	0	34/36xxx	2127
Fund balance			
Federal	0	2xxxx	3200
Non-federal	0	34/36xxx	3300
Income			
New award authority			
Federal	0	2xxxx	4200
Non-federal			
State, local gov't units	0	34/36xxx	4200
Non-governmental grants	0	34/36xxx	4250
Contracts	0	34/36xxx	4260
Other Additions			
Interest earnings on cash balances			
Federal	0	2xxxx	4591
Non-federal	0	34/36xxx	4591
Transfers from other funds			
Federal	0	2xxxx	41xx
Non-federal	0	34/36xxx	41xx
Other deductions			

Chart of Accounts

Abbreviated Chart of Accounts for Sponsored Awards			
General Ledger:	Ledger	Account	Account Control/ Subaccount
Interest payable to granting agency			
Federal	0	2xxxx	5591
Non-federal	0	34/36xxx	5591
Transfers to other funds			
Federal	0	2xxxx	51xx
Non-federal	0	34/36xxx	51xx
Summaries			
Expense			
Federal	0	2xxxx	9550
Non-federal	0	34/36xxx	9560
Budget			
Revenue			
Federal	0	2xxxx	9140
Non-federal	0	34/36xxx	9140
Expense			
Federal	0	2xxxx	9150
Non-federal	0	34/36xxx	9150
Encumbrance			
Federal	0	2xxxx	9650
Non-federal	0	34/36xxx	9660

Abbreviated Chart of Accounts for Sponsored Awards			
Subsidiary Ledger	Ledger	Account	Account Control/ Subaccount
Expenses			
Salaries			
Federal	5	2/9xxxx	10/1899
Non-federal	6	34/36,94/96xxx	10/1899
Fringe Benefits			
Federal	5	2/9xxxx	1900/03
Non-federal	6	34/36,94/96xxx	
Services			
Federal	5	2/9xxxx	3/4xxx
Non-federal	6	34/36,94/96xxx	3/4xxx
Supplies			

Chart of Accounts

Abbreviated Chart of Accounts for Sponsored Awards			
Subsidiary Ledger	Ledger	Account	Account Control/ Subaccount
Federal	5	2/9xxxx	5xxx
Non-federal	6	34/36,94/96xxx	5xxx
Equipment			
Federal	5	2/9xxxx	6xxx
Non-federal	6	34/36,94/96xxx	6xxx
Travel			
Federal	5	2/9xxxx	70/75xx
Non-federal	6	34/36,94/96xxx	70/75xx
Leases/Rental			
Federal	5	2/9xxxx	78/8199
Non-federal	6	34/36,94/96xxx	78/8199
Training Expenses/Student Aid			
Federal	5	2/9xxxx	8300/91
Non-federal	6	34/36,94/96xxx	8300/91
Library and Art Acquisition			
Federal	5	2/9xxxx	85xx
Non-federal	6	34/36,94/96xxx	85xx
Subcontracts			
Federal	5	2/9xxxx	86xx
Non-federal	6	34/36,94/96xxx	86xx
Construction/Renovation/Acquisition			
Federal	5	2/9xxxx	87/88xx
Non-federal	6	34/36,94/96xxx	87/88xx
Occupancy and Maintenance			
Federal	5	2/9xxxx	89xx
Non-federal	6	34/36,94/96xxx	89xx
Indirect Cost			
Federal	5	2/9xxxx	9100
Non-federal	6	34/36,94/96xxx	9100
Indirect Cost - Cost Sharing			
Federal	5	2/9xxxx	9101
Non-federal	6	34/36,94/96xxx	9101
Indirect Cost - Argonne National Lab			
Federal	5	2/9xxxx	9102
Non-federal	6	34/36,94/96xxx	9102
Indirect Costs - Subcontracts			

Chart of Accounts

Abbreviated Chart of Accounts for Sponsored Awards			
Subsidiary Ledger	Ledger	Account	Account Control/ Subaccount
Federal	5	2/9xxxx	9103/07
Non-federal	6	34/36,94/96xxx	9103/07
Indirect Cost Adjustments			
Federal	5	2/9xxxx	9112
Non-federal	6	34/36,94/96xxx	9112
Contingency/Unallocated Budget			
Federal	5	2/9xxxx	92/97xx
Non-federal	6	34/36,94/96xxx	92/97xx
Lump Sum Expense Transfers			
Federal	5	2/9xxxx	96/97xx
Non-federal	6	34/36,94/96xxx	96/97xx
Credits			
Federal	5	2/9xxxx	98xx
Non-federal	6	34/36,94/96xxx	98xx
Unallowable Costs			
Federal	5	2/9xxxx	99xx
Non-federal	6	34/36,94/96xxx	99xx

Chart of Accounts

Using the chart of accounts, let's rewrite the transactions described in the earlier sections on [sponsored award accounting](#), and [budget and encumbrance events](#) using account numbers. Let's assume that the transactions apply to a federal award whose account number (digit 2-5 of the 10-digit account number) is 23456.

Accounting Event	Debit	Credit
Income (New award)	0-23456-1361 (Account receivable)	0-23456-4200 (Fund balance: Fund addition subsidiary record – income)
Other Addition (Interest earnings on unspent award funds)	0-23456-1100 (Cash)	0-23456-4591 (Fund balance: Fund addition subsidiary record – other)
Expenses (Salaries, fringe benefits, supplies, etc.)	5-23456-1/9xxx (Expenses)	0-23456-1100 (Cash) or 0-23456-2100 (Liability)
Other deduction (Interest earnings due awarding agency)	0-23456-5591 (Other deduction)	0-23456-1100 (Cash) or 0-23456-2127 (Liability)
Asset exchange transaction (Payment received from awarding agency)	0-23456-1100 (Cash)	0-23456-1361 (Account receivable)
Asset and liability exchange transaction (Account payable payment)	0-23456-2100 (Liability)	0-23456-1100 (Cash)
Budget New Award	5-23456-xxxx	

Chart of Accounts

Accounting Event	Debit	Credit
(New award authority)	(Expense subaccounts)	
Budget Transfer (Transfer budget between subaccounts)	5-23456-xxxx (Expense subaccounts)	5-23456-xxxx (Expense subaccounts)
Budget Reduction (Return unspent funds to awarding agency)		5-23456-xxxx (Expense subaccounts)
Encumbrance (Issuance of new Purchase Order)	5-23456-xxxx (Expense subaccounts)	
Encumbrance (Payment of Invoice)		5-23456-xxxx (Expense subaccounts)
Encumbrance (Transfer encumbrance between subaccounts)	5-23456-xxxx (Expense subaccounts)	5-23456-xxxx (Expense subaccounts)

Financial Accounting System On-Line Screens

The Financial Accounting System (FAS) provides a number of on-line screens in which information can be view or updated. The screens that are most frequently accessed by sponsored award accounting personnel to view accounting information are Screens 14, 15, and 24. Those screens are discussed below. More information on those Screens and other FAS Screens can be found in the [FAS System Guide](#).

Screen 14

Screen 14 shows the General Ledger (GL) accounts. The GL maintains 10-digit account numbers for:

1. Balance sheet categories for assets, liabilities, and fund balances.
2. Fund balance subsidiary records for income, other fund additions, fund deductions, and expenses.
3. Memorandum records for budgets and encumbrances.

Many people find it helpful to think of the GL and Screen 14 as displaying the Balance Sheet for the award.

Screen 14 shows three columns of dollar information. The first column contains the account balances as of the previous June 30th, which is the end of the University's fiscal year. The second column contains the account balances for the current month's activities. And the third column contains the current cumulative account balances.

On the following page is an example of Screen 14 for an award whose GL account number is 0-20699. In this example, the award began during the current University fiscal year, which explains why the first column of numbers (account balances at the end of the University's previous fiscal year) contains all zeros.

Using Screen 14, see if you can answer the following questions:

1. What are the total assets as of the date of the FAS Screen, as of the beginning of the month?
2. What are the total liabilities and fund balance as of the date of the FAS Screen, as of the beginning of the month?
3. What have been the expenses this month, prior months of the current fiscal year?
4. Did total expenses result in a debit or credit entry to the expense summary account control?
5. Was the account receivable entry a credit or debit? What would the other side of the account receivable entry, barring an error, have been?
6. The cash account control shows zero, what would have happened for that to be?

Financial Accounting System On-Line Screens

Screen 14 for 0-20699

Winsock 3270 Telnet - uchimvs1.uchicago.edu

14 LIST 6 DIGIT GL ***** 0-20699 PATH/2R01AI43407/CRW

SCREEN: ___ ACCT: _____

DEPT: 112 RESP PERSON: HILL, LAURENCE
 FLAGS: DFRDSR
 0000

CTL	DESCRIPTION	BALANCE 6/30	CURRENT MONTH	CURRENT BALANCE
1100	CLAIM ON CASH	0.00	0.00	0.00
1361	FEDERAL A/R	0.00	1,461.84-	167,605.94
3200	FB CRF-FEDERAL	0.00	1,461.84	167,605.94-
4200	GOV GRANTS/CONTRACT	0.00	0.00	299,960.00-
9140	CRF REVENUE BUDGET	0.00	0.00	299,960.00-
9150	CRF EXPENSE BUDGET	0.00	0.00	299,960.00-
*	SUB ACCT TOTAL *	0.00	0.00	299,960.00-

NUM 15:30:02 IBM-3278-2

Clear	Erase EOF	New Line	PA1	PA2	PA3
ATTN	Dup	Erase Input	Field Mark	Reset	SysReq

Winsock 3270 Telnet - uchimvs1.uchicago.edu

14 LIST 6 DIGIT GL ***** 0-20699 PATH/2R01AI43407/CRW

SCREEN: ___ ACCT: _____

DEPT: 112 RESP PERSON: HILL, LAURENCE
 FLAGS: DFRDSR
 0000

CTL	DESCRIPTION	BALANCE 6/30	CURRENT MONTH	CURRENT BALANCE
9550	EXP SUM LEDGER 5	0.00	1,461.84	132,354.06
*	ACCT TOTAL *	0.00	1,461.84	167,605.94-

NUM 15:40:42 IBM-3278-2

Clear	Erase EOF	New Line	PA1	PA2	PA3
ATTN	Dup	Erase Input	Field Mark	Reset	SysReq

(Note: Disregard the totals showing for “* SUB ACCT TOTAL ” and “* ACCT TOTAL *”.)

Financial Accounting System On-Line Screens

Screen 15

Screen 15 displays the Subsidiary Ledger (SL) for an award. As we said in the [Chart-of-Accounts](#) Section, the SL is a special detailed subsidiary record for expense as well as a special detailed memorandum record for budgets and encumbrances. The SL maintains detailed expense, budget and encumbrance transactions by 10-digit account numbers. Screen 15 summarizes information by the 10-digit account number. The totals shown on Screen 15 for the 6-digit account are the summarized SL data that is reported in the GL's summary accounts for expenses, budgets and encumbrances. Unlike Screen 14, Screen 15 does not separate out the current month activity, it shows only cumulative activity as of the current date.

When we discussed Screen 14, we used GL account 0-20699 as an example. On the following page is Screen 15 for the subsidiary (master) account 5-20699 that belongs to (maps to) GL account 0-20699. (Note: this award had only a master SL account; it had no associate SL accounts.) Looking at Screen 15 for 5-20699, try answering these questions:

What was the total salary expense charged to the award?

What numbers on Screen 15 can you also find on Screen 14?

What would Screen 15 total budget, expense, encumbrance and budget balance available totals had been at the end of the previous month?

Financial Accounting System On-Line Screens

Screen 15 for 5-20699

15 LIST 6 DIGIT SL ***** 5-20699 PATH/2R01AI43407/CRW

SCREEN: ACCT:

DEPT: 112 RESP PERSON: ORRIN, SUMATRA
 FLAGS: DFRDSR
 000000

OBJ	DESCRIPTION	BUDGET	ACTUAL	ENCUMB	AVAIL
0990	BUDGET POOL FOR ACCT	113,210	0	0	113,210
1000	FACULTY SALARIES	12,600	12,600	0	0
1100	OTHER ACADEMIC SAL	46,913	46,913	0	0
1400	TECHNICAL SAL	10,150	10,150	0	0
1900	BUD POOL FRINGE BEN	0	0	0	0
1901	FRINGE BENEFITS LVL1	12,974	12,974	0	0
1902	FRINGE BENEFITS LVL2	1,923	1,923	0	0
* SUB ACCT TOTAL *		197,770	84,560	0	113,210

NUM 15:59:04 IBM-3278-2

Clear	Erase EOF	New Line	PA1	PA2	PA3
ATTN	Dup	Erase Input	Field Mark	Reset	SysReq

15 LIST 6 DIGIT SL ***** 5-20699 PATH/2R01AI43407/CRW

SCREEN: ACCT:

DEPT: 112 RESP PERSON: ORRIN, SUMATRA
 FLAGS: DFRDSR
 000000

OBJ	DESCRIPTION	BUDGET	ACTUAL	ENCUMB	AVAIL
2200	ANIMAL CARE	481	481	0	0
4900	ALL OTHER SERVICES	140	140	0	0
5100	ANIMAL PURCHS/SUPPLS	773	773	0	0
5400	LABORATORY SUPPLIES	53	53	0	0
7100	DOM TRAV-FAC/STF/STU	783	783	0	0
9100	INDIRECT COSTS	99,960	45,564	0	54,396
* ACCT TOTAL *		299,960	132,354	0	167,606

NUM 15:59:46 IBM-3278-2

Clear	Erase EOF	New Line	PA1	PA2	PA3
ATTN	Dup	Erase Input	Field Mark	Reset	SysReq

(Note: The “* SUB ACCT TOTAL” is the cumulative total for Screen 15 pages. It’s not particularly useful information.)

Financial Accounting System On-Line Screens

Screen 24

Screen 24 shows individual accounting transactions. It can show the transactions for both the current month and prior months, but not for any other time period. Below is Screens 24 for the current month for our example GL and SL accounts, 0-20699 and 5-20699. The [detailed information](#) is the same information that appears on the monthly accounting reports. What information can you track back to Screen 14? Can you track anything back to Screen 15?

Winsock 3270 Telnet - uchimvs1.uchicago.edu

ACCOUNT	EC	DATE	DESCRIPTION	DOLLAR AMOUNT	OFFSET	ACCT
EX DPT BATCH-ID/DATE	PROC-DATE	BANK	REF -1	REF -2	REF -3	
0-20699-1361	61	02/07	L/C CASH TRANSFER	1,461.84	0-20000-1361	
20 112 AM955C	02/07	02/07/03		000955	0000226	

*** BOTTOM *** PF7 - BACK; PF3 - EXIT

PAGE 0001
NUM 16:39:24 IBM-3278-2

Clear	Erase EOF	New Line	PA1	PA2	PA3
ATTN	Dup	Erase Input	Field Mark	Reset	SysReq

Winsock 3270 Telnet - uchimvs1.uchicago.edu

ACCOUNT	EC	DATE	DESCRIPTION	DOLLAR AMOUNT	OFFSET	ACCT
EX DPT BATCH-ID/DATE	PROC-DATE	BANK	REF -1	REF -2	REF -3	
5-20699-1400	49	02/07	BIWEEKLY P/R	821.25		
20 112 UBPO30	02/07	02/07/03	98			
5-20699-1902	49	02/07	BIWEEKLY FB-	137.34		
20 112 UBF030	02/07	02/07/03	98			
5-20699-9100	63	02/07	INDIRECT COSTS	503.25	1-30600-0300	
20 112 OVH953	02/07	02/07/03				
TOTAL FOR ACCOUNT 5-20699:			EXP/REV	1,461.84		

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Indirect Accounting Entries for Cash, Summary Account Controls, and Fund Balance Closing

The Financial Accounting System (FAS) is designed to make all entries to the *cash* and *summary* account controls, and to make the “closing entries” between the fund balance subsidiary records and the fund balance. These entries are referred to as “indirect” because they are generated by FAS rather than by input to FAS. Indirect entries help reduce errors and increase efficiency.

Cash

FAS computes the cash indirect entry by the following formula:

$$\text{Cash} = - \text{Liabilities} - \text{Fund Balance} - \text{Non-Cash Assets}$$

We can derive FAS’ formula based upon our knowledge of the balance sheet. We know that assets are equal to liabilities and fund balance but opposite in sign: Assets are positive numbers and liabilities and fund balance are negative numbers.

$$\begin{aligned} \text{Cash} + \text{Non-Cash Assets} &= -(\text{Liabilities} + \text{Fund Balance}) \\ \text{Cash} + \text{Non-Cash Assets} &= - \text{Liabilities} - \text{Fund Balance} \\ \text{Cash} &= - \text{Liabilities} - \text{Fund Balance} - \text{Non-Cash Assets} \end{aligned}$$

Closing Indirect Entries

Recall the discussion in the section on [accounting entries](#) where we discussed fund balance accounting entries. We said that entries are never made directly to the fund balance, but instead they are made to fund balance subsidiary records that are then “closed” to the fund balance. The fund addition, fund deduction and summary expense account are the fund balance subsidiary records that are “closed” to the fund balance. These “closing” entries, however, are made slightly different from the way classic closing entries are described in an accounting textbook.

In FAS, the closing entries are one-sided entries to the fund balance. At each month-end closing, FAS totals the current month activity in the subsidiary record and then makes a one-sided entry to the fund balance in that amount. The closing entry to the subsidiary record is not made. The classic closing entry, of course, would be a two-sided entry with the entry to the subsidiary record being an amount that would bring the subsidiary record’s total to zero.

The subsidiary records are reset to zero (which would not have to be done if the closing entries were two-sided) when the University’s new fiscal year begins on July 1. For sponsored award accounting, it would be more useful if the resetting coincided with the award’s fiscal year rather than the University’s fiscal year. But FAS, unfortunately uses, the University fiscal year to reset all general ledger subsidiary records.

Indirect Accounting Entries for Cash, Summary Account Controls, and Fund Balance Closing

Summary Account Controls

FAS makes one-sided entries to the budget, expense and encumbrance summary account controls. The amounts of these entries are simply the total budget, expense and encumbrance transactions posted to the subsidiary ledger accounts that are mapped to the general ledger account.

Most Common Sponsored Award Accounting Events

Listed in the table below are 21 common accounting events that comprise at least 95% of all sponsored award accounting events. If one can master the accounting entries for these 22 events, they'll have the necessary accounting knowledge for working in Sponsored Award Accounting.

- A. Income
 - 1. Federal
 - 2. State or local government
 - 3. Non-federal grant
 - 4. Non-federal contract
- B. Budget
 - 1. Increase
 - 2. Transfer
- C. Payroll
- D. Interdepartmental Order
- E. Purchase Order
- F. Vendor expense accrual
- G. Payment of accrued vendor expense
- H. Other cash disbursement requests
- I. Travel advance
- J. Travel expense
 - 1. Expense exceeds advance
 - 2. Expense is less than advance
 - 3. No advance made
- K. Research Assistant (RA) Type B tuition remission
- L. Expense transfer
- M. Petty cash expense
- N. Indirect cost
- O. Award payment
 - 1. Letter-of-credit payments
 - 2. Federal award non-letter-of-credit payments
 - 3. State and local government grant and non-federal contract payments
 - 4. Other non-federal award payments
- P. Interest income on federal awards
 - 1. Interest income
 - 2. Interest income payable
 - 3. Interest income remittance
- Q. Interest income on non-federal awards
 - 1. Interest income
 - 2. Budget
- R. Cost sharing
- S. Account closeout
- T. New University fiscal year initialization

Below is a description of each of the above events along with example accounting entries that would appear in FAS. In most cases, only the sponsored award's accounting entries

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are shown for the event. There may be other accounting entries that affect account's belonging to non-sponsored agreement accounts.

Most Common Sponsored Award Accounting Events

A. Income

When new awards or amended awards that change the amount of award authority are received, entries are made to record award income. The award's funding source determines the account control values. Also, if the award is a non-governmental funded grant, the entries are submitted through the Alumni, Development, Database System (ADDS); otherwise, the entries are submitted directly into FAS.

	<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
1	Record income for \$100,000 federal award	0-21234-1361 (Account receivable)		\$100,000	
		0-21234-4200 (Fund addition – Income)			\$100,000
		0-21234-3200 (Fund balance)	Closing		\$100,000
2	Record income for \$100,000 state or local governmental award	0-34567-1362 (Account receivable)		\$100,000	
		0-34567-4200 (Fund addition – Income)			\$100,000
		0-34567-3300 (Fund balance)	Closing		\$100,000
3.	Record income for \$100,000 non-governmental grant award	0-34568-1362 (Account receivable)		\$100,000	
		0-34568-4250 (Fund addition – Income)			\$100,000
		0-34568-3300 (Fund balance)	Closing		\$100,000

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<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
4	Record income for \$100,000 non-governmental contract award	0-34569-1362 (Account receivable)	\$100,000	
	0-34569-4260 (Fund addition – income)			\$100,000
	0-34568-3300 (Fund balance)	Closing		\$100,000

B. Budget

When an award’s spending authority changes, the award’s budget is changed. Spending authority is based upon the award agreement. Most, but not all, subsequent amendments to the original award increase the spending authority. Budget entries are made to increase or decrease budget authority. Budget entries are also made to transfer budget between expenditure categories. Budgets are entered into the subsidiary ledgers using budget pool or expense subaccounts. Budget pools are used in conjunction with FAS’ Automatic Budget Reallocation (ABR) function. See the [FAS Manual](#) for a description of how Automatic Budget Reallocation (ABR) works in FAS and a listing of the budget pool subaccounts that it uses. Examples of ABR entries are not shown below.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
B.1	Enter the budget for a \$100,000 federal award: \$65,573 to subaccount 0990 for personnel costs and \$34,427 to subaccount 9100 for indirect costs	5-21234-0990 (Personnel costs budget pool subacct)	\$65,573	
	5-21234-9100 (Indirect cost subacct)		\$34,427	
	0-21234-9150 (Summary – expense budget)	Summary	\$100,000	
	0-21234-9140 (Summary – revenue budget)	Summary		\$100,000
B.2	Increase the equipment budget (subaccount 6300) by \$10,000 and decrease personnel costs and indirect	5-21234-6300 (Equipment budget)	\$10,000	
	5-21234-0990			\$6,557

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
cost budgets by \$6,557 and \$3,443.	(Personnel cost budget) 5-21234-9100 (Indirect cost budget)			\$3,443

C. Payroll

The Payroll System feeds summarized entries to FAS. The Payroll System produces a [Payroll Expense Detail Report \(PEXP092\)](#), which contains all of the payroll entry details by individual. Typical entries might be as follows:

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Payroll faculty salary and benefit expense	5-21234-1000 (Faculty salaries)		\$10,000	
	5-21234-1901 (Level 1 fringe benefit expense)		\$2,180	
	0-21234-1100 (Cash)	Cash		\$12,180
	0-21234-3200 (Fund balance)	Closing	\$12,180	
	0-21234-9550 (Summary– expense)	Summary	\$12,180	

To learn more about payroll processes refer to [The University of Chicago Payroll User's Guide](#).

D. Interdepartmental Order

Practice Case

The [Interdepartmental Order \(Form No. 62\)](#) is used to request and pay for services and goods purchased from a University organizational unit.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Purchase PC from Campus Computer Store	5-21234-6300 (Computer equipment)		\$5,000	
	2-28130-0850 (Campus Computer Store – Ledger 5 sales)			\$5,000
	0-21234-1100 (Cash)	Cash		\$5,000
	0-21234-3200 (Fund balance)	Closing	\$5,000	
	0-21234-9550 (Summary– expense)	Summary	\$5,000	

E. Purchase Order

Departmental (Z-Order), Regular, Standing and Maintenance and Repair Purchase Orders are issued to purchase goods and services from an outside vendor. (Note: Z-Order Numbers begin with “Z”; all other P.O. Numbers begin with “U”.) A description of each of these orders appears in the [User Guide for Purchasing Goods and Services](#). When a Regular Purchase Order is issued, an encumbrance is created. An encumbrance is created for a Maintenance and Repair or Standing Purchase Order only if a “quantity” and “net unit price” are entered onto the Purchase Request Form 100. Encumbrances are never generated for Z-Orders.

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Issuance of a Regular Purchase Order for a laboratory supply purchase	5-21234-5400 (Encumbrance for Regular. P.O.)		\$6,000	
	0-21234-9650 (Summary – encumbrances)	Summary	\$6,000	

F. Vendor Expense Accrual

A vendor invoice submitted for payment through the P.O. Module is first accrued if the invoice is for payment for services or goods that were ordered through a purchase order other than a Z-Order. The accrual is made even if the invoice’s due date has past. There are two categories of invoices that stem from a P.O. but are not submitted for payment through the P.O. Module: electronic invoices and invoices for P.O.s that for one reason or another are no longer on the P.O. Module. Those invoices are submitted directly to the Accounts Payable System (APS) for payment and will not generate an accrued vendor expense.

Invoices generated from a P.O. that generated an encumbrance will also generate an encumbrance liquidation transaction at the time the expense is accrued.

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<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Submit to P.O. Module invoice received for laboratory supplies requested via Regular P.O.	5-21234-5400 (Laboratory supply expense)		\$6,000	
	0-21234-2100 (Vouchers payable)			\$6,000
	5-21234-5400 (Encumbrance liquidation)		\$6,000	
	0-21234-3200 (Fund balance)	Closing	\$6,000	
	0-21234-9550 (Summary – expense)	Summary	\$6,000	
	0-21234-9650 (Summary – encumbrances)	Summary		\$6,000

G. Payment of Accrued Vendor Expense

APS pays invoices submitted for payment through the P.O. Module on every Friday. If an invoice's due date (prompt payment date if one exists) occurs prior to the next Friday check-writing date, a check will be produced.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Pay vouchers payable	0-21234-2100 (Vouchers payable)		\$6,000	
	0-21234-1100 (Cash)	Cash		\$6,000

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H. Other Cash Disbursement Requests¹

Cash disbursement requests that are not submitted through the P.O. Module or the Travel System (see I and J below) are submitted directly to APS. Examples of such expenses include EDI (Electronic Data Interchange) invoices, invoices whose associated P.O. is no longer in the P.O. Module, consultants, employee reimbursements, and [other expenses that do not require a P.O. for payment](#). To make a payment request for these types of expenses, one completes the [Direct Payment Voucher](#). Below is an example of a consultant payment.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Pay consultant expense	5-21234-2700 (Consultant expense)		\$2,000	
	0-21234-1100 (Cash)	Cash		\$2,000
	0-21234-3200 (Fund balance)	Closing	\$2,000	
	0-21234-9550 (Summary – expenses)	Summary	\$2,000	

I. Travel Advance

Travel advances can be issued to students, post-doctoral fellows and visitors traveling on official University business or to other University employees because of:

- a. Extended travel for trips lasting longer than three weeks
- b. Foreign travel

¹ Accounting for cash disbursement requests that request an enclosure to be mailed with the check is like the accounting for an accrued expense. One important difference, however, is that the accrued expense is immediately paid.

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c. Individual does not qualify for a corporate travel card

Financial [Policy No. 1214](#) governs travel and other non-salary advances. A travel advance is requested by completing Form No. 95, [Request for Travel or Non-Salary Advance](#).

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Issue travel advance for \$500	0-17817-1620 (Travel advance outstanding)		\$500	
	0-17817-1100 (Cash)	Cash		\$500
	5-21234-7100 (Travel advance encumbrance)		\$500	
	0-21234-9650 (Summary – encumbrances)	Summary	\$500	

J. Travel Expense

Travel expenses are recorded when a [Travel Expense Voucher \(Form No. 97\)](#) is processed. The transaction will record the travel expense. Travel Expense Voucher (TEV) transactions will also initiate entries to liquidate travel encumbrances associated with the trip. Also, if the traveler is due money, i.e., travel expenses exceed the travel advance, the TEV will initiate a check to the traveler. If the travel expense is less than the travel advance, the traveler needs to deposit the surplus at the Bursar’s Office using the Report of Money Received Form No. 133 ([see the TEV's Field No. 23](#)).

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
1. Submit TEV that shows \$600 travel expense, \$500 travel advance, and \$100 due traveler	5-21234-7100 (Travel expense)		\$600	

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
	0-21234-1100 (Cash)	Cash		\$600
	0-17817-1620 (Travel advances)			\$500
	0-17817-1100 (Cash)	Cash	\$500	
	5-21234-7100 (Travel advance encumbrance)			\$500
	0-21234-3200 (Fund balance)	Closing	\$600	
	0-21234-9550 (Summary – expenses)	Summary	\$600	
	0-21234-9650 (Summary – encumbrances)	Summary		\$500
2. Submit TEV that shows \$400 travel expense, \$500 travel advance, and \$100 due from traveler.				
	5-21234-7100 (Travel expense)		\$400	
	0-21234-1100 (Cash)	Cash		\$400
	0-17817-1620 (Travel advances)			\$400
	0-17817-1100 (Cash)	Cash	\$400	

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
	5-21234-7100 (Travel advance encumbrance)			\$500
	0-21234-3200 (Fund balance)	Closing	\$400	
	0-21234-9550 (Summary – expenses)	Summary	\$400	
	0-21234-9650 (Summary – encumbrances)	S		\$500
Deposit \$100 at the Bursar’s Office with a Report of Money Received Form (Form No. 133)	0-17817-1620 (Travel advances)			\$100
	0-17817-1100 (Cash)	Cash	\$100	
3. Submit TEV that shows \$300 travel expense for which there was no travel advance	5-21234-7100 (Travel expense)		\$300	
	0-21234-1100 (Cash)	Cash		\$300
	0-21234-3200 (Fund balance)	Closing	\$300	
	0-21234-9550 (Summary – expenses)	Summary	\$300	

K. Research Assistant (RA) Type B Tuition Remission Expense

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A Type B RA is a graduate student who is employed on a sponsored research award and whose sponsored research work is an integral and required part of their student dissertation. The RA must meet the following criteria ([see FAS Manual's definition of subaccount 1801](#)):

1. The student must be Ph.D. student in fourth quarter of residence or beyond.
2. The student must be registered for all quarters in which he or she is on the Assistantship (summer quarter as well as the academic year).
3. Minimum earnings must be in accordance with Provost Office guidelines.
4. The research position must be a 12-month appointment or longer.
5. The research must be sponsored research funding.

A Student Teaching/Research Appointment Form ([UHRM Form UPP 171A](#)) is completed to appoint a Type B RA to the payroll. All Type B RA salaries—and no other salaries—are charged to subaccount 1801.

Type B RA salaries receive tuition remission as part of their compensation. The tuition remission is an allowable charge to sponsored agreements (see [Sec. J.41 of A-21](#)). In accordance with A-21, the tuition remission cost is distributed to sponsored awards and other funding sources in proportion to how the RA's salary is distributed to those same funding sources. The mechanics of the tuition remission entry are very similar to the mechanics used to distribute fringe benefit expenses. The entry is a FAS generated entry. FAS multiplies the RA salaries by a rate—referred to as the RA rate—to calculate the tuition remission charge. The sponsored award account(s) is then charged with the cost and the account that paid the RA's tuition cost is credited.

BSD, PSD and the rest of the University have different RA rates. These different rates take into account that those units have different salary and tuition remission costs. As of March 5, 2003, the rates were as follows: BSD, 42.1%; PSD, 60%; and Other, 64%.

The tuition remission expense is charged to subaccount 8319. FAS does not permit other entries to subaccount 8319. If adjustments have to be made to the original tuition remission entry, they are posted to subaccount 8318.

Below is an example of the entries.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
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Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Tuition remission entry for a BSD account with a \$1,000 salary charge to subaccount 1801. The expense is based upon the 42.1% rate.	5-21234-8319 (RA tuition remission)		\$421	
	2-70130-8319 (RA tuition remission credits)			\$421
	0-21234-1100 (Cash)	Cash		\$421
	0-21234-3200 (Fund balance)	Closing	\$421	
	0-21234-9550 (Summary – expenses)	Summary	\$421	

L. Expense Transfers

Cost transfers move expenses from one 10-digit account to another. Cost transfers involving sponsored award accounts are necessary for a number of reasons. They are needed to distribute clearing account expenses, correct salary distribution estimates, correct clerical or bookkeeping errors, transfer pre-award costs, etc. Procedures for transferring costs that involved sponsored agreements can be found in the Web document titled [Cost Transfer Procedures for Sponsored Agreements](#).

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Transfer \$200 of lab supply expense from one grant (5-21234) to another (5-22567)	5-22567-5400 (Lab supply expense)		\$200	
	5-21234-5400 (Lab supply expense)			\$200
	0-22567-1100 (Cash)	Cash		\$200
	0-21234-1100 (Cash)	Cash	\$200	

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<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
	0-22567-3200 (Fund balance)	Closing	\$200	
	0-21234-3200 (Fund balance)	Closing		\$200
	0-22567-9550 (Summary – expense)	Summary	\$200	
	0-21234-9550 (Summary – expense)	Summary		\$200

M. Petty Cash Expenses (Reimbursements)

A Petty Cash Fund provides organization units with ready cash for the payment of various small expenditures, such as cab fare, postage, highway tolls, parking fees and the like. The petty cash fund cannot be used to:

1. Purchase goods currently covered by a University negotiated procurement contract.
2. Pay personal services (i.e., typing, photography, entertainers, caterers, etc.) that would be considered either wages (salary) or Independent Contractor payments.
3. Reimburse expenditure greater than \$50.
4. Make personal loans, salary advances or to serve as a check cashing fund.

A Petty Cash Reimbursement is initiated by completing [Petty Cash Receipt \(Form 47R\)](#). Completing that form will reimburse the requestor, but it will not by itself record the expense in FAS. In order to do that, the owner of the Petty Cash Fund has to submit a [Request for Reimbursement of Petty Cash Fund \(Form 41R\)](#). Usually the request for reimbursement of the Petty Cash Fund is not done until the petty cash administrator is getting low on cash. So, for example, if an individual was reimbursed for \$10 of grant related expenses, but the petty cash administrator did not submit a request for reimbursement of the Petty Cash Fund until two months later, then the \$10 expense would not be recorded in FAS for two months.

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<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Petty cash reimbursement for \$10 cab fare	5-21234-4400 (Transportation services)		\$10	
	0-21234-1100 (Cash)	CashI		\$10
	0-21234-3200 (Fund balance)	Closing	\$10	
	0-21234-9550 (Summary – expenses)	Summary	\$10	

N. Indirect Cost

A "direct cost" is any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity. Costs incurred for common or joint objectives cannot be readily identified with an individual project, program, or organizational activity. Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that are usually treated as indirect costs, which are also referred to as F&A (facilities and administration) costs.

Indirect costs are charged to sponsored agreements by multiplying an Indirect Cost Rate by a base. Both the rate and the base are identified in the award agreement. Most awards use one of four different bases: E, Educational Service Agreements, S; Salaries and Wages; T, Total Direct Costs; and M, Modified Total Direct Costs. Each base is defined by identifying the subaccounts that record expenses that are not included in the base. The subaccount definitions of the different bases are maintained in [IndirectCostSubAcctRangesForIDCBase.xls](#), which is saved on the Sponsored Award Accounting network drive.

If the indirect costs cannot be calculated using one of the above bases, then unique IDC calculation instructions are entered into FAS' RDF (Report Description File) File. Awards with subcontract expenses usually require special indirect cost calculation instructions (see Attachment V of the Account Create Manual and RF Procedure Nos. [715](#) and [1012](#)). Also, Chapin Hall awards have special indirect cost calculations (see RF Procedure No. [1011](#)).

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<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Indirect cost charges based upon a 52.5% IDC Rate and \$1,000 of MTDC	5-21234-9100 (Indirect cost expense)		\$525	
	1-30600-0300 (Indirect cost revenue)			\$525
	0-21234-1100 (Cash)	Cash		\$525
	0-21234-3200 (Fund balance)	Closing	\$525	
	0-21234-9550 (Summary – expense)	Summary	\$525	

O. Award Payment

Awards are paid on the basis of a letter-of-credit agreement, payment schedule, invoice or some other agreed upon method (see [Payment Mode Attribute definition](#)).

The major federal awarding agencies make payments by a letter-of-credit mechanism. Under this mechanism, FAS distributes cash from a “pool” account to the individual award accounts that are funded by the letter-of-credit. FAS makes this distribution every time FAS is updated. At the end of the FAS update, the individual award’s cash balance is equal to zero, unless the award overspent its budget; in which case, the award will have a cash deficit (overdraft). The “pool” account at the end of the FAS update will have a cash overdraft that is the amount that is then “drawn down” from the letter-of-credit.

Many awards, particularly nonfederal awards, are paid according to a payment schedule that is part of the award agreement. Some awards are paid on the basis of an invoice that is prepared by Sponsored Award Accounting and submitted to the awarding agency. Still, there are other awards that are paid on some other basis such as receipt of a report, acceptance of report, etc.

The award payment accounting entries are different for each of the following categories:

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1. Letter-of-credit payments
2. Federal award non-letter-of-credit payments
3. State and local government grant and non-federal contract payments
4. Other non-federal grant payments

Below are examples of the accounting entries that would be made for each of the above categories assuming a payment of \$1,000.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
1. Letter-of-credit payment	0-21234-1361 (Award account - account receivable)			\$1,000
	0-20000-1361 (Pool account – account receivable)		\$1,000	
	0-21234-1100 (Award account – cash)	Cash	\$1,000	
	0-20000-1100 (Pool account – cash)	Cash		\$1,000
2. Federal award non-letter-of-credit payment	0-21235-1361 (Account receivable)			\$1,000
	0-21235-1100 (Cash)	Cash	\$1,000	
3. State and local government grants and non-federal contract payments	0-34567-1362 (Account receivable)			\$1,000
	0-34567-1100 (Cash)	Cash	\$1,000	

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<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
d. Other non-federal grant payments	0-19350-2810 (Gift clearing – unapplied cash)			\$1,000
	0-19350-1100 (Cash)	Cash	\$1,000	
	0-19350-2810 (Unapplied cash)		\$1,000	
	0-34568-1362 (Award account – account receivable)			\$1,000
	0-34568-1100 (Cash)	Cash	\$1,000	

P. Interest Income on Federal Awards

The federal government requires that interest income on its award cash balances be remitted to the Department of Health and Human Services annually (see *OMB Circular No. A-110*, [Sec. 22.\(1\)](#)). There are three accounting entries associated with this requirement (see [RF Procedure 1204](#)).

1. Interest Income

The first entry is the income entry itself. The University makes short-term investments when its cash reserves exceed its current cash needs. Those investments are held in an investment pool that the University refers to as the General Accounts Merger (GAM). The income from GAM is recorded in Ledger 1. GAM income is distributed to federal awards by debiting Ledger 1 income and crediting the award account. The amount that is distributed is equal to the award’s cash balance at the end of a month times the 6-month Treasury Bill rate less 1% point (see [Financial Policy No. 1509](#)). FAS will automatically make the interest income entry for federal awards.

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Distribute interest income to federal awards	1-61000-0530		\$98	
	(Interest on Fed. Awds.)			
	0-21234-4591			\$98
	(Fund addition - GAM Inc Dist.)			
	0-21234-1100	Cash	\$98	
	(Cash)			
	0-21234-3200	Closing		\$98
	(Fund balance)			

2. Interest Income Payable

Interest income credited to federal awards must be remitted to the federal government once a year. An interest income payable liability exists until the remittance is made. The liability is recorded by the following entry:

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Record interest income payable	0-21234-5591		\$98	
	(Fund deduction – GAM inc. dist.)			
	0-21234-2127			\$98
	(Interest Payable to Awd Agcy)			
	0-21234-3200	Closing	\$98	
	(Fund balance)			

3. Interest Income Remittance

When the interest is remitted the following entry is recorded:

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Remit interest to government	0-21234-2127 (Interest payable to fed. gov't).		\$98	
	0-21234-1100 (Cash)	Cash		\$98

Q. Interest Income on Non-Federal Awards

Most non-federal awards do not require the University to account to them for the interest earnings on their cash balances. In the past, those that did require an accounting always requested that the income be added to the award principal. Below are the entries that record the interest income and that add that income to award principal (see [RF Procedure 706](#)).

1. Interest Income Entry

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Distribute interest income to non-federal award	1-61000-0530 (Interest on Fed. Awds.)		\$102	
	0-34567-4591 (GAM Inc Dist.)			\$102
	0-34567-1100 (Cash)	Cash	\$102	
	0-34567-3200 (Fund balance)	Closing		\$102

Practice Case

2. Budget Entry to Add Interest Income to Award Principal

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Increase award budget by the amount of interest earnings	6-34567-9209 (Contingency/unallocated)		\$102	
	0-34567-9150 (Summary – expense budget)	Summary	\$102	
	0-34567-9150 (Summary – revenue budget)	Summary		\$102

R. Cost Sharing Entry

Cost sharing costs are award costs that are born by non-award funds. There are three forms of cost sharing: mandatory, voluntary committed and voluntary uncommitted. Mandatory cost sharing is a specific cost sharing amount required as a condition of receiving the award. The amount required is stated in an award’s terms and conditions. Voluntary committed cost sharing is cost sharing that is voluntarily committed by the University in an award’s proposal budget or anywhere else in the proposal document. Voluntary uncommitted cost sharing is cost sharing that is over and above that which is committed and budgeted for in a sponsored agreement. [Federal regulations](#) require the University to account for mandatory and voluntary committed cost sharing only.

A separate associate account is created to record an award’s mandatory or voluntary committed cost sharing expense. That associate account is referred to as the “cost sharing” account. When a cost sharing account is created, the award administrator will identify a FAS account that will fund the expenses charged to the cost sharing account. This funding account is referred to as the “contra cost sharing” account. The contra account cannot be a federal award account and, in most cases, it cannot be a non-federal award account.

Payroll, fringe benefit expenses, supplies and other allowable cost sharing expenses are charged to the cost sharing account in the same way that similar expense are charged to non-cost sharing accounts. The “cost sharing entry” is an entry that is made automatically by FAS every time FAS is updated. This is how FAS makes the entry:

- a. Totals the gross expenses in the cost sharing account

Practice Case

- b. Looks-up the contra account
- c. Transfers the gross expenses in the cost sharing account to the contra account
 - 1. Charges the contra account's 96xx subaccount
 - 2. Credits the cost sharing account's 97xx subaccount

Assume the following:

- a. Cost sharing account number is 5-33445
- b. Contra account number is 4-53200
- c. 5-33445's gross expenses are \$1,500

Then the FAS automatic cost sharing entry would be for \$1,500: it would charge 4-53200-9650 and credit 5-33445-9740. (Note: the third digit of the subaccount is determined by the ledger number of the 10-digit account number used in the other side of the entry.) See [RF Procedure 110](#) and [RF Procedure 715](#) for more details on cost sharing. Below are examples of all the entries associated with cost sharing.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Cost sharing salary expense incurred	5-21234-1000 (Salary expense)		\$1,500	
	0-21234-1100 (Cash)	Cash		\$1,500
	0-21234-3200 (Fund balance)	Closing	\$1,500	
	0-21234-9550 (Summary – expense)	Summary	\$1,500	
Cost sharing entry	4-53200-9650 (LST from Ledger 5)		\$1,500	
	5-21234-9740 (LST to Ledger 4)			\$1,500

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
	0-21234-1100 (Cash)	Cash	\$1,500	
	0-21234-3200 (Fund balance)	Closing		\$1,500
	0-21234-9550 (Summary – expense)	Summary		\$1,500

S. Account Closeout

If an award ends and all of the funds have been spent, then there are no unique accounting entries associated with the account closeout, i.e., the closing of the FAS accounts. However, if all of the award funds have not been spent, then accounting entries are submitted that reduce the budget, reduce the account receivable and increase fund deduction. Below are examples of those entries for a terminated award with a \$2,500 unexpended balance:

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
1. Reduce budget	5-21234-9200 (Contingency/unallocated)			\$2,500
	0-21234-9140 (Summary –revenue budget)	Summary	\$2,500	
	0-21234-9150 (Summary – expense budget)	Summary		\$2,500
2. Increase fund deduction and reduce account receivable	0-21234-5210 (Refunds to grantors)		\$2,500	
	0-21234-1361 (Account receivable)			\$2,500

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
	0-21234-3200 (Fund balance)	Closing	\$2,500	

If the account receivable has a credit balance after making the above entries, then the awarding agency has paid the University more than what it has or will expended. That amount must be remitted back to the agency. Below are examples of the entries that would be made when an agency overpaid the University by \$100.

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
3. Remit check to sponsor for \$100 overpayment	0-21234-1361 (Account receivable)		\$100	
	0-21234-1100 (Cash)	Cash		\$100

T. New University Fiscal Year Initialization

The University’s fiscal year begins on July 1 and ends on June 30. To initiate the new year, FAS on July 1, must reset to zero all of the income, other addition, and other deduction account control accounts and expense summary controls. This is accomplished by a special indirect entry that we will call the “initialization” indirect entry. The initialization entries are one-sided entries. If an award had the balances shown below at June 30, then the accounting entries that would be made to initiate the

<u>Account Control</u>	<u>Description</u>	<u>Amount</u>
4200	Fund addition - income	-\$1,000,000
4591	Fund addition -GAM income distribution	-\$234
5591	Fund deduction – GAM income distribution	\$234
9550	Summary - expense	\$334,000

University’s new fiscal year would be as shown below:

Practice Case

<u>Event</u>	<u>Ledger-Acct-Acct Ctrl/Subacct</u>	<u>Indirect Entry</u>	<u>Debit</u>	<u>Credit</u>
Initialize the University's new fiscal year accounting	0-21234-4200 (Fund addition –income)	Initialization	\$1,000,000	
	0-21234-4591 (Fund addition - GAM income distribution)	Initialization	\$234	
	0-21234-5591 (Fund deduction – GAM income distribution)	Initialization		\$234
	0-21234-9550 (Summary – expense)	Initialization		\$334,000

Information Attached to Accounting Entries

Accounting entries in FAS have attached to them much more information than what was shown in the example entries in the earlier sections of this Primer. You can view detailed entry transaction information in two ways: you can view information through FAS' on-line Screen 24 or by reading a monthly AM091 accounting report. With the exception of Executive Level, system processing date (PROC-DATE), and bank code information that appear on Screen 24, the Screen 24 and AM091 information is the same.

That information attached to a transaction helps you find additional supporting documentation for the award. Over time, you will be able to know much about a transaction simply by looking at a transaction's Entry Code, Description, Batch ID, Reference Numbers, etc. A description of the Screen 24 information appears in the [FAS System Users' Guide](#), and a description of the AM091 information appears in the Web site, [How Do I Read My Ledger](#).

Practice Case

The only way to become proficient in award accounting is to practice. Look at individual transactions. Are [resources or responsibilities](#) being increased or decreased? What is the [other side](#) of the entry? Of the [most common sponsored award accounting entries](#), what category does the transaction fall into? What [indirect](#) (cash, closing, summary) entries are made? The only way to become proficient at understanding sponsored award accounting entries and at reading and interpreting the general and subsidiary ledgers is to practice.

To start you off, I have pulled together a practice case. The practice case involves an award that began on 4/1/97 and terminated on 3/31/02. (Note: the award had pre-award costs that were incurred in March 1997.) Rather than look at all of the award's accounting transactions, the practice case will look only at the first fourteen months of transactions. The Accounting Primer Example is an Excel spreadsheet that shows the effect each transaction has on the award's GL and SL and on non-award accounts.

Begin with the March 1997 entries, and walk yourself through each transaction. Repeat it as many times as necessary until you can write the transactions without referencing the Excel spreadsheet. There are two versions in two separate worksheets: one is sorted on item number and the other is sorted on group number. The table below provides descriptions for each entry in the Example.

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
B	1.	20	202,141.00	Enter the budget for Year 01 that was awarded on the Notice of Grant Award (NGA) dated 2/10/97.
C	2.	49	1,350.99	Monthly payroll entry.
N	3.	63	716.02	Indirect cost (IDC) entry. Calculated at 53.0% of modified total direct costs (MTDC). MTDC excludes R.A. tuition remission expense (see subaccount 8319).
A	4	60	202,141.00	Enter receivable and fund addition for Year 01 of the Award.
O	5	61	2,067.01	Record award payment.
C	6	49	9,768.21	Monthly and biweekly payroll entries for salaries and fringe benefits.
K	7	61	861.22	Research Assistant Type B tuition remission charge. Calculated at 64.0% of R.A. Type B salaries (see subaccount 1801).
N	8	63	5,177.15	IDC entry.
O	9	61	15,806.58	Award payment.
C	10	49	7,064.72	Monthly and biweekly payroll entries for salaries and fringe benefits.
D	11	60	801.00	Interdepartmental Orders (IDO) purchases from University recharge (service) centers.
J	12	48	135.26	Payment (by check) to University traveler.
J	13	31	1,665.00	This is probably a payment received from a University traveler that should be equal to the excess of a travel advance amount over the actual travel expense (see Travel Expense Voucher). This entry is most likely an error because such receipts should never be posted to the award account; instead, they should be posted to the University's central cash advance account. What more than likely happened is that an administrator prepared a Report of Money Received (Form No. 133) that incorrectly showed that the deposit should be credited to 5-24658-7100
K	14	61	861.22	Research Assistant Type B tuition remission charge.
N	15	63	3,358.06	IDC entry.
O	16	61	10,555.26	Award payment.
B	17	20	10,623.00	Enter additional budget that was awarded on the 5/12/97 NGA.
C	18	49	751.66	Monthly and biweekly payroll entries for salaries and fringe benefits.

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
L	19	60	62.13	Charge for Federal Express expense that was originally charged to 2-74561-3800. This expense transfer should have been done on an Expenditure Transfer Form (Form 61) instead of on an Interdepartmental Order Form (Form No. 62). (See Cost Transfer Procedures for Sponsored Project Accounts)
H	20	48	31.17	Payment to UPS.
D	21	60	523.00	IDO purchases from University recharge (service) centers.
D	22	60	2,620.00	IDO purchase from Campus Computer Store.
N	23	63	725.01	IDC entry.
A	24	61	10,623.00	Enter receivable and fund addition for the additional award authority authorized by the 5/12/97 NGA.
O	25	61	4,712.97	Award payment.
C	26	49	5,837.05	Monthly and biweekly payroll entries for salaries and fringe benefits.
	27	31	1,000.00	Bursar cash receipt transaction recorded on a Report of Money Received Form. There should be no cash receipts posted against salary subaccounts. This may have been a payroll overpayment to an individual. The individual may have returned the overpayment to the University by writing a check, and the administrator may have deposited that check with the Bursar and instructed that it be credited against the salary subaccount. Instead of crediting the award account, the administrator should have credited a payroll clearing account. Payroll would have then processed the receipt in a way which would have corrected all of the payroll records. That correction would eventually result in a payroll transaction that would have credited the award's payroll and fringe benefit subaccounts.
H	28	48	31.37	Payment to Federal Express.
F	29	68	500.00	Invoice, from a Z-Order transaction, submitted to P.O. Module for payment. The expense is accrued, it will be paid at a later date. (See Departmental Purchase Order ZDPO 100)
L	30	60	1,350.41	Expense transfers. Expenses were originally posted to a non-award account and are now being transferred to the award account. (See Cost Transfer Procedures for Sponsored Project Accounts)
K	31	61	884.26	Research Assistant Type B tuition remission charge.
N	32	63	3,560.97	IDC entry.
O	33	61	10,664.06	Award payment.
T	34-1		212,764.00	New University fiscal year initialization entries to fund addition account control

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
T	34-1		0	New University fiscal year initialization entries to fund deduction account control
T	34-1		-33,141.82	New University fiscal year initialization entries to fund addition and deduction and expense summary account controls
I	34	58	1,000.00	Travel advance causes an encumbrance to appear on the award account.
C	35	49	18,736.74	Monthly and biweekly payroll entries for salaries and fringe benefits.
H	36	48	1,875.00	Payment to Sorvall Inc.
D	37	60	2,506.66	IDO purchases from University recharge (service) centers.
M	38	48	5.00	Petty cash reimbursement.
F	39	68	2,774.80	Invoice, from a Z-Order transaction, submitted to P.O. Module for payment. The expense is accrued, it will be paid at a later date.
H	40	48	781.36	Payments to Fisher Scientific Co. via EDI transaction.
E	41	58	555.00	Purchase order issued to Qiagen Inc.
J	42	31	406.62	Transactions 42, 43 and 44 should be thought of as one transaction. In July, Melarkodes S. Ramakri was issued a travel advance for \$500. (See transaction number 34 and the July AM091 information for subaccount 7100.) In August he submitted a Travel Expense Voucher that showed he spent only \$93.38 of the advance. The unspent funds of \$406.62 were returned but were credited to subaccount 7100 in error; they should have been credited to 0-17817-1620.
L	43	60	406.62	This transaction corrects the error made in transaction no. 42 by moving the refund to the University travel advance account, 0-17817-1620 thereby reducing that accounts receivable by the amount of the refund. The transaction also liquidates (cancels) the encumbrance by a like amount.
J	44	60	93.38	Melarkodes S. Ramakri's Travel Expense Voucher showed that he spent \$93.38 on travel expenses. This transaction posts that amount as an expense to the award account and reduces both the University travel account receivable and the award's encumbrance by the same amount.
J	45	48	659.30	Travel Expense Voucher was submitted by Anil Cashikar that showed he spent his entire travel advance of \$500 (see transaction no. 34) plus \$159.30. This transaction posts \$659.30 to the award account as an expense, reduces the University travel advance account receivable by \$500.00, and cuts a check to Cashikar in the amount of \$159.30, which equals the sum of the indirect cash entries in the award account and in the University travel advance account.

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
J	46	51	500.00	The Travel Expense Voucher for Anil Cashikar (see transaction no. 45) also liquidates the encumbrance by an amount that is equal to the lesser of the travel expense or the outstanding encumbrance. In this case the outstanding encumbrance of \$500 was the lesser amount.
K	47	61	6,051.64	Research Assistant Type B tuition remission charge.
N	48	63	14,539.08	IDC entry.
G	49	48	500.00	Payment to Wyatt Technology for an expense that was accrued in July (see transaction no. 29).
O	50	61	45748.16	Award payment.
C	51	49	11,235.72	Monthly and biweekly payroll entries for salaries and benefit s.
H	52	48	41.00	Payment to Federal Express.
L	53	60	437.00	Transfer of expense to 6-35086. See Transaction No. 29.
H	54	48	1,683.28	Payments to Fisher Scientific Co. via EDI transactions.
F	55	68	8,066.48	Invoices submitted for payment through the P.O. Module. Expenses are accrued. Note that one of the transactions also results in an encumbrance liquidation. The amount liquidated is less than the expense because the expense exceeded the encumbrance balance. See the encumbrance activity summary that appears at the end of the AM090 Report.
D	56	60	199.00	IDO from the Campus Computer Store.
L	57	60	199.00	Transfer of expense to 2-28160. This appears to be reversing Transaction No. 56.
J	58	48	294.50	Travel reimbursement to Neal Sondheimer. You can determine if the traveler had a travel advance by looking to see if the travel reimbursement transaction had a credit entry to 0-17817-1620. In this case, there was no travel advance.
K	59	61	1,766.27	Research Assistant Type B tuition remission charge entry. The amount is equal to 64% of the R.A. salaries charged to subaccount 1801.
K	60	61	176.63	Adjust Transaction No. 59 to reflect the decrease in the tuition remission rate from 64% to 57.6%.to the R.A. tuition rem
N	61	63	11,068.50	IDC entry.
G	62	48	2,774.80	Payment for expenses that were accrued in August.
G	63	48	5,047.16	Payment for expenses that were accrued in September.
O	64	61	33,297.60	Award payment.

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
C	65	49	6,539.47	Monthly and biweekly payroll entries for salaries and benefit s.
L	66	60	706.85	Transfer of expense from 5-22676.
H	67	48	16.65	Payment to Federal Express.
D	68	60	2,073.53	IDO entries.
F	69	68	110.04	Invoices submitted for payment through the P.O. Module.
H	70	48	274.00	Payments to Fisher Scientific Co. via EDI transactions.
J	71	48	710.56	Travel reimbursements. No travel advances were made.
K	72	61	798.95	Research Assistant Type B tuition remission charge entry.
N	73	63	5,528.48	IDC entry.
G	74	48	3,129.36	Payment of accrued expenses.
O	75	61	19,777.85	Award payment.
C	76	49	7,530.61	Monthly and biweekly payroll entries for salaries and benefit s.
H	77	48	44.75	Payments to UPS and Federal Express.
H	78	48	24.95	EDI payment to Barnes & Noble.
D	79	60	1,681.25	IDO entries
D	80	60	420.23	IDO entry.
K	81	61	798.95	Research Assistant Type B tuition remission charge entry.
N	82	63	5,141.94	IDC entry.
I	83	58	1,700.00	Travel advance issued to Shubhik Kumar Debbur is recorded as an encumbrance on the award. The cash payment is charged to the University travel advance account, 0-17817-1620. The cash payment was issued on 12/3/97, and, therefore, was recorded as December business. The encumbrance associated with that check payment, however, was recorded as November business because the November accounting had not yet closed as of 12/3/97.
O	84	61	15,642.68	Award payment.
C	85	49	7,555.90	Monthly and biweekly payroll entries for salaries and benefit s.
D	86	60	2,573.00	IDO entries.
K	87	61	798.95	Research Assistant Type B tuition remission charge entry.
N	88	63	4,374.56	IDC entry.

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
O	89	61	15,302.41	Award payment.
C	90	49	11,524.36	Monthly and biweekly payroll entries for salaries and benefit s.
H	91	48	9.00	Payment to Federal Express
D	92	60	1,078.00	IDO entries.
J	93	48	422.19	Travel reimbursement. No travel advance was issued.
K	94	61	798.95	Research Assistant Type B tuition remission charge entry.
N	95	63	6,907.78	IDC entry.
O	96	61	20,740.28	Award payment.
C	97	49	9,291.03	Monthly and biweekly payroll entries for salaries and benefit s.
H	98	48	18.55	Payment to Federal Express.
D	99	60	1,018.00	IDO entries
	100	31	1,800.00	Cash receipt deposited at the Bursar's Office. This is not a normal recurring entry. Without looking at the supporting documentation, one could only speculate as to what the receipt is for. It's possible that there was an overpayment to a vendor, and this is the return of that overpayment. It's also possible that there this account number was mistakenly used in the transaction.
K	101	61	798.95	Research Assistant Type B tuition remission charge entry.
N	102	63	4,519.61	IDC entry.
O	103	61	13,846.14	Award payment.
C	104	49	8,183.16	Monthly and biweekly payroll entries for salaries and benefit s.
H	105	48	8.75	Payment to Federal Express.
D	106	60	1,634.79	IDO entries.
K	107	61	798.95	Research Assistant Type B tuition remission charge entry.
N	108	63	4,452.90	IDC entry.
B	109	20	210,348.00	Budget for Year 02. See 3/20/98 NGA.
A	110	60	210,348.00	Account receivable and fund addition for Year 02. See 3/20/98 NGA.
O	111	61	15,078.55	Award payment.
C	112	49	6,135.54	Monthly and biweekly payroll entries for salaries and benefit s.
H	113	48	40.15	Payment to Federal Express.

Practice Case

Group ID	Item No.	Entry Code	\$ Amount	Description
D	114	60	1,026.00	IDO entries.
L	115	60	656.84	Transfer to 5-29042 IDO expenses that were posted as part of Transaction No. 99.
J	116	48	1,784.60	Travel expense associated with a \$1,700 travel advance (see Transaction No. 83).
J	117	51	1,700.00	Encumbrance liquidation for \$1,700 travel advance (see Transaction No. 116).
K	118	61	798.95	Research Assistant Type B tuition remission charge entry.
N	119	63	4,414.60	IDC entry.
O	120	61	13,543.00	Award payment.