

SPA & SPAC QUARTERLY UPDATE MEETING



SECOND QUARTER, 2011

Today's Agenda

- ▶ **Introductions and Personnel Changes**
- ▶ **F&A and Fringe Benefit Proposals Update**
- ▶ **Child Account Requests**
- ▶ **Overview of Procedures for Collections**
- ▶ **Update on the Cleanup Project**

SPAC Personnel Update

- ▶ Suzanne Kaiphas and Tegan Baumann have joined Costing and Compliance
- ▶ Bob Harris, International Specialist
- ▶ New to SPAC
 - ▶ Danielle Lee, Team E
 - ▶ Clint Reed, Cleanup Team

F&A Rate Negotiations

- ▶ Currently operating with provisional rates since July 1, 2010
- ▶ Proposal was submitted in January of 2010
- ▶ First inquiries – November 2010
- ▶ Site visit scheduled for next week

Moving to a Fringe Benefit Rate

- ▶ Will be attempting to negotiate fringe benefit rates for a July 1, 2012 implementation
- ▶ Major change to our accounting and budgeting practices across all funding sources
- ▶ Many more communications will be coming on this topic

Fringe Benefits – Current Practice

- ▶ The cost of fringe benefits is specifically identified to the individual
- ▶ All non-state chartstrings are charged based on the benefits elected by the individuals paid from these chartstrings
- ▶ A central account pays for all benefits specifically identified to state chartstrings
- ▶ Some benefits that cannot be identified to an individual are paid centrally.
 - ▶ Worker's Compensation
 - ▶ Tuition Remission

Leave Payout – Current Practice

- ▶ When an individual terminates, payout of leave is charged to the chartstrings that last paid the individual
- ▶ Often grant budgets cannot absorb this and the payout is charged to nonsponsored chartstrings and the costs are not recovered.

Current Practice Example

John Tech is paid \$75,000 and is funded 50% from an NIH grant

	NIH Grant	State	Central Benefits	Total
Salary	\$ 37,500	\$ 37,500		\$ 75,000
Retirement	3,600		3,600	7,200
Health Insurance	5,200		5,200	10,400
FICA	2,750		2,750	5,500
Unemployment	35		35	70
Post-Employment Benefits	1,250		1,250	2,500
Total Benefits	\$ 12,835	\$ -	\$ 12,835	\$ 25,670



Fringe Benefit Rate

- ▶ For each major employee class an average fringe benefit rate is calculated
 - ▶ For allowability on grants, must be negotiated with the federal government
 - ▶ Proposing faculty, staff, contractual, and post-doc rates
- ▶ This rate is applied to salary charges across all funding sources
- ▶ Rate includes the cost of leave payouts
- ▶ All benefits are paid centrally and funded from the application of this rate.

Fringe Benefit Rate Example

John Tech is paid \$75,000 and is funded 50% from an NIH grant

	NIH Grant	State	Central Benefits	Total
Salary	\$ 37,500	\$ 37,500		\$ 75,000
Retirement			7,200	7,200
Health Insurance			10,400	10,400
FICA			5,500	5,500
Unemployment			70	70
Post-Employment Benefits			2,500	2,500
Fringe Benefit Allocation (30%)	11,250	11,250	(22,500)	-
Total Benefits	\$ 11,250	\$ 11,250	\$ 3,170	\$ 25,670



Advantages of a Fringe Benefit Rate

- ▶ Ease and certainty in budgeting
- ▶ Better recovery of costs
- ▶ Eliminates temptation to base hiring decisions on benefit choices and leave balances

Effects on Grants and Proposals

- ▶ Once implemented all grants and contracts will be charged the fringe benefit rate, regardless of what was budgeted in the grant proposals
- ▶ Grant proposals will be budgeted using the fringe benefit rate in effect at the time of proposal
- ▶ All changes to the fringe benefit rate in future years will apply to all grants, regardless of what was budgeted

What You Can Do Now

- ▶ Shortly we will be publishing planning rates
- ▶ COEUS proposal development will be modified to handle multiple fringe benefit rates
- ▶ Start using the planning rates in all proposals
- ▶ Begin to think about how this change will affect all of your funding sources
- ▶ Start formulating your questions

Requests for Child Projects

- ▶ We use child projects to allocate funding across multiple projects
- ▶ Child projects are *not* to be used for future funding

Requests for Child Projects

- ▶ Effective immediately, requests can be sent directly to the assigned team in SPAC
- ▶ Updated form is available at:
 - ▶ <http://www.fincsvc.umaryland.edu/rf/images/SPAC-Child-Project-Request-Form.doc>
- ▶ Be sure to complete the budget information requested on page 2

RAVEN Access for Child Projects

- ▶ Security access to RAVEN is based on the Owner Department Code
 - ▶ When the child is established, the child will receive access in Raven
 - ▶ The “parent” project does not receive access until a RAVEN Access Request is completed

RAVEN Access for Child Projects

- ▶ Request your access when completing the child project request
 - ▶ We've included the RAVEN Access Request with the Child Project Request Form
 - ▶ SPAC will forward your form for processing
- ▶ The form is available at:
 - ▶ <http://www.fincsvc.umaryland.edu/images/raven-access-request.pdf>

New Collections Procedures

- ▶ **Some background:**
 - ▶ SPAC monitors collections of all sponsored project invoices, including standards and deliverables, and works with departments to resolve collection issues
 - ▶ We recently automated our collections notifications process

Dunning Letters

- ▶ All open invoices are listed on a single letter to the sponsor
- ▶ Sponsors receiving invoices at multiple address will receive multiple letters
- ▶ Dunning letter process is run by Collections on the 25th of each month
- ▶ Receipt of the new letter has increased responsiveness from sponsors



Why Don't Sponsors Pay Us?

Situations	Actions
Invoice is incorrect (wrong address, incorrect PO Listed, etc)	<ul style="list-style-type: none">-SPAC Team will correct the invoice and resend-Further collection action is put on hold
Sponsor requires additional backup (ex. Payroll detail or receipts) OR disallows an expense line and partial pays the invoice	<ul style="list-style-type: none">-SPAC Team will notify the department to obtain the necessary information-If the department is in agreement with the partial pay, department will be asked to move the expense off the project-Further collection action is put on hold
Sponsor has not received technical or progress reports or met other requirements	<ul style="list-style-type: none">-SPAC Team will notify the department-Invoice will be closed since the payment is not due to us-Department should notify the SPAC Team to rebill once requirements are met

New Collections Procedures

Invoice

- Invoice is sent by SPAC or campus
- Invoice date triggers “aging” process

1st Notice

- 45-60 Days Past Due
- Dunning letter sent
- SPAC Team reviews open invoices

New Collections Procedures

2nd Notice

- 61-90 Days Past Due
- Dunning Letter Sent
- At 90 days, Collections will email the dept distribution list for additional information

3rd Notice

- 91-120 Days Past Due
- Dunning letter sent
- At 120 days Collections will attempt to contact the sponsor by phone or email



New Collections Procedures



4th Invoice

- 121-150 Days Past Due
- Dunning letter sent
- At 150 days, Collections sends a certified letter to the sponsor, copies the PI and the department



5th Notice

- 151-180 Days Past Due
- Dunning letter sent
- At 180 days, the invoice is referred to State Collections
- Collections emails SPA and the Department

New Collections Procedures

- ▶ To avoid lost revenue, SPAC needs to partner with campus
 - ▶ Requests for additional detail, receipts, need to be resolved timely
 - ▶ Monitor and reconcile awards
 - ▶ Communicate delays in payment due to late technical reports, etc. to your SPAC team

New Collections Procedures

- ▶ We can only pursue collections on invoices we know about, so please continue to complete the Deliverable Invoice Receivable Form:
- ▶ <http://www.fincsvc.umaryland.edu/rf/images/DeliverableInvoice-ReceivableRequestForm.xls>



Clean Up Project

- ▶ Our goal is to close sponsored projects with *award* end dates prior to 7/1/2009
- ▶ Much of our progress has been behind the scenes
 - ▶ Cannot close projects with open invoices
 - ▶ Identifying erroneous/duplicate invoices
 - ▶ Identify projects where additional invoicing needs to be completed

Clean Up Project

- ▶ In order to close a project in eUMB, the following conditions need to be met:
 - ▶ Expenses must equal the final report/invoice (standards)
 - ▶ All revenue must be applied (deliverables)
 - ▶ All encumbrances must be closed
 - ▶ All invoices must be closed

Clean Up Project

- ▶ **Next Steps:**
 - ▶ An opportunity to closeout deliverables with end dates before 1/31/11 prior to fiscal year end
 - ▶ Departments will receive a detailed deliverables project listing from SPAC by May 6th
 - ▶ The spreadsheet will be accompanied by detailed instructions

Clean Up Project

- ▶ **We'll need you to determine:**
 - ▶ Has the project truly ended or does the date need to be extended?
 - ▶ Do you agree that all revenue has been collected and posted properly?
 - ▶ Do you agree all expenses have posted correctly?
 - ▶ Validity of open encumbrances
 - ▶ What account should be used to fund deficits/accept surpluses?

Clean Up Project

- ▶ Spreadsheets will need to be returned to us no later than June 10th to be addressed before the end of the fiscal year
- ▶ Only deliverables on the spreadsheet meeting the criteria will be addressed
- ▶ Participation by the June 10th deadline is optional

Questions and Answers

- ▶ The presentation will be available on both the SPA and SPAC websites.
- ▶ Mark your calendars for our 2011 update meetings:
 - ▶ July 28th & October 27th
 - ▶ Meetings held from 3-4:30pm in HSF II Auditorium
- ▶ Thank you for joining us today!