

Sul Ross State University  
Business Process Analysis – Finance Module

**Process Name:** Grant Billing

**Date:** 09/14/05

**Time:** 2:30 pm

**Location:** UC Executive Conf. room

**Participants:** John Young

**Session Lead:** John Young

**Narrative/Description:**

All invoicing steps are performed by the Grant Accountant. Invoices are issued according to grant deadlines or when work is completed. Inception-to-date (ITD) expenditures are downloaded from FRS into Excel. The complete list is compared to previous invoices and transactions already billed are deleted. If the invoice has a specific cutoff (i.e. month-end), transactions occurring after that date (i.e. future transactions) are deleted unless this is the final invoice.

ITD payroll detail is downloaded from HRS into Excel. The total payroll expense in HRS is compared to FRS. If they match, the payroll detail is formatted for invoice presentation (i.e. SSN is removed, etc.). If they do not match, a reconciliation is done to see if a recast/reallocation was processed in HRS. If yes, an adjustment is made on the invoice to account for the backdated correction done in HRS. If no, then more research is needed to determine why HRS and FRS do not balance. This is extremely rare. A manual adjustment will be made in Excel to facilitate issuing an invoice.

If this is the final invoice, the open encumbrances are reviewed for validity. The Grant Accountant works with the PI/PD and Purchasing and researches in FRS to determine if the encumbrances are valid. If yes, they are included on the invoice. If no, a request is sent to Accounting to cancel them. Also, a request is sent to the Assistant Controller to freeze the account in FRS.

The FRS detail is reviewed for errors. Sometimes Payroll might be using the wrong allocation percentage for an employee or an expenditure coding error may have originated with the PI/PD, Purchasing or Accounting. If errors are discovered, manual corrections are added to Excel to reverse the problem. Transactions are not deleted as this would remove the audit trail. The errors and the corrections will not be printed on the invoice. A note is made to watch and compensate for the actual corrections in FRS/HRS in future periods. The Grant Accountant works with Business Affairs, Payroll, PI/PD, Purchasing and Accounting to correct the errors.

The grant budget categories are reviewed to see if they conform to FRS budget categories. If yes, the spreadsheet is sorted and subtotaled by FRS category. If no, a grant category is manually assigned to each transaction and then sorted and subtotaled.

Indirect cost are added to the invoice when the grant permits. They can be calculated as a percentage of salary, a percentage of direct cost, a flat amount, etc. Some categories are not eligible for indirect cost recovery, such as capital equipment or invoices from sub-

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awardees. Indirect cost are calculated on an ITD basis and then indirect cost previously invoiced are subtracted. A JE is prepared to record the indirect cost in FRS.

A summary of the FRS and HRS detail is prepared by grant budget category for the invoice. This invoice will show the current amount due as well as ITD expenditures and the variance from budget. The ITD amount is calculated by adding the current amount due to the ITD amount from the previous invoice. Error checks are built into the spreadsheet to ensure that the summary invoice ties to the FRS and HRS details.

The invoice is sent to the PI/PD for review when requested or if it is the final invoice on the grant. If the PI/PD wants to make changes, the process returns to the step where errors were identified in the transactions. If no changes are made, the invoice and any required supporting documentation (i.e. PO's, check copies, etc.) will be mailed.

**Electronic Inputs:** FRS and HRS Focus reports

**Manual/Paper Inputs:** previous invoices, supporting documents for invoice.

**Key Decision Points (list all):** Is the invoice final? Are there any transaction errors? Do the grant and FRS budget categories agree? Are Indirect Costs allowed? Does the invoice require supporting documents?

**Related Policy(s):** Transfers between funds. Payroll budget changes.

**Interface to Other Systems:** Excel billing spreadsheets.

**Web Features:** none

**Electronic Outputs:** Excel details are saved.

**Manual/Paper Outputs:** invoice

**Customer(s):** grantor

**Regulatory Items:** Grantor regulations

**Frequency/Volume:** 50 invoices/month

**Potential Break Points:** Errors in transactions. Unable to find supporting documents when required.

**Automation:** none

**Issues:** Invoices requiring supporting documents are time intensive. Difficulty fixing errors in payroll. Sometimes the grants are over budget.