

R ★ STARS	Version 2.0
REFERENCE MANUAL PROJECT ACCOUNTING	12-1 12/94

INTRODUCTION

Accounting for project costs is an important activity in state agencies. In R ★STARS, this requirement is met through the use of the Grant/Project Billing Subsystem, which is designed to accumulate cost information for various types of grants and projects, and optionally generate accounting transactions which record the effect of billing for the costs incurred. Projects account for accumulated expenditures, revenues, budgetary information and appropriate statistics independent of the Organization, Program, Object and Fund structures used in R★STARS. This capability allows costs to be controlled, reported, and billed with or without regard to fiscal year and can be used for:

- **Capital Projects** - which are typically funded internally, although funding may be from outside sources.
- **Interagency Agreements** - which are agreements for one agency to provide services to another agency within the state and may or may not be reimbursable.
- **External Projects** - which may be funded by sources external to the state.
- **Other Projects** - are not classified as one of the above, such as internal groupings.

Throughout the R ★STARS documentation, the term 'project' includes capital projects, interagency agreements, external projects and other projects. This chapter describes the project accounting and billing capabilities available in R ★STARS.

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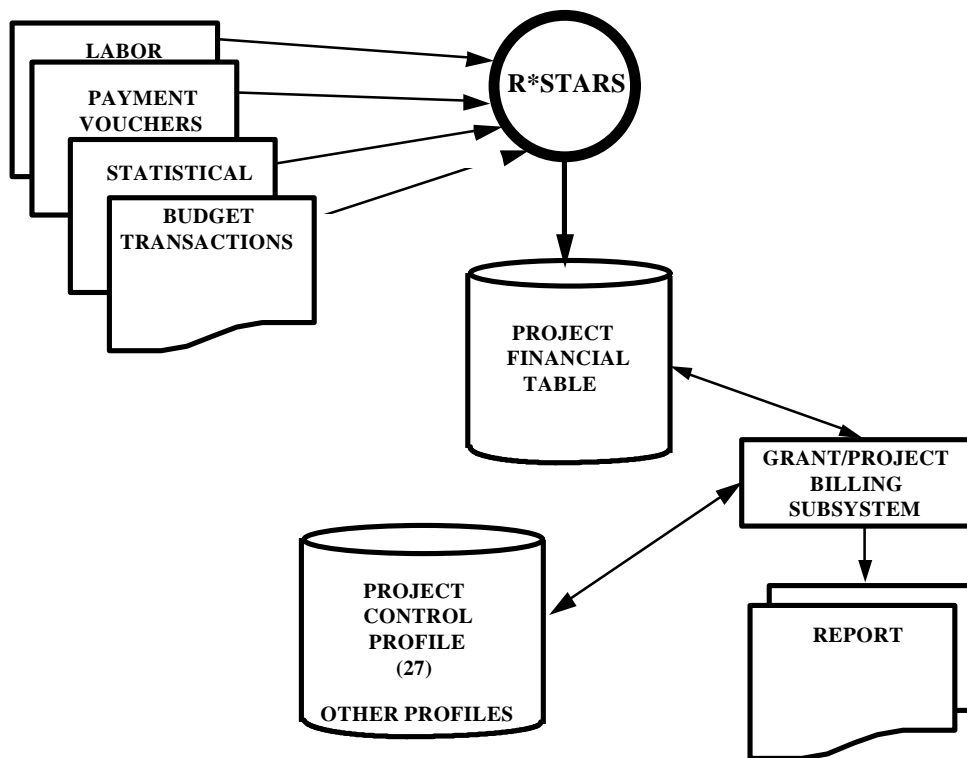
12-1 PROJECT ACCOUNTING OVERVIEW

The Project Subsystem of R★STARS provides unique capabilities for tracking project-related financial and statistical information and generating billing transactions for internally and externally funded projects. This section describes these capabilities and is divided into the following topics:

- Project Accounting Capabilities
- Project Budgeting Capabilities
- Project Billing Capabilities
- Project-Related Profiles

The figure below illustrates the flow of project -related data in R★STARS.

PROJECT ACCOUNTING OVERVIEW



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Project Accounting Capabilities

Project expenditures, revenues, receipts, budgets and statistical information are accumulated in R★STARS through the use of a Project Number, Project Phase and optional Agency Code 2. These elements are independent of the other classification structures (e.g., Fund, Object, Program and Organization) in R★STARS. Furthermore, the accumulation of project information may span unique accounting periods ranging from a few days to many years.

The Project Number element is established in the Project Number Profile (D42) and the Project Phase element is established in the Project Control Profile (27) which defines how costs are accumulated and how reimbursable projects are billed. The Agency Code 2 element is established in the Agency Code 2 Profile (D27) which can be used as an additional level in the Project structure for budgeting and reporting purposes. Larger projects such as capital projects may be defined in Phases which may represent work units such as design, engineering, construction, and so on. The Project Number, Project Phase, optional Agency Code 2, and Project Control Profile (27) are defined by each agency. Project categories are defined systemwide in the Project Category Profile (D41).

Once a project profile record has been established, there are several ways that the Project No/Phase, and optional Agency Code 2 may be captured on accounting transactions. These methods include:

- Enter the Project No/Phase, and Agency Code 2 directly on the accounting transaction.
- Enter the Project No/Phase, and Agency Code 2 in the Index Code Profile (24) where it will be looked -up whenever the Index Code is entered.
- Enter the Project No/Phase, and Agency Code 2 in the Program Cost Account (PCA) Profile (26) to be looked -up whenever the PCA is entered.
- Enter the Project No/Phase, and Agency Code 2 in a Grant Control Profile (29) where it will be looked -up whenever the Grant No/Phase is entered or looked-up from another element.

These methods provide coding reduction techniques for each agency. However, agencies should select a single method which is applied consistently to reduce confusion and increase overall accuracy.

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When the Project No/Phase and Agency Code 2 are coded or looked -up on accounting transactions, the financial or statistical data is recorded in the Project Financial Table if the Transaction Code supports posting to this table. The Project Financial Table is independent of other R★STARS financial tables. Thus, for example, budgets may be set independently of organization, program or other types of agency budgets. This data includes expenditures, encumbrances, cash revenues, accrued revenues, and budgets. Regardless of the Project Type selected, the actual amount, financial or statistical, entered on the transaction is recorded in the Project Financial Table. This data is then accessed by R★STARS to generate project-related reports, generate billing transactions and provide budgetary control if desired.

The budgeting and billing capabilities are described below, followed by a description of the profiles used in project accounting.

Project Budgeting Capabilities

There are two types of project budgets: billable and expendable. These budgets may be recorded at the Project No (with Phase 00), Project No/Phase, Project No/Phase and Agency Code 2 or Object level.

The indicators that control the posting of information to the Project Financial Table are listed below:

- **Project Number Profile (D42) - Project Phase Budget Level Ind** - Yes/No indicator that controls the posting of phase.
- **Project Control Profile (27) - Agency Code 2 Data Element** - The Agency Code 2 data element, if entered for a Project defines the level of budgeting to the Agency Code 2 level. If not entered, budgeting is performed at the Project or Project Phase level only.

Expenditure or Revenue Post Level Ind -

- 0** - No Fund or Object
- 1** - Comptroller Object
- 2** - Agency Object
- 3** - Agency Object Group
- A** - Fund
- B** - Fund and Comptroller Object
- C** - Fund and Agency Object
- D** - Fund and Agency Object Group

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If the value is '3' or 'D', the Agency Object entered on the accounting transaction is used to look up the Agency Object Group. Agency and Project Number are always posted to the Project Financial Table.

Billable and expendable budgets are further discussed below.

Billable Budgets

Billable budgets are designed to limit the total billings against a Project, Project/Phase, optional Agency Code 3 or at an Expenditure Object level within these options. The following chart illustrates this concept:

<u>Level</u>		<u>Billable Budget</u>	<u>Expenditures</u>	<u>Bill</u>
Phase		\$100,000	\$ 90,000	\$ 90,000
Phase		100,000	110,000	100,000
Object	3000	50,000	60,000	50,000
Object	4000	70,000	65,000	65,000

In addition to limiting the amount of the bill, billable budgets are used to limit the types of expenditures billed. For example, if only personnel service costs are reimbursable, a billable budget could be entered for Object 3000 (salaries and wages) costs only. In this way, only Object 3000 expenditures would be billed even though other costs may be charged to the project.

Billable budgets, if utilized, must be entered at the same level as the Expenditure Posting Level Indicator in the Project Control Profile (27). They must be entered for the appropriate Objects (Comptroller or Agency) except for Billing Method 3, Standards Costs Per Unit To Budget, which must be entered at the Phase level regardless of the Expenditure Posting Level Indicator. Unless these rules are followed, expenditures will not be billed.

Phase level budgeting:

0 - Phase	Any Objects	One budget at Phase level
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Object level budgeting, all Objects to be billed:

1 - Object	Object 3000 Object 4000 Etc.	Object 3000 Object 4000 Etc.
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Object level budget, only Object 1000 to be billed:

1 - Object	Object 3000	Object 3000
	Object 4000	None
	Object 5000	None

In summary, a budget must be recorded for each expenditure record established in the Project Financial Table which is to be billed.

Expendable Budgets

The second type of project budgets, expendable budgets, may be recorded to limit the amount of expenditures charged to the project. When expenditure transactions are entered against a project, the available balance of the expendable budget is compared to the amount of the expenditure.

Expendable budget control may be defined as fatal, warning or ignore as follows:

- **Fatal** - expenditures that exceed the expendable budget will not post to the Project Financial Table.
- **Warning** - expenditures that exceed the proposed expendable budget will post to the Project Financial Table and will be reported with a warning message.
- **Ignore** - expenditures that exceed the expendable budget post to the Project Financial Table without warning messages.

Like billable budgets, expendable budgets may be recorded at the Project (with Phase 00), Project No/Phase or Project No/Phase and Agency Code 2 level or at an Object level within these levels. By entering expendable budgets at a level below project or phase, the types of expenditures charged against a project may be controlled. For example, if fatal control is selected for an expendable budget for services and supplies, only services and supplies expenditures may be charged to that Project Table record.

Expendable budgets must be recorded using the same rules as those described above for billable budgets. That is, expendable budgets must be entered at the same level as the Expenditure Posting Level Indicator in the Project Control Profile (27) and must be entered for the appropriate Objects.

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Project Billing Capabilities

The billing capabilities in R ★STARS include two primary options in the Project Control Profile (27):

- **Cycle Selection** - Billing transactions may be calculated at each month end or on specific dates or other cycles such as quarterly:
 - 0 - Project not billed
 - 1 - Automatic billing during month close
 - 2 - Automatic billing by date

- **Billing Method** - Bills may be calculated with or without regard to billable budgets and may be calculated using actual costs, standard percentages or standard costs (rate) per unit. Each billing method is described below:
 - 0 - **Project Not Billed** - Billings are not generated. This method is used for non-reimbursable projects. These projects will not be selected for billing.
 - 1 - **Standard Cost Per Unit** - Billings are calculated by multiplying the standard billing rate entered on the Project Control Profile (27) by the total units posted project-to-date and subtracting previously billed amounts.
 - 2 - **Standard Percentage** - Billings are calculated by multiplying the standard billing percentage entered on the Project Control Profile (27) by total project-to-date expenditures and subtracting previously billed amounts.
 - 3 - **Standard Cost Per Unit to Budget** - Billings are calculated by multiplying the standard rate entered on the Project Control Profile (27) times the project-to-date units. This method then bills the lower of the calculated bill less previously billed amounts or the billable budget less previously billed amounts. Billable budgets are restricted to phase level only.
 - 4 - **Standard Percentage to Budget** - Billings are calculated by multiplying the standard percentage entered on the Project Control Profile (27) times project-to-date expenditures. This method then bills the lower of the calculated bill less previously bill amounts or the billable budget less previously billed amounts.
 - 5 - **Actual** - Billings are generated for the actual expenditures project -to-date less previously billed amounts.
 - 6 - **Actual to Budget** - Bills the lower of the billable budget less previously billed amounts or actual expenditures less previously billed amounts.

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Projects are identified within R ★STARS by the Project Billing Type Indicator which has the following values:

- 1 - Other Project** - may be reimbursed externally. One accounts receivable transaction is reported at the Phase level, if billed. Any billing cycle may be selected.
- 2 - Capital Project** - treated the same as Billing Type 1 - "Other Project".
- 4 - Interagency** - may be reimbursed internally. If billed, one charge transaction and multiple recovery transactions are generated. Only Billing Cycles '0' or '1' may be used.
- 5 - External Project** - may be reimbursed externally. If billed, one charge and multiple recovery transactions are reported but not automatically posted. Any Billing Cycle may be selected.

Any Project Type may be used to accumulate project -related expenditures, revenues, budgets and statistical information. In addition, each project may be defined as reimbursable or non-reimbursable.

The type of transactions generated depends upon the Project Billing Type, as follows:

- | | |
|----------------------------------|-------------------------------|
| 1 - Other | Receivable |
| 2 - Capital Project | Receivable |
| 4 - Interagency Agreement | Charge
Recovery
Deficit |
| 5 - External Project | Receivable
Deficit |

Each type of billing transaction is described below:

- **Charge transaction** - charges an internal buyer

DR Expenditure Control - Accrued
CR Vouchers Payable

May also liquidate a previously entered encumbrance.

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■ **Recovery transaction** - credits the seller

DR Accounts Receivable - Other - Billed
CR Revenue Control - Cash

DR Revenue Control - Accrued
CR Due from Other Funds

■ **Receivable transaction** - credits the seller when an external buyer is involved

DR Due from Other Funds
CR Revenue Control - Accrued

■ **Deficit transaction** - charges the seller's deficit accounts (in the Agency Control Profile (25)) when a billable budget is exceeded and multiple seller Indexes are involved.

DR Expenditure Control - Accrued
CR Accounts Payable

The deficit transaction plus the recovery transaction equals the charge transaction.

The following exhibit illustrates the billing transactions which may be calculated for each Project Billing Type. Simple cases are shown to illustrate each point. Budgets, if any, are assumed to be entered at the Phase level. These examples are further described below.

■ **Project Billing Type 1** - Since no billable budget is used, the single receivable transaction is generated for the total expenditures and may be reimbursed externally. Any billing cycle may be selected.

■ **Project Billing Type 2** - A billable budget is entered for \$90,000; therefore, the receivable transaction is limited to the amount of the budget and is treated the same as Billing Type 1.

■ **Project Billing Type 3** - Not used.

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- **Project Billing Type 4** - The billable budget for this interagency project example is less than the total expenditures and, since multiple Indexes charged the project, the use of billing deficit accounts is required. The charge to the buyer is limited to the \$3000 billable budget. The total recoveries to the Indexes charging the project are \$4000. The deficit transaction for \$1000 'balances' the charge and recovery transactions as follows:

Charge plus Recovery equals Deficit

$$\$3000 + < \$4000 > = < \$1000 >$$

- **Project Billing Type 5** - This example assumes no billable budget has been entered. Since two Indexes were charged to the job, two receivable transactions are generated to record revenue to both Indexes.

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Project Type	Expenditures	Billable Budget	Billing Transactions	
1 (Other)	100,000	None	DR Accounts Receivable	100,000
			CR Revenues	100,000
2 (Capital Project)	100,000	90,000	DR Accounts Receivable	90,000
			CR Revenues	90,000
4 (Interagency)	Index A 1,000 Index B 3,000	3,000	Charge to buyer:	
			DR Expenditures	3,000
			CR Cash	3,000
			Recovery to seller:	
			DR Cash	4,000
			CR Revenue - Index A	1,000
			CR Revenue - Index B	3,000
			Deficit to seller:	
			DR Revenue - Billing	
			Deficit Index	1,000
			CR Cash	1,000
5 (external)	Index A 1,000 Index B 3,000	None	DR Accounts Receivable	4,000
			CR Revenue - Index A	1,000
			CR Revenue - Index B	3,000

The above example has served to illustrate some of the key concepts associated with the use of the Grant/Project Billing Subsystem. It should be understood, however, that this subsystem may be used simply to accumulate and report costs or it may be used to both accumulate and bill costs. The level of complexity may vary with the needs of each agency for each project.

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The exhibit below summarizes the key concepts presented in this section in terms of the billing options available for each Project Billing Type.

Billing Type	Description	Billing Cycle	Billing Method	Billing Trans	Recovery Trans	Deficit Trans
1 2	Other Capital Project	0, 1, 2	1 2 3 4 5 6	N/A N/A Phase level Any level = Exp Object Level Indicator N/A Any level = Exp Object Level Indicator	One transaction as specified in PC Table: Index PCA Fund	Not Used
4	Interagency Agreement - One charge transaction at the phase level	0, 1	1 2 3 4 5 6	N/A N/A Phase level Any level = Exp Object Level Indicator N/A Any level = Exp Object Level Indicator	One Transaction for each combination of Index, PCA	Used
5	External Project	0, 1, 2	1 2 3 4 5 6	N/A N/A Phase level Any level = Exp Object Level Indicator N/A Any level = Exp Object Level Indicator	One Transaction for each combination of Index, PCA	Used

This exhibit should serve as the primary tool in selecting the Project Billing Type to use for each project.

The following paragraphs outline the functions and contents of the R ★STARS profiles and tables related to project accounting.

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Project-Related Profiles and Tables

The project accounting and billing process is controlled by a series of indicators, data elements and financial data recorded in system profiles and tables. These profiles and tables include:

- Project Control Profile (27)
- Project Number Profile (D42)
- Agency Code 2 (D27)
- Project Type Profile (D06)
- Project Category Profile (D41)
- Agency Control Profile (25)
- Grant/Project Billing Request Profile (92)
- Project Financial Table

The functions of each of these profiles in the project accounting and billing process are discussed in the paragraphs below.

Project Control Profile (27)

The Project Control (PC) Profile (27) is used to identify and account for projects and interagency agreements in R ★ STARS. The PC Profile (27) maintains a variety of information regarding each individual Project, Project Phase, or Project, Project Phase and optional Agency Code 2. Project billing type, billing method, posting indicators, control dates and a number of other classification elements are maintained for each Project or Project Phase.

The format of the PC Profile (27) is divided into several segments: Control key; information elements; indicators; billing information; billing classification elements and recovery classification elements. The following paragraphs provide a description of the data segments maintained in the PC Profile (27).

This profile is maintained by the controlling or servicing agency and includes:

- **Project Identification** - These elements include the Agency, Project Number, Project Phase, optional Agency Code 2, Title of Project Phase, Project Type and look-up elements used to reduce coding on project -related transactions. Effective Start and Effective End dates are included to open and close the project for posting financial transactions.
- **Indicators** - This segment defines the levels used to post financial information to the Project Financial Table and the severity of expendable and revenue project controls.

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- **Billing Information** - These elements define how and when the billable project will be billed. The Billing Type, Billing Method, Billing Cycle and Billing Dates (in MMDD format) are included. Additionally, the Object range and rate, also used for standard percent, are included in this segment. The Customer Number and Mail Code are used for externally reimbursed projects.
- **Billing Classification Elements** - This segment defines how the internal charge transaction to the buyer will be generated for interagency contracts. The Transaction Code defines the type of transaction and the classification elements define which Index, Comptroller or Agency Objects, Fund and Appropriation Year will be included on the transaction.
- **Recovery Classification Elements** - This segment defines how the recovery transaction to the seller will be generated for reimbursable projects. Included are the Transaction Code and all the classification elements used to record revenue, expenditure reimbursement and accounts receivable transactions.

The PC Profile (27) control key uniquely identifies each Project Control Profile record. The control key includes an Agency, Project Number and Project Phase. The Agency code identifies the agency responsible for the particular project. The Project Number identifies each Project and the Phase identifies a further breakdown of a project.

Project Number Profile (D42)

The Project Number Profile (D42) is used to enter a title or description of the Project Number. This title is then displayed on project -related reports. The title for each phase of the project is maintained in the Project Control Profile (27) described above. The Project Type is entered on this profile and displayed on the PC Profile (27). The Project Category is defined. The Project Phase Budget Indicator determines whether a project is controlled at the Phase level (value equals 'Y'). The Agency Budget Indicator determines the posting of project information (no Project, Project or Project and Phase) to the Agency Budget Financial Table. Information on the project manager is also indicated on this profile.

Agency Code 2 Profile (D27)

The Agency Code 2 Profile (D27) can be used for another level in the Project structure. It is typically used for identifying different tasks or activities.

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Project Type Profile (D06)

The Project Type Profile (D06) is agency-defined and contains the valid Project Types of each agency.

Project Category (D41)

The Project Category Profile (D41) is systemwide-defined and contains the valid project categories. Project categories serve as alternative rollups of projects used for reporting purposes.

Agency Control Profile (25)

To provide each agency with a method of controlling those expenditures which exceed the billable budgets, a unique classification is established in the Agency Control (AC) Profile (25). This classification, called the 'billing deficit accounts', consists of:

- Index
- PCA
- Comptroller Object
- Agency Object

The system posts this classification in the Accounting Event Financial Table for recoveries exceeding billable amounts. The system also extracts this classification from the Accounting Event Financial Table when the billing transaction is generated to check for costs that exceed a billable budget at one point in time but, due to a budgetary amendment, no longer do.

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Billing deficit accounts are generally utilized when an agency has multiple Indexes, PCAs, or agency sales charging a project with expenditures in excess of the billable budget. For example, if two organizations charge costs to a interagency agreement with a billing method of 'actual costs up to the billable budget' (Billing Method 6), total costs are \$100 and the billable budget is \$75, the system would charge the excess \$25 of costs to the Billing Deficit Accounts defined in the AC Profile (25). The following illustrates this example:

<u>Index</u>	<u>Costs Charged to Project</u>	<u>Costs Recovered</u>
10000	\$60	\$ 60
20000	40	40
Deficit		<u>(25)</u>
Total Billed		<u>\$ 75</u>

The \$25 charged to the default accounts is a 'negative recovery' which is required to make the billing transaction balance. The deficit accounts are required because the system is unable to determine to which charging accounts to record the negative recovery.

Billing deficit accounts are also used when a rate is applied to statistical units, billing methods '1' and '3', and when a rate exceeding 100% is applied to expenditures, billing Methods '2' and '4'. The following examples illustrate:

<u>Index</u>	<u>Costs Charged to Project</u>	<u>Costs Recovered</u>
<u>Cost Per Unit Methods:</u>		
10000	\$ 60	\$ 60
20000	40	40
Deficit		<u>100</u>
Total Billed (10 units x \$20)		<u>\$200</u>
<u>Standard Cost Methods:</u>		
10000	\$ 60	\$ 60
20000	40	40
Deficit		<u>50</u>
Total Billed (\$100 x 150%)		<u>\$150</u>

In both of these examples, the billing deficit accounts are 'charged' with positive recoveries. Depending upon the rates established under these billing methods, the billing deficits may be positive or negative.

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One important rule must be followed. Once billing deficit accounts have been established in the AC Profile (25) and utilized by the PBS, they may not be changed. Billing deficit accounts may only be changed when a new AC Profile (25) record is established each year.

Grant/Project Billing Request Profile (92)

The Grant Project Billing Request Profile (92) provides the ability to generate detailed billing reports (proof lists) and generate billing transactions for grants and projects which are not scheduled to be billed on specific dates. The billing schedules are defined in the Grant Control Profile (29) and the Project Control Profile (27). One Grant Project Billing Request Profile record is set up for each agency. This profile contains the following elements:

- **Fiscal Period** - identifies the accounting period to be billed. The values are:
CM - Current Month
PM - Prior Month
- **Bill Cycle Selections** - identifies the projects to be billed based on dates entered in the Project Control Profile (27).
- **Transaction Indicator** - tells the system to either generate a proof list of the billing transactions or to generate the actual billing transactions.
- **Exclude/Include Fields** - provides the ability to identify specific grants and projects to exclude from the proof lists (P) or billings (G) or, conversely, to specifically include grants and projects whose billing dates are not included in the bill cycle selections entered.

The use of this profile is only required if the billing detail reports are needed for projects and grants not scheduled for billing at period end.

Project Financial Table

The Project Financial Table contains the financial amounts used by the Grant/Project Billing Subsystem to calculate the amounts to be billed. It is also used to control expendable budgets and by users for on-line inquiry. Balance Types contained in this financial table include:

- **11 - Estimated Collected Revenues** - specifies the amount estimated to be collected as revenues for the project.
- **12 - Cash Revenues** - specifies the total amount of cash revenues.

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- **14 - Accrued Revenues** - specifies the total amount of accrued revenues.
- **15 - Cash Expenditures** - specifies the total amount of cash expenditures.
- **16 - Cash Reserved for Payroll** - specifies the amount of cash reserved for payroll. *This is not being used in Oregon.*
- **17 - Accrued Expenditures** - specifies the total amount of accrued expenditures.
- **18 - Encumbrances** - specifies the amount of outstanding encumbrances.
- **19 - Pre-encumbrances** - specifies the amount of outstanding pre-encumbrances.
- **22 - Cost Allocation Memo Expenditures** - specifies the total expenditures posted to the record as a result of the cost allocation process. Expenditures are posted as a memo account.
- **25 - Billable Budget** - specifies the maximum amount to be billed. To generate transactions for billing methods '3', '4', or '6' this amount must be entered. If this amount is blank, a zero budget is assumed by the system.
- **26 - Expendable Budget** - specifies the total expenditures to be charged to a project. The expendable budget is examined when transactions are posted to ensure an available project budget exists.
- **27 - Advances Made** - specifies the total amount of cash advances made to date.
- **28 - Amounts Billed** - specifies the total amount billed.
- **29 - Units Budgeted** - specifies the total units budgeted.
- **30 - Units Accumulated** - the amount of units accumulated -to-date.

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The financial amounts in the Project Financial Table may be reviewed or reported on many different time frames, including:

- Current Month
- Prior Month
- Prior Year

Activity data, year -to-date or life-to-date data is maintained for each of the time frames. This enables flexible reporting to meet a variety of different needs.

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12-2 ESTABLISHING A PROJECT

To utilize the project accounting capabilities of R ★STARS, the following steps must be performed to set up the project:

1. **Determine the Project Category** - The Project Category Profile (D41) is a systemwide profile which defines the Project Category and the associated title for reporting purposes.
2. **Establish the Project Type Profile (D06)** - used to associate a project with a particular agency defined. It is strictly informational and independent of billing type. Below the agency level, projects can be identified within R ★STARS by the Project Type Indicator. Project Types are agency defined one digit codes and associated title information used to group similar projects. They are defined in the Project Type Profile (D06).
3. **Establish the Project Number Profile (D42)** - which is used to provide a title for the Project Number and control phase budgeting.
4. **Establish the Project Control Profile (27)** - required to establish cost accumulation and billing processes in the system prior to recording expenditure, revenue or budget transactions.
5. **Record Project Budgets** - If desired any agency can establish Project Expendable Budgets or Project Billable Budgets. Options for Project Budgeting levels are discussed in the Project Budgeting Capabilities Section of this chapter.

The profiles must be established in the order listed above.

Establishing the Project Number Profile (D42)

The Project Number Profile (D42) provides a title for the project number in the system which is used for reporting purposes. The title or description of the Project Phase is recorded in the Project Control Profile (27), described above. It also includes:

- **Project Phase Budget Indicator** - to allow for budgeting at a lower level than Project.
- **Project Manager Identification** - Name and/or Title and a Phone Number.

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Establishing the Project Control Profile (27)

The Project Control (PC) Profile (27) is required to establish cost accumulation and billing processes in the system prior to recording expenditure, revenue or budget transactions.

The input coding instructions for this profile are included in Chapter 6 - “Non-Descriptive Profile Maintenance” of the R★STARS Data Entry Guide.

Recording Project Budgets

When project expendable or billable budgets are utilized, the budgets must be entered as standard financial transactions using the on-line data entry capabilities, or key to disk if available, of R★STARS. These budgets are entered using Transaction Codes established specifically for this purpose. If both the billable and expendable budgets are the same amount, a single transaction may be entered. The billable and expendable budgets require two Transaction Codes. These transactions are defined below:

Billable Budget:

DR Billable Budget Offset
CR Billable Budget

Expendable Budget:

DR Expendable Budget Offset
CR Expendable Budget

Once the project budgets are established, they may be adjusted, increased or decreased, at any time by entering adjustment transactions into the system in the same manner as the original budgets were entered. Normally, decrease adjustments are entered with the Reverse Code set to 'R'.

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12-3 MONITORING PROJECT EXPENDITURES

Encumbrance and expenditure transactions which are project related are recorded in the Project Financial Table. Statistical transactions, such as labor hours or machine units, may also be recorded in the Project Financial Table. Encumbrance and expenditure transactions may be controlled against available project expendable budgets if this option is chosen. This section describes recording and controlling encumbrance and expenditure transactions and recording statistical transactions.

Recording Project Expenditures

Expenditure transactions which are associated with a project are entered with a Project, Project Phase, and optional Agency Code 2 or with another element (Index, PCA, or Grant Number/Phase) which looks up the Project, Project Phase, and optional Agency Code 2. Expenditure transactions may be entered as payroll transactions for labor costs or as payment voucher transactions. Encumbrance transactions may also be entered with a Project, Project Phase and optional Agency Code 2 to record the encumbrance against a project expendable budget.

Controlling Expendable Budgets

Encumbrance and expenditure transactions are controlled against the project expendable budget, if this option is chosen. If the Project Control Type Indicator in the Project Control Profile (27) is set to '1', encumbrance and expenditure transactions which exceed the expendable budget will fall to the Error File. If set to '2', these transactions will post to the financial files, including the Project Financial Table, and a warning message will be issued. If set to '0', these transactions will post to the financial tables and will not be evidenced by an error message.

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Recording Statistics

Statistical units, such as labor hours, machine hours and miles, may be recorded against projects as statistical transactions through the normal data entry process. Statistical units must be recorded, if the billing method selected calculates billings by applying a rate to the units accumulated against the project. For example, if the billing method is '1', standard rate per unit, billings will only be generated if units are recorded in the Project Financial Table. Statistical units may also be recorded on an optional basis when other billing methods are selected, in which case the units will be reported for informational purposes only.

To record statistical units the standard data entry procedure is followed. These transactions are entered using special statistical transaction codes.

The units are accumulated in the Project Financial Table for billing and/or reporting purposes.

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12-4 MONITORING PROJECT REVENUES AND RECEIPTS

Project-related revenues and receipts are entered into R ★STARS with the Project, Project Phase, and optional Agency Code 2 entered or looked -up on the financial transactions. Recording revenues and receipts against projects is optional for most projects. However, recording this information improves the value of the reports generated from the Project Financial Table. Billing transactions which record revenue, expenditure reimbursements or accounts receivable may be limited to the billable budget, if this option is selected.

This section describes the recording of revenue transactions and the controlling of revenue against billable budgets.

Recording Project Revenues and Receipts

Revenue transactions are not always automatically generated for capital, external or other projects. Instead, the transactions are reported on billing detail reports and should be reviewed and entered manually into R ★STARS through the standard financial data entry procedure whenever invoices or claims are submitted to the buyer. If these accounts receivable transactions are not entered, subsequent reports will be misleading because the accrued revenue will not be displayed or accounted for in the system.

It is also important to record cash receipt transactions with the related Project, Project Phase, and optional Agency Code 2 to ensure that the receipt is recorded in the Project Financial Table. If both accounts receivable and cash receipts are recorded against reimbursable projects, the projects will be fully accounted for in the system.

In Oregon, revenue transactions created in the billing process are automatically posted for projects.

Controlling Billable Budgets

Revenue, expenditure reimbursement and accounts receivable transactions may be limited to the billable budget amount, if certain billing methods are chosen. The Grant/Project Billing Subsystem calculates the total cumulative -to-date expenditures, deducts previously billed amounts and compares the result to the billable budget. The billing is then generated for an amount up to the billable budget amount.

Users should monitor billable budgets to ensure that they are reasonable and that the appropriate amount of billing transactions are being generated.

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12-5 PROJECT BILLING

Once projects are established in the system files and expenditure transactions are recorded against the projects, the Grant/Project Billing Subsystem may be utilized to generate or report billing transactions for reimbursable projects. The following steps may be required depending upon various circumstances:

- Establish Billing Deficit Accounts.
- Define the Billing Transactions.
- Request Project Billing Detail Reports.

These steps are described below.

Establishing Billing Deficit Accounts

Billing deficit accounts must be established by agencies which meet the following criteria:

- Have reimbursable projects.
- Utilize billable budgets.
- Have projects against which expenditures will be charged with multiple Indexes, PCAs, or Agency Codes.
- Utilize rates to calculate billings.

Most agencies which meet the first two criteria will also have multiple Indexes, PCAs, or Agency Codes charged to projects with expenditures in excess of a billable budget. If any agency is in doubt as to whether billing deficit accounts are required, the agency should establish them even though they may never be used.

Billing deficit accounts are recorded in the Agency Control Profile (25) for each agency. The input coding instructions for this profile are included in Chapter 5 - "Descriptive Profile Maintenance" of the R★STARS Data Entry Guide.

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Defining Billing Transactions

The Project Control Profile (27) contains the following two segments which are used by the Grant/Project Billing Subsystem to generate or report billing transactions:

- **Billing Classification Elements** - Specifies the classification used in the charge transaction to record billing activity. Additionally, this segment of the profile specifies the data elements which are printed on the Project Billed Detail Report (DAFR4021). It is completed for Interagency Projects (Billing Type '4') only. The entire segment, except for Agency and Index, must be left blank, if the Billing Method is '0'. The entire segment must be left blank, if the billing type is '1', '2', or '5'.

- **Recovery Classification Elements** - This portion of the profile includes the data to be used when building the transaction to record the revenue or expenditure reimbursement in the seller's accounting records. For all billable projects, the Transaction Code and Comptroller Object are required. In addition to these elements, the Index is required for billing types '1', '2', and '5' when billable. The entire segment must be left blank, if the billing method is '0'.

Requesting Project Billing Detail Reports

Most projects are typically scheduled to occur automatically at month end. However, projects may also be scheduled for billing on specific dates, each quarter and on other unique cycles. For reimbursable projects which are not scheduled for automatic month -end billing, users must 'request' the billing to occur through the use of the Grant/Project Billing Request Profile (92). This profile is used to request project billing detail reports for all projects and to request generation of billing transactions not scheduled for month -end billing.

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12-6 PROJECT REPORTING

R★STARS provides on-line inquiry and hard copy reports which are useful in monitoring project-related financial information. This section describes the on-line inquiries and reports.

On-line Inquiry

The on-line inquiry capabilities of R★STARS provide an inquiry screen which is directly related to project accounting. The record inquiry displays information in a file posting format. The inquiry is shown at the levels defined by the Expenditure and Revenue Posting Level Indicators in the Project Control Profile (27). Therefore, it is important to set these indicators at the level desired for on-line inquiry, unless project budget levels conflict with this requirement.

Standard Reports

The reporting capabilities in R★STARS are an important feature in the project accounting and billing area. Project-related reports may be used to monitor project expenditures, revenues and budgets, to verify billing transactions and to support external audit requirements. Project reports are available with a number of different sorts to enable review of financial information by various classifications. In addition, profile listing reports may be generated to display the contents of such profiles as the Project Control Profile (27) and Grant/Project Billing Request Profile (92).

Additional information on project-related reports and how to request reports is provided in Chapter 13 - "Project Accounting" of the R★STARS Data Entry Guide.

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