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| <b>R★STARS</b>                               | <b>Version 2.0</b>    |
| <b>REFERENCE MANUAL<br/>GRANT ACCOUNTING</b> | <b>13-1<br/>12/94</b> |

## INTRODUCTION

A significant portion of the funding of the operations of local governments is often received from either the federal or state governments. The proper accounting for these funding sources is a critical component of any accounting system and has been given special emphasis in R★STARS. The Grant structure is one of the nine different classification structures in R★STARS. This unique structure ensures that the special requirements associated with grant accounting are met.

In R★STARS, these special requirements are met through the use of the Grant/Project Billing Subsystem. This subsystem provides the ability to control, report, and bill costs, as well as account for multiple time periods.

*In Oregon, grants may be established as one of the following types:*

- **Federal Grant-Reimbursable** - reimbursable by the federal government.
- **Federal Grant-Advanced** - advanced by the federal government.
- **State Grants** - which are received from the state government.
- **Other Grants** - which typically receive funding from local governments or other organizations.

R★STARS accounts for each of these grant types in the same manner; all system capabilities are available for each type.

This chapter describes the grant accounting and billing capabilities available in R★STARS.

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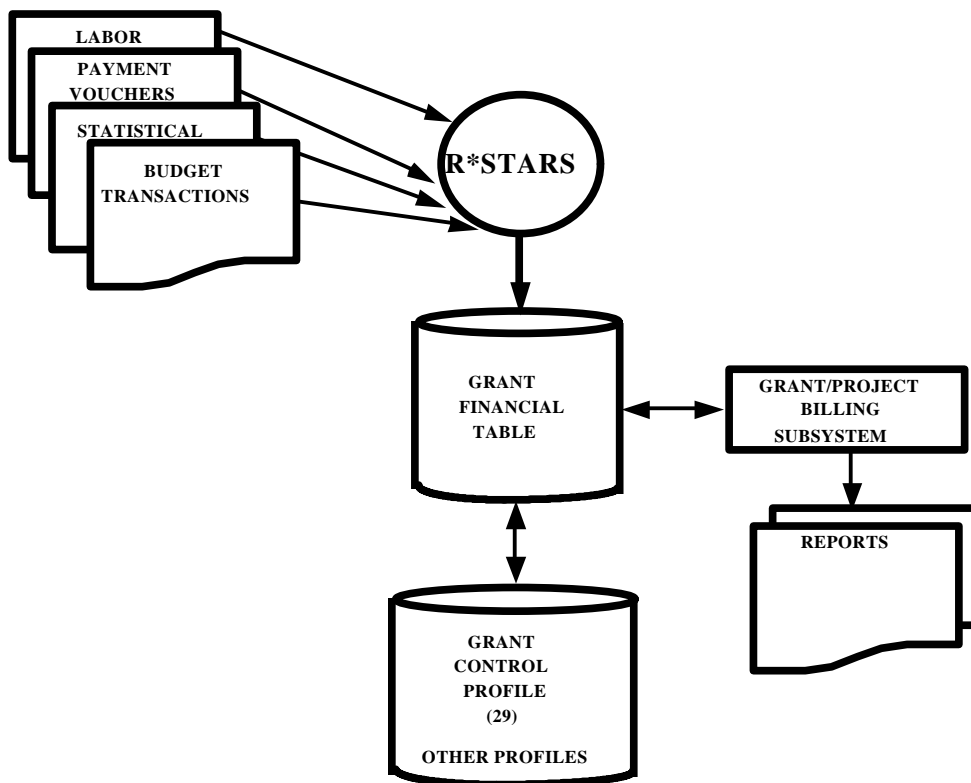
### 13-1 GRANT ACCOUNTING OVERVIEW

The Grant Subsystem of R ★STARS provides unique capabilities for tracking grant -related financial and statistical information and reporting billing transactions. This section describes these capabilities and is divided into the following topics:

- Grant Accounting Capabilities
- Subgrant Accounting Capabilities
- Grant Budgeting Capabilities
- Grant Billing Capabilities
- Grant-Related Profiles

Below is an illustration of the flow of grant -related data in R ★STARS.

### GRANT ACCOUNTING OVERVIEW



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Many of the R★STARS project accounting and billing capabilities are also available for grants. In fact, these two subsystems were designed to pattern each other for ease in implementing projects and grants in concert with one another. Even though there are direct similarities, this chapter has been written to provide a full guide to understanding the grant accounting and billing capabilities. Therefore, some of the information included in Chapter 12 - "Project Accounting" of the R★STARS Reference Manual is again included in this chapter. This will facilitate utilization of the Grant/Project Billing Subsystem by those agencies which will not be establishing Projects in R ★STARS.

### **Grant Accounting Capabilities**

Grant expenditure, revenue, receipt, budget and statistical information is accumulated in R★STARS through the use of a Grant Number, Grant Phase, and optional Agency Code 1. These elements are independent of the other classification structures (i.e., Fund, Program and Organization) in R★STARS. Furthermore, the accumulation of grant information may span unique accounting periods ranging from a few days to many years.

The Grant Accounting process is designed to accumulate cost information and support the Grant Billing function. Several capabilities are required to perform these functions. They are:

- Uniquely identify Grants, Grant Phases (generally a unique Grantor Fiscal Year such as Federal Fiscal Year) and Agency Code 1's.
- Provide the ability to define a relationship between Grants and Projects to reduce input coding on financial transactions.
- Provide the ability to define a relationship between Grants and Subgrantees.
- Provide cash availability controls over Grant Expenditures and Advances which may be fatal, warning, or ignore.
- Maintain General Ledger Accounts by Grant and Grant Phase.
- Provide billable and expendable budgets by Grant, Grant Phase and Agency Code 1.
- Account for disbursements to and expenditures by subgrantees.
- Generate grant billing transactions and reports.

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- Provide conversion of R ★STARS Object structure to grantor's unique structure.
- Provide titles for Grants, Grant Phases and Agency Code 1's.
- Associate Grants with clearance patterns for automatic CMIA billings.

The Grant Number and Grant Phase elements are established in the Grant Control Profile (29) which defines how costs are accumulated and how grants are billed. Optionally, Agency Code 1 may also be included in the key to this profile. The Grant Control Profile (29) is defined by Agency which increases flexibility in grant accounting.

Grants are identified within R ★STARS by the Grant Type Indicator which is systemwide defined. Any of the Grant Types may be used to accumulate expenditures, revenues, budgets and statistical information. In addition, each grant may be defined as billable. (Grant billing is discussed in more detail in Section 13-6 - "Grant Billing".)

One of the critical requirements in accounting for grants is the ability to accumulate financial activity for periods other than the typical fiscal year. These periods may be, but are not limited to, one of the following:

- Federal Fiscal Year
- State Fiscal Year
- Partial Year
- Multiple Years

In R★STARS, the use of the Grant Phase provides the ability to account for these time frames. For example, a grant which is awarded in annual installments over federal fiscal year periods may be assigned different Grant Phases for each federal fiscal year, such as Phases 94, 95 and 96. This facilitates not only the reporting of financial activity by federal fiscal year, but also enables the Grant Number to remain constant; the users need only to code different Phases on grant-related transactions.

Agency Code 1 may be used as the lowest level in the Grant structure to identify different tasks or activities.

Once a grant has been established, there are several ways that the Grant Number, Grant Phase and Agency Code 1 may be captured on accounting transactions. These methods include:

- Enter the Grant Number, Grant Phase and Agency Code 1 directly on the accounting transaction.

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- Store the Grant Number, Grant Phase and Agency Code 1 in the Index Code Profile (24) where it will be looked -up whenever the Index Code is entered.
- Store the Grant Number, Grant Phase and Agency Code 1 in the Program Cost Account Profile (26) to be looked -up whenever the PCA is entered.
- Store the Grant Number, Grant Phase and Agency Code 1 in the Project Control Profile (27) where it will be looked -up whenever the Project code is entered or retrieved from another file.
- Store the Grant Number, Grant Phase and Agency Code 1 in the Subgrantee Control Profile (31) where it will be looked -up whenever the Subgrantee code is entered or retrieved from another profile.

These options 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.

When the Grant Number, Grant Phase and Agency Code 1 are coded or looked -up on accounting transactions, the financial or statistical data is recorded in the Grant Financial Table. This data includes expenditures, encumbrances, cash revenues, accounts receivable (accrued revenues), labor hours, machine units, budgets and so on. Regardless of the Grant Type selected, the actual amount (financial or statistical) entered on the transaction is recorded in the Grant Financial Table. This data is then accessed by R ★STARS to generate reports, calculate billing transactions and provide budgetary control if desired.

Grant-related financial activity may also be recorded in the General Ledger Financial Table to enable the generation of trial balances and other summary level financial statements by Grant or Phase. This capability may be selected through the use of one of the indicators in the Grant Control Profile (29). When utilizing this feature, it is important that the grant be fully accounted for within R ★STARS. That is, all grant -related activity must be coded with the appropriate Grant Number and Grant Phase. Without a full accounting within the system, General Ledger Financial Table reports will be misstated.

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Another feature of R ★STARS is the ability to convert the R ★STARS Comptroller and/or Agency Object structure to a unique grantor structure for reporting purposes. For example, individual Expenditure Objects or combinations of Objects may be defined to a 'Grant Object' code which represents the classification required for reporting expenditures to the grantor. Special reports may be requested which sort the grant expenditures into these specifically defined Grant Object codes. This is an optional feature available through the use of the Grant Object Profile (D48). The conversion may be agency -wide or for individual grants.

Some grants may actually be pass -through grants which are received and then awarded to other agencies, subgrantees or subcontractors. The grant amounts passed through are known as subgrants. The specific utilization of the Grant/Subgrantee structure in R ★STARS depends on the individual needs of the agency or institution of higher education.

### **Subgrant Accounting Capabilities**

Other agencies, localities and the like who receive portions of pass -through grants are referred to as 'subgrantees', or, in some cases, 'subcontractors'. A common requirement for governments receiving these pass -through grants is to account for the advances made to subgrantees and the expenditures made by subgrantees. R ★STARS can meet these requirements through the use of the Subgrantee code and special Transaction Codes.

Subgrantees are established in R ★STARS with a unique Subgrantee ID in the Subgrantee Control Profile (31). This Subgrantee ID looks -up the related Grant Number/Phase to enable the recording of financial activity against the grant whenever subgrant activity is recorded. Once established, contract awards (sometimes referred to as allocations), billable budgets, and advances may be recorded for the subgrant. Subgrantee expenditures may also be recorded as memorandum amounts in R ★STARS as well as Subgrantee Type. Examples of Subgrantee Type are Federal, State, Private, Local, Cooperative Agreement, Contract, Letter of Agreement, Gifts and Other.

A combination of these features enables the complete accounting for subgrant activity within the system.

### **Grant Budgeting Capabilities**

R★STARS provides two types of budgetary control over grants: Expendable and billable budgets. These budgetary controls may be selected on a Grant (with Phase 00), Grant and Phase or Grant, Phase and Agency Code 1 basis. They are used for certain Billing Methods (1 - 6).

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Expendable budgets can be established for a grant at varying levels of detail and are used to control expenditures and encumbrances charged to the grant. If the expenditure or encumbrance causes the grant expendable budget to be overspent, the user has the option of having the transaction reject, post with a warning error, or to ignore the violation completely.

The second type of budgets, billable budgets, are used to control the amount of expenditures which are available for billing. The automated R ★STARS billing process (described in Section 13-6 - "Grant Billing") will only report amounts available for billing up to the amount of the billable budget. In addition, billable budgets may be used to limit the type of expenditures available for billing. For example, if only service and supply costs are considered billable, a budget may be entered to so indicate. These budgets may also be entered at varying levels of detail, such as Grant, Grant Phase, Agency Code 1, or by Expenditure Object.

The following chart illustrates the use of some of the levels of billable budgets.

| <u>Level</u> |      | <u>Billable Budget</u> | <u>Expenditures</u> | <u>Bill</u> |
|--------------|------|------------------------|---------------------|-------------|
| Phase        | 96   | \$100,000              | \$ 90,000           | \$ 90,000   |
| Phase        | 97   | 100,000                | 110,000             | 100,000     |
| Object       | 1000 | 50,000                 | 60,000              | 50,000      |
| Object       | 2000 | 70,000                 | 65,000              | 65,000      |

Whenever utilizing the grant budgeting options, the budgets must be entered through the standard data entry procedure. If the options are selected and the budgets are not entered, the system will consider the budget amount to be zero and, thus, reject expenditure transactions and/or prevent billing amounts from being reported.

Both billable and expendable budgets, if utilized, must be entered at the same level as the Expenditure Posting Level Indicator in the Grant Control Profile (29). (Except for Billing Method 3 which requires billable budgets to be entered at the Phase level regardless of the Expenditure Object Posting Level Indicator).

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Billable budgets may be entered for Billing Methods as follows:

| Billing Method | <u>Level of Detail</u>            |                                   |
|----------------|-----------------------------------|-----------------------------------|
|                | Billable Budget                   | Expendable Budget                 |
| 1              | N/A                               | Any level =<br>Exp Post Level Ind |
| 2              | N/A                               | “                                 |
| 3              | Phase Level<br>only               | “                                 |
| 4              | Any level =<br>Exp Post Level Ind | “                                 |
| 5              | N/A                               | “                                 |
| 6              | Any level =<br>Exp Post Level Ind | “                                 |
| 7              | N/A                               | “                                 |
| 8              | N/A                               | “                                 |

Billable budgets may be used to limit billings to certain portions of the Object structure. For example, billable budgets may be entered for Comptroller Objects A, B, and C but not for Comptroller Objects D, E, and F. Only costs charged to A, B, and C will be billed.

Expendable budgets must be entered at the same level as the Expenditure Object Posting Level Indicator: At Phase, Agency Code 1, Grant Object, Comptroller Object or Agency Object Level. The Budget Control Type Indicator determines the severity of the control: fatal, warning, or ignore.

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## Grant Billing Capabilities

The billing capabilities in R ★STARS may be selected on a Grant Phase and optionally Agency Code 1 basis and include two primary options. These options are:

- **Cycle Selection** - Billing transactions may be calculated at the end of each month, on specific dates, or other cycles such as quarterly and so on. These values are:
  - 0 - Grant not billed or automatically billed daily (Billing methods 7 and 8 for CMIA)
  - 1 - Automatic during month close
  - 2 - Automatic 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 per unit.

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 (billing schedules are defined in the Grant Control Profile (29) and the Project Control Profile (27)). It is used for grants set up with a Cycle Selection of '2'. The Grant/Project Billing Request Profile (92) record is set up for each agency, it contains the following elements:

- **Fiscal Period** - identifies the accounting period to be billed. The values are:
  - Current month
  - Prior month
  
- **Bill Cycle Selections** - identifies the projects to be billed based on dates entered in the Project Control Profile (27) and the Grant Control Profile (29).
  
- **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.

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Billing transactions have the following accounting impact:

**DR   Accounts Receivable**  
**CR   Revenue**

The classification elements recorded on the transactions are defined in the Recovery Segment of the Grant Control Profile (29).

### **Grant-Related Profiles**

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

- Grantor Profile (D28)
- Grant Type Profile (D35)
- Grant Category Profile (D40)
- Grant Control Profile (29)
- Grant Number Profile (D47)
- Grant Object Profile (D48)
- Grant/Project Billing Request Profile (92)
- Subgrantee Control Profile (31)
- Grant Financial Table
- Object Clearance Patterns Profile (17)
- Clearance Patterns Profile (18)
- Agency Code 1 Profile (D26)

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

#### **Grantor Profile (D28)**

This profile defines the Grantor ID and the associated name and address for Grant reporting purposes.

#### **Grant Type Profile (D35)**

This profile defines the Grant Type and associates a Title, Effective Start Date and Effective End Date.

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### **Grant Category Profile (D40)**

This profile defines the Grant Category and the associated Title used for grant reporting purposes. It is a required element for federal grants to identify the CFDA Number and optional for all others.

### **Grant Control Profile (29)**

The Grant Control (GC) Profile (29) provides substantial flexibility in the methodology used to identify and account for grants in R ★STARS. To provide this flexibility, the GC Profile (29) maintains a variety of information regarding each individual Grant No/Phase, or Grant No/Phase and Agency Code 1. Grant Type, Billing Method, Posting Indicators, Control Dates and a number of other classification elements are maintained for each grant.

The format of the GC Profile (29) is divided into several segments: Control key, information elements, indicators, billing information, and recovery information. The following paragraphs provide a description of the data segments maintained in the GC Profile (29).

- **Grant Identification** - These elements include the Grant Number, Grant Phase, optional Agency Code 1 and look up elements used to reduce coding on grant-related transactions. Start and End dates are included to open and close the grant for posting financial transactions.
- **Indicators** - This segment defines the levels used to post financial information to the Grant Control Profile (29) and includes other posting and control information.
- **Billing Information** - These elements define if, how and when the grant will be billed. The Billing Method, Billing Cycle and schedule dates (in MMDD format) are included, along with a range and rate which are required for certain Billing Methods.
- **Recovery Segment** - The elements in this segment define the recovery transaction which is printed on the billing detail report. Included are the Transaction Code and classification elements used to record accounts receivable transactions.

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### Control Key

The GC Profile (29) control key uniquely identifies each Grant Control Profile (29) record. The control key includes an Agency, Grant Number, Grant Phase and optional Agency Code 1. The Agency Number identifies the agency responsible for the particular grant. The Grant Number identifies each Grant and the Phase identifies a unique time period such as federal fiscal year. Agency Code 1 is an optional element and signifies another level in the Grant structure. It is used for identifying different tasks or activities.

### Information Elements

The information elements in the GC Profile (29) include:

- **Title** - allows up to forty characters to enter a Grant Title.
- **Project Number and Phase** - identifies a Project No/Phase to the grant which is looked-up and posted whenever the Grant No/Phase is entered.
- **Grant Type** - system generated, two character field.
- **Geographic Code** - if entered, the three digit Geographic Code signifies the location of the Grant, and must be defined in the Titles Profile (D53) with a Table ID of 'CAGC'. *In Oregon, the Geographic Code is not being used at this time.*

### Indicators

Budgetary control and cash control may be exercised over certain types of grants and General Ledger Accounts may be maintained for grants. Several indicators are contained in the GC Profile (29) to control these processes as follows:

- **Expenditure Posting Level Indicator** - which identifies the level of detail to be used when posting expenditure data to the Grant Financial Table. The values are:
  - 0** - No Object
  - 1** - Comptroller Object
  - 2** - Agency Object
  - 3** - Grant Object
  - A** - Fund, No Object
  - B** - Fund and Comptroller Object
  - C** - Fund and Agency Object
  - D** - Fund and Grant Object

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Note that the use of Agency Code 1 is controlled by either entering or leaving blank the Agency Code 1 field in the Grant Control Profile (29). In other words, if Agency Code 1 is in the Grant Control Profile (29), transactions will be posted and controlled with regard to Agency Code 1 (and budgets need to be entered with Agency Code 1).

**Recommended Value: '0'** - when the grant budgets are not used. This indicator determines the Expenditure Object and/or Fund level at which transactions are posted to the Grant Control Profile (29). All transactions are recorded at the lowest level of detail in the History and Accounting Events tables. Note that Grant billable and expendable budgets must be posted at the level of this indicator (except when Billing Method '3' is used). When budgets are not used, this indicator should be set at the level desired for on-line inquiry.

- **Revenue Posting Level Indicator** - which identifies the level of detail at which revenue data will be tracked in the Grant Financial Table. The values are:
 

|                               |  |
|-------------------------------|--|
| <b>0</b> - No Object          | <b>A</b> - Fund, No Object             |
| <b>1</b> - Comptroller Object | <b>B</b> - Fund and Comptroller Object |
| <b>2</b> - Agency Object      | <b>C</b> - Fund and Agency Object      |
| <b>3</b> - Grant Object       | <b>D</b> - Fund and Grant Object       |
  
- **Grant Control Type Indicator** - which identifies whether fatal, warning or ignore control should be exercised over the available grant expendable budget.
  
- **Cash Control Posting Indicator** - which identifies whether control over expenditures and encumbrances against the available cash balance is to be performed. The valid values are:
  - Y** - Yes, exercise cash control for the Grant Phase.
  - N** - No, do not exercise cash control for the Grant Phase.
  
- **Cash Control Type Indicator** - Which identifies the severity of cash control performed, if any. Options are:
  - 0** - No cash control.
  - 1** - Fatal control (over expenditures of cash will be posted to the Error Code Profile (D51)).
  - 2** - Warning control (over expenditures of cash will post to the financial profiles, but will be reported with warning messages).

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- **Service Date Control Indicator** - The one character SERV DATE CTL IND determines the following:
  - Y** - Yes, service dates of transactions must occur prior to the Final Post Date defined in this profile
  - N** - No, service dates of transactions are not controlled against the Final Post Date
  
- **Grant Object Indicator** - The GRANT OBJ IND determines which Objects on the Grant Object Profile (D48) will be used to post transactions to the Grant Financial Table. This indicator is only required if Agency Object has been selected on the Exp or Rev Post Level Indicators (options '3' or 'D'). Valid values include:
  - A** - Agency Object Range only
  - B** - Comptroller and Agency Object Range
  - C** - Comptroller Object only
  - Blank** - Field must be blank (Exp or Rev Post Level Ind not set to '3' or 'D')
  
- **Contractor/Sfx** - The optional 10 character Vendor ID Number and three character Mail Code identify the primary CONTRACTOR associated with this grant. If entered, the Vendor Number must be defined in the Vendor Mail Code Profile (51) or the Vendor Profile (34).

### **Billing Information**

This portion of the profile is used to determine if, how and when billing transactions for grants will be generated. The elements contained in the billing data segment include:

- **Method** - determines the method used by the Grant Billing Subsystem to calculate the amount to be billed. Values are as follows:
  - 0** - **Grant Not Billed** - which is used for grants not requiring billing detailed reports. Recovery segment should be blank.
  - 1** - **Standard Cost Per Unit** - billings are calculated by multiplying the standard billing rate entered in the Grant Control Profile (29) by the total units posted grant-to-date by special transaction code and subtracting previously billed amounts and advances.
  - 2** - **Standard Percentage** - billings are calculated by multiplying the standard billing percentage entered in the Grant Control Profile (29) by total grant-to-date expenditures and subtracting previously billed amounts and advances.

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- 3 - Standard Cost Per Unit to Budget** - billings are calculated by multiplying the standard rate from the Grant Control Profile (29) times the grant -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 and advances.
- 4 - Standard Percentage to Budget** - billings are calculated by multiplying the standard percentage from the Grant Control Profile (29) times grant 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 and advances.
- 5 - Actual** - billings are generated for the actual expenditures grant -to-date less previously billed amounts and advances.
- 6 - Actual to budget** - bills the lower of the billable budget less previously billed amounts or actual expenditures less previously billed amounts and advances.
- 7 - Auto Bill** - billings are selected that are final approved and charged to a grant for daily CMIA (Cash Management Information Act) processing. Bills total expenditures.
- 8 - Auto Bill** - billings are selected that are final approved and charged to a grant for daily CMIA processing. Bills total expenditures times an indirect rate that has been set on the Grant Control Profile (29).

■ **Cycle** - indicates the frequency which the grant should be billed. The values are:

- 0** - Grant not billed
- 1** - Automatic during month close
- 2** - Automatic by date

If a Billing Cycle of '2' is selected, the specific dates to automatically bill must be entered into the date fields.

■ **MMDD** - Enter up to four dates (MMDD or DD) or leave blank. At least one field is required when the Bill -Cycle equals '2'. These fields allow up to four specific billing dates for a grant, by entering a month and a day (MMDD) for billing on a month and a day (MMDD) for billing on certain date(s), or just a day (DD) for monthly or weekly billing. Examples:

|               | <u>MMDD1</u> | <u>MMDD2</u> | <u>MMDD3</u> | <u>MMDD4</u> |
|---------------|--------------|--------------|--------------|--------------|
| Specific Date | 0928         |              |              |              |
| Weekly        | 07           | 14           | 21           | 28           |
| Monthly       | 15           |              |              |              |
| Quarterly     | 0701         | 1001         | 0101         | 0401         |

Valid MM values are 01 through 12.

Valid DD values are 01 through 31.

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■ **Range Low Object** - Enter the four digit LOW OBJECT.

■ **High Object** - Enter the four digit HIGH OBJECT.

For Billing Methods '1' and '3', this range identifies the statistical units (such as miles) to which to apply a Standard Rate. The LOW and HIGH OBJECTS are required. These Objects must be in the Comptroller Object Profile (D10), Agency Object Profile (D11), or Grant Object Profile (D48).

For Billing Methods '2' and '4', this range identifies the Objects which are to be billed using Standard Percentage Methods. The Objects are optional. If entered must exist in the Comptroller Object Profile (D10), Agency Object Profile (D11), or Grant Object Profile (D48).

For Billing Methods '5' and '6', this range is optional and identifies the OBJECTS which should be billed. If utilized, the RANGE must equal the level of the Objects in the Expenditure Object Level Indicator.

■ **Rate** - Enter the 10 digit RATE in 999999.9999 format. The RATE is required if METHOD equals '1', '2', '3', or '4'. It is not allowed if the METHOD is '0', '5', '6', '7' or '8'. The rate is used to compute Standard Cost Per Unit which is used in Billing Method '1' or '3' or the Standard Percentage which is used in Billing Methods '2' or '4'.

### **Recovery Information**

This portion of the Grant Control Profile (29) includes the data to be used when building the transaction to record the revenue and accounts receivable for grant claims. For billable grants, the following recovery data must be coded: Current Document Number and Suffix (except for Billing Methods 7 and 8), Transaction Code, Index, PCA, and Comptroller or Agency Object. The recovery information should be left blank if billing methods '0', '7' or '8' are chosen.

The Grant Number Profile (D47) establishes the agency defined Grant Number and the associated Title for grant reporting purposes. Budgeting by Grant (with Phase 00), Grant/Phase and/or Agency Code 1 in the Grant Financial Table is determined through this profile. The Agency Budget Indicator determines the posting of grant information (no Grant, Grant, Grant/Phase) to the Agency Budget Financial Table.

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### Grant Object Profile (D48)

The Grant Object Profile (D48) is an optional profile which provides the ability to report R★STARS Expenditure Object classifications according to a unique Grant Object coding scheme. The following example illustrates:

| <u>From</u><br><u>COBJ/AOBJ</u> | <u>To</u><br><u>COBJ/AOBJ</u> | <u>Grant</u><br><u>Object</u> | <u>Description</u>  |
|---------------------------------|-------------------------------|-------------------------------|---------------------|
| 1184/1185                       | 1193/1185                     | 142130                        | Salaries and Wages  |
| 1194/1197                       | 1199/2100                     | 144730                        | Employee Benefits   |
| 2001/2200                       | 2010/2220                     | 122760                        | Services & Supplies |

### 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 (billing schedules are defined in the Grant Control Profile (29) and the Project Control Profile (27)). One Grant/Project Billing Request Profile (92) record is set up for each agency. This record contains the following elements:

- **Fiscal Period** - identifies the accounting period to be billed. The values are:
  - Current Month
  - Prior Month
  
- **Bill Cycle Selections** - identifies the Grants and Projects to be billed based on dates entered in the Grant Control Profile (29) and the Project Control Profile (27). These dates are based on the fiscal dates in each profile.
  
- **Transaction Indicator** - tells the system to either generate a proof list of the billing transactions (memo posting) 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.

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The use of this profile is only required if the billing detail reports are needed grants not scheduled for billing at period end. A number of other reports are available for grant -related expenditure and revenue information through the standard report request process described in Chapter 11 - "Reporting" of the R★STARS Data Entry Guide. In most cases, these other requestable reports meet normal information requirements for supporting grant claims.

### **Subgrantee Control Profile (31)**

The Subgrantee Control Profile (31) defines the Subgrantee ID, the associated name and address, contact and phone number, Subgrantee Type, and Grant Number, Grant Phase and Agency Code 1 for Grant reporting purposes.

### **Object Clearance Patterns Profile (17)**

The Object Clearance Pattern Profile (17) defines clearance patterns for grant drawdown calculations. It allows patterns to be associated with a Grant/Phase, Agency Code 1 and/or Object within a Grant. Agency Code 1 is an optional key to the profile, and is used to make tasks more specific within a certain grant.

### **Clearance Patterns Profile (18)**

The Clearance Patterns Profile (18) defines clearance patterns for grant drawdown calculations. It defines the days and percentages for the various clearance patterns used by the State.

### **Agency Code 1 Profile (D26)**

The Agency Code 1 Profile (D26) can be used for another level in the Grant structure. It is used for identifying different tasks or activities.

### **Grant Financial Table**

The Grant Financial Table contains the financial amounts used by the Grant Billing Subsystem to calculate the amounts to be billed (for Billing Methods 1 - 6), by core R★STARS to control expendable budgets and by users for on-line inquiry. Example balance types contained in this profile include:

- **11 - Estimated Collected Revenues** - specifies the amount estimated to be collected as revenues for the Grant.
- **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** - the amount of accrued expenditures.
- **18 - Encumbrances** - the amount of outstanding encumbrances.
- **19 - Pre-encumbrances** - 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 Grant. The expendable budget is examined when transactions are posted to ensure an available budget exists.
- **27 - Advances** - specifies the total advances made for the Grant.
- **28 - Amount Billed** - specifies the total amount billed.
- **29 - Units Budgeted** - specifies the total units budgeted.
- **30 - Units Accumulated** - specifies total units accumulated.

The amounts in the Grant Financial Table may be reviewed or reported on many different time frames. This enables flexible reporting to meet a variety of different needs.

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## **13-2 ESTABLISHING A GRANT**

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

- 1. Determine the Grant Type** - The Grant Type Profile (D35) is a systemwide profile which defines the Grant Type and associated Title, Effective Start Date and Effective End Date.
- 2. Determine the Grant Category** - The Grant Category Profile (D40) is a systemwide profile which defines the Grant Category and the associated Title used for grant reporting purposes. It is a required element for federal grants and optional for all others.
- 3. Establish the Grantor Profile (D28)** - this profile defines the Grantor ID.
- 4. Establish the Grant Number Profile (D47)** - this profile provides a Title for the Grant Number.
- 5. Establish the Grant Control Profile (29)** - this profile defines the cost accumulation and billing methods to be used among other things.
- 6. Establish the Grant Object Profile (D48)** - this profile may be required to report expenditures according to the grantor's coding structure.
- 7. Record Grant Budgets** - if an agency desires it can establish Grant Expendable or Grant Billable Budgets through the use of transaction codes.
- 8. Establish Object Clearance Pattern Profiles (17, 18)** - if required.

### **Establish the Grant Number Profile (D47)**

The Grant Number Profile (D47) provides a Title for the Grant Number in the system which is used for reporting purposes. (The Title or Description of the Grant Phase is recorded in the Grant Control Profile (29), described in the previous section.)

### **Establish the Grant Control Profile (29)**

The Grant Control (GC) Profile (29) is required to establish valid cost accumulations and billing processes in the system prior to recording expenditure, revenue or budget transactions.

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### **Establish the Grant Object Profile (D48)**

The Grant Object Profile (D48), which provides the ability to generate expenditure reports by unique Grant Object classifications, is an optional profile. It is not required to utilize the other accounting and billing capabilities of the system.

### **Record Grant Budgets**

Grant budgets are used in conjunction with Billing Methods 1 through 6. When grant 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. Billable and expendable budgets require two separate transactions. 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 grant 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'.

Expendable and billable budgets must be recorded at the level of the Expenditure Posting Level Indicator in the Grant Control Profile (29). Users must take care to be sure that these levels are consistent.

### **Establish the Object Clearance Patterns Profile (17)**

For Billing Methods 7 and 8, Grants which do not have a Clearance Pattern on the Grant Control Profile (29) must be set up on the Object Clearance Patterns Profile (17).

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### **13-3 MONITORING GRANT EXPENDITURES**

Encumbrance and expenditure transactions which are grant related are recorded in the Grant Financial Table. Statistical transactions (such as labor hours or machine units) may also be recorded in the Grant Financial Table. Encumbrance and expenditure transactions may be controlled against available grant expendable budgets and/or available cash balances. This section describes recording and controlling encumbrance and expenditure transactions and recording statistical transactions.

#### **Recording Grant Expenditures**

Expenditure transactions which are associated with a Grant are entered with a Grant Number/Phase and Agency Code 1 or with another element (Index, PCA or Project/Phase) which looks -up the Grant Number/Phase and Agency Code 1. Expenditure transactions may be entered as payroll transactions for labor costs or as payment voucher transactions. Encumbrance transactions may also be entered with a Grant Number/Phase and Agency Code 1 to record the encumbrance against a grant expendable budget.

#### **Controlling Expenditures and Encumbrances**

R★STARS provides the options to control expenditures and encumbrances against expendable budgets or available cash balances. Either or both of these options may be selected on a Grant Phase and Agency Code 1 basis.

Encumbrance and expenditure transactions are controlled against the grant expendable budget if this option is chosen. If the Grant Control Type Indicator in the Grant Control Profile (29) is set to '1', encumbrance and expenditure transactions which exceed the expendable budget will be flagged in error. If set to '2', these transactions will post to the financial tables (including the Grant Financial Table) and a warning message will be issued. If set to '0', these transactions will post to the financial tables and not be flagged by any error.

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### **Recording Statistics**

Statistical units, such as labor hours, machine hours, miles and so on, may be recorded against grants 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 grant. For example, if the Billing Method is '1', Standard Rate Per Unit, billings will only be generated if units are recorded in the Grant 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 a special statistics Transaction Code. The units are accumulated in the Grant Financial Table for billing and/or reporting purposes.

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## **13-4 MONITORING GRANT REVENUES AND RECEIPTS**

Grant-related revenues and receipts are entered into R ★STARS with the Grant Number/Phase entered or looked-up on the financial transactions. Recording revenues and receipts against grants is optional for most grants. However, recording this information improves the value of the reports generated from the Grant Financial Table. Billing transactions which record 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 Grant Revenues and Receipts**

Revenue transactions are not always automatically posted for grants. 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 grantor. If these accounts receivable transactions are not entered, subsequent reports will be misleading because the previously accrued revenue will not be displayed or accounted for in the system.

It is also important to record cash receipt transactions with the related Grant Number/Phase and Agency Code 1 to ensure that the receipt is recorded in the Grant Financial Table. If both accounts receivable and cash receipts are recorded against grants, the grants will be fully accounted for in the system.

*In Oregon Revenue transactions created in the billing process are automatically posted for grants.*

### **Controlling Billable Budgets**

Recovery transactions may be limited to the billable budget amount if certain billing methods are chosen. The Grant Billing Subsystem calculates the total grant -to-date expenditures, deducts previously billed amounts and compares the result to the billable budget. The billing is then calculated 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 reported.



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### **Recording Financial Activity**

The financial activity related to subgrant accounting is maintained in the General Ledger Financial Table. Some examples of subgrantee balances include: Subgrantee budget, subgrantee reimbursable budget, subgrantee expenditures, subgrantee reimbursable expenditures, advances, and refunds. This activity may be entered using Transaction Codes designed for the specific purposes.

An example of a transaction to record a Subgrantee Budget is shown below:

**DR     Subgrantee Budget Offset**  
**CR     Budget Control-Subgrantee**

No financial tables other than the General Ledger Financial Table are updated with this transaction.

Once this information is recorded in the system, special reports may be requested to display budgets, disbursements and subgrant expenditures. These reports are described in Chapter 11 - "Reporting" of the R★STARS Data Entry Guide.

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## **13-6 GRANT BILLING**

This section applies to Billing Methods 1 through 6. Billing Methods 7 and 8 automatically bill each time the batch cycle is run. Once grants are established in the system profiles and expenditure transactions are recorded against the Grants, the Grant/Project Billing Subsystem may be utilized to generate or report recovery transactions. The following steps are required:

- Defining the Charge Transactions.
- Defining the Recovery Transactions.
- Requesting Grant Billing Detail Reports.

These steps are described below.

### **Defining the Charge Transactions**

This step is only necessary for Grants billed with Object level posting. The System Parameters Profile (D54) contains standard billing information used to create the Grant Billing Charge transaction.

The Table ID Value for this Profile is TCODE. The Key 1 data element value is the Grant Billing Program ID and Key 2 data element value is the transaction code used for the Charge transaction. The Grant Billing process creates Memo Charge transactions for grants billed which have Object level posting. The Memo Charge transaction updates the Balance Type for Memo Amount Billed. This Balance Type is used in the available to bill calculation for the grant.

### **Defining the Recovery Transactions**

The Grant Control Profile (29) contains billing information which is used to report billing transactions.

- **Billing Information** - These elements define if, how and when the grant will be billed. The Billing Method, Billing Cycle and Schedule Dates are included, along with a Range and Rate which are required for certain Billing Methods.
- **Recovery Segment** - The elements in this segment define the recovery transaction which is printed on the billing detail report. Included are the transaction code and classification elements used to record accounts receivable transactions.

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### **Requesting Grant Billing Detail Reports**

Some grant billing may be scheduled to occur automatically at period end. However, grants may also be scheduled for billing on specific dates, each month, each quarter and on other unique cycles. For grants which are not scheduled for automatic period -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 billing detail reports for both Grants and Projects.

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## **13-7 GRANT REPORTING**

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

### **On-line Inquiries**

The on-line inquiry capabilities of R ★STARS provide an inquiry screen which is directly related to grant accounting. The inquiry is from the Grant Financial Table. The record inquiry displays information in a profile posting format, with summarization of financial activity by Balance Type (BT). The inquiry is shown at the levels defined by the Expenditure and Revenue Level Posting Indicators in the Grant Control Profile (29). Therefore, it is important to set these Indicators at the level desired for on-line inquiry, unless grant budget levels will conflict with this requirement.

The Subgrantee Control Profile (31) may also be viewed on-line for information on subgrantees.

### **Standard Reports**

The reporting capabilities in R ★STARS are an important feature in the grant accounting and billing area. Grant-related reports may be used to monitor expenditures, revenues and budgets, and to support claims prepared for grantors. Grant 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 Grant Control Profile (29) and Grant/Project Billing Request Profile (92).

### **System-Generated Reports**

The Grant Billings Detail Report (DAFR4041) is generated automatically each time the Grant/Project Billing Subsystem is run, both during the month for grants scheduled for non-month-end billing and at month-end. This report displays the recovery transactions calculated by the system.

The Letter of Credit Transaction Detail Control Report (DAFR4061) is generated automatically each time a Grant/Project Billing Subsystem is run. This report displays the accounts receivable detail generated by Grant Billing Methods 7 & 8.

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The Letter of Credit Transaction Generation Control Report (DAFR4062) is generated automatically each time a Grant/Project Billing Subsystem is run. This report displays the total CMIA transactions and IN transactions written.

The Letter of Credit Transaction Generation Control Report (DAFR4063) is generated automatically each time a Grant/Project Billing Subsystem is run. This report displays the total CMIA transactions read, IN transactions written, agencies processed, and IT transactions read.

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### **13-8 CMIA PROCESSING**

The 1990 Cash Management Improvement Act (CMIA) is related to the methods used by the Treasury Department to disburse federal assistance funds to the state. CMIA typically affects final approved expenditures charged to a grant which has an automatic billing method and which is subject to CMIA. It may also involve other costs, such as indirect allocations. The CMIA process determines the due date, which is the date the State Treasurer can draw down funds without incurring interest liabilities, and sets up a receivable for the money owed to the State by the Federal Government. The due date is based on clearance patterns defined in the Clearance Patterns Profile (18). If the transaction is a direct deposit or wire transfer, the CMIA due date is equal to the payment due date plus one.

The Letter of Credit Drawdown Report (DAFR7870) can be generated that lists the outstanding accounts receivable documents for which receipts have not been posted. This report will be used to review past due receivables and to prepare Letter Of Credit (LOC) requests. On the Grant Control Profile (29), the LOC Number is entered. The LOC Number is an informational data field. It is used for reporting purposes only.

A detailed explanation of CMIA processing can be found in Chapter 14 - "Grant Accounting", Section 14-7 - "Cash Management Improvement Act (CMIA) Processing" of the R★STARS Data Entry Guide.

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