Today’s Agenda

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

- Suzanne Kaiphas and Tegan Baumann have joined Costing and Compliance

- Bob Harris, International Specialist

New to SPAC

- Danielle Lee, Team E
- Clint Reed, Cleanup Team
F&A Rate Negotiations

- Currently operating with provisional rates since July 1, 2010
- Proposal was submitted in January of 2010
- First inquiries – November 2010
- Site visit scheduled for next week
Moving to a Fringe Benefit Rate

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

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

Often grant budgets cannot absorb this and the payout is charged to nonsponsored chartstrings and the costs are not recovered.
John Tech is paid $75,000 and is funded 50% from an NIH grant.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>NIH Grant</th>
<th>State</th>
<th>Central Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$37,500</td>
<td>$37,500</td>
<td></td>
<td>$75,000</td>
</tr>
<tr>
<td>Retirement</td>
<td>3,600</td>
<td>3,600</td>
<td></td>
<td>7,200</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>5,200</td>
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<td></td>
<td>10,400</td>
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<td>FICA</td>
<td>2,750</td>
<td>2,750</td>
<td></td>
<td>5,500</td>
</tr>
<tr>
<td>Unemployment</td>
<td>35</td>
<td>35</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>Post-Employment Benefits</td>
<td>1,250</td>
<td>1,250</td>
<td></td>
<td>2,500</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>$12,835</td>
<td>$ -</td>
<td>$12,835</td>
<td>$25,670</td>
</tr>
</tbody>
</table>
For each major employee class an average fringe benefit rate is calculated.

- For allowability on grants, must be negotiated with the federal government.
- Proposing faculty, staff, contractual, and post-doc rates.

This rate is applied to salary charges across all funding sources.

- Rate includes the cost of leave payouts.
- All benefits are paid centrally and funded from the application of this rate.

Fringe Benefit Rate
**Fringe Benefit Rate Example**

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

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<td></td>
<td></td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Fringe Benefit Allocation (30%)</td>
<td>11,250</td>
<td>11,250</td>
<td>(22,500)</td>
<td>-</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>$11,250</td>
<td>$11,250</td>
<td>$3,170</td>
<td>$25,670</td>
</tr>
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Advantages of a Fringe Benefit Rate

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

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

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

- We use child projects to allocate funding across multiple projects

- Child projects are *not* to be used for future funding
Requests for Child Projects

- Effective immediately, requests can be sent directly to the assigned team in SPAC.

- Updated form is available at:
  - http://www.fincssvc.umaryland.edu/rf/images/SPAC-Child-Project-Request-Form.doc

- Be sure to complete the budget information requested on page 2.
RAVEN Access for Child Projects

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

- Request your access when completing the child project request
  - We’ve included the RAVEN Access Request with the Child Project Request Form
  - SPAC will forward your form for processing

- The form is available at:
  - [http://www.fincsvc.umaryland.edu/images/raven-access-request.pdf](http://www.fincsvc.umaryland.edu/images/raven-access-request.pdf)
New Collections Procedures

- Some background:
  - SPAC monitors collections of all sponsored project invoices, including standards and deliverables, and works with departments to resolve collection issues
  - We recently automated our collections notifications process
All open invoices are listed on a single letter to the sponsor

Sponsors receiving invoices at multiple address will receive multiple letters

Dunning letter process is run by Collections on the 25\textsuperscript{th} of each month

Receipt of the new letter has increased responsiveness from sponsors
## Why Don’t Sponsors Pay Us?

<table>
<thead>
<tr>
<th>Situations</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice is incorrect (wrong address, incorrect PO Listed, etc)</td>
<td>- SPAC Team will correct the invoice and resend</td>
</tr>
<tr>
<td></td>
<td>- Further collection action is put on hold</td>
</tr>
<tr>
<td>Sponsor requires additional backup (ex. Payroll detail or receipts) OR</td>
<td>- SPAC Team will notify the department to obtain the necessary information</td>
</tr>
<tr>
<td>disallows an expense line and partial pays the invoice</td>
<td>- If the department is in agreement with the partial pay, department will be asked to move the expense off the project</td>
</tr>
<tr>
<td></td>
<td>- Further collection action is put on hold</td>
</tr>
<tr>
<td>Sponsor has not received technical or progress reports or met other</td>
<td>- SPAC Team will notify the department</td>
</tr>
<tr>
<td>requirements</td>
<td>- Invoice will be closed since the payment is not due to us</td>
</tr>
<tr>
<td></td>
<td>- Department should notify the SPAC Team to rebill once requirements are met</td>
</tr>
</tbody>
</table>
New Collections Procedures

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

1st Notice
• 45-60 Days Past Due
• Dunning letter sent
• SPAC Team reviews open invoices
New Collections Procedures

2nd Notice
- 61-90 Days Past Due
- Dunning Letter Sent
- At 90 days, Collections will email the dept distribution list for additional information

3rd Notice
- 91-120 Days Past Due
- Dunning letter sent
- At 120 days Collections will attempt to contact the sponsor by phone or email

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New Collections Procedures

4th Invoice

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

5th Notice

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

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

- We can only pursue collections on invoices we know about, so please continue to complete the Deliverable Invoice Receivable Form:

  - http://www.fincsvc.umaryland.edu/rf/images/DeliverableInvoice-ReceivableRequestForm.xls
Clean Up Project

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

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

Next Steps:

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

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

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

- The presentation will be available on both the SPA and SPAC websites.

- Mark your calendars for our 2011 update meetings:
  - July 28th & October 27th
  - Meetings held from 3-4:30pm in HSF II Auditorium

- Thank you for joining us today!