
BUDGET MANAGEMENT

ACCOUNT MANAGEMENT

SUMMARY

Account management involves the necessary procedures to set up a valid account number, to monitor the revenues and expenditures on the account, and to properly close an account.

Various types of accounts can be created, such as general funds, endowment income, private designated gifts, discretionary accounts, revolving accounts, auxiliary enterprises, service centers, sponsored projects (grants and contracts), capital projects accounts (for capitalized expenses in excess of \$75,000), and clinical services.

Once the need for a new account has been identified, the department, center, or office should forward the request with justification to the appropriate office such as the divisional business office, Research Administration, General Accounting, Treasurer's Office, and/or Cost Analysis Office, depending on the type of account. Upon approval by the University and/or sponsoring agencies, a new account number will be assigned by completing a ZA (budget document) and a GA (sponsored account information document). A ZB will capture the approved budget into CUFS. The account should be supported by the appropriate documentation (e.g., award letter, continuation of award, donor restrictions or endowment terms, contract agreement, clinical practice associates contracts, service center budget, rate schedules, etc.)

Special attention should be given to properly coding the account attributes during account setup. The fund and function codes on the accounts must be correct as these codes cannot be changed once an account has activity posted to it. Accounts which have end dates that cross fiscal year-end should be set up as a multiyear project in the accounting system. "Multiyear" accounts record revenue and expense from inception-to-date. Accounts that have activity that is fiscal year-based should be set up as "fiscal year" accounts and can roll forward a fiscal year's closing balance to the next fiscal year by setting the special close flag to "yes" in the accounting system.

Monitoring an account includes monthly reconciliation of revenues and expenditures, comparison of actual revenues and expenditures to the budget, revision of budgeted line items if needed, and the communication of the status and balance of the account and allowability of expenditures to the appropriate supervisors and principal investigators. When accounts require budgetary and account attribute changes including budget/project periods, facilities and administrative (F&A) rates, etc., a GA or ZB should be prepared and approved. Revenue on sponsored grants and contracts should be monitored through AINQ (account inquiry service) including a review of unpaid invoices. For contracts and/or clinical trials billed by the department, invoicing should be prepared and collections monitored according to the appropriate terms and conditions, with copies forwarded to Research Accounting.

To close out a sponsored account, inactivation procedures should be performed no later than 120 days after the project's termination date. Accounts should be rendered inactive in the accounting system after (1) the project end date/budget end date has expired and no extension is anticipated, (2) all encumbrances are cleared, (3) all invoices have been recorded, and (4) revenues equal expenditures. Deficit balances on sponsored accounts caused by overexpenditures will be charged to departmental default accounts if the department does not resolve the balance with Research Accounting within the 120-day period. Deficit balances on allocation accounts will be charged to the default account associated with the area of the

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allocation account. Active expired accounts allow expenditures to be charged erroneously to them, which is in violation of sponsored regulations. Inactivation is the disabling of an account to reject subsequent accounting transactions. Termination is the permanent removal of the account and its complete history from the online accounting system. Sponsored accounts will be terminated from the online system one fiscal year after the account was inactivated. For an account to be terminated, there must not be any current year activity (revenue/expense transactions) in the year of termination, and all receivables must be collected.

INTERNAL CONTROLS

OBJECTIVES

- Internal control systems are monitored and assessed for adequacy
- Any deficiencies are reported
- Recommendations for improvements are made
- Insurance costs are minimized
- Adherence with
 - University policies and procedures
 - governmental laws and regulations
 - sponsored grants and contract requirements
 - donor restrictions on funds

RISKS

- Misappropriation of funds
- Loss of University assets
- Decrease in effectiveness and efficiency of departmental operations
- Unreliable financial reporting
- Inaccurate data
- Violation of federal or state regulations
- Non-compliance with internal and external policies and procedures resulting in illegal acts that expose the University to
 - legal liability
 - disallowance of costs
 - loss of federal funding
 - fines and penalties

AUDIT CHECKLIST

	After receiving notification of approval, have all terms and conditions of the sponsored award been reviewed?
	Has the department received proper authorization from the appropriate offices to create an account?
	Has the budget and account information been processed in a timely manner?
	Have all subcontracts been issued and signed?
	Have encumbered salaries and non-salary expenses been reviewed for accuracy?
	Are Revenue and Expenditure Reports reviewed for accuracy on a monthly basis?

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AUDIT CHECKLIST, CONTINUED

	Are the revenue balances being monitored on a monthly basis?
	If a no cost extension is required, is the request made on time and in compliance with the provider's terms and conditions?
	Are regular meetings planned with the PI to review the rate of expenditures and forecast budget and planning?
	Are institutional and other internal reports reviewed and necessary changes made to alleviate any financial problems?
	Are reconciliation worksheets prepared and sent back to the Controller's Office to assist in the preparation of financial reports and billings?
	Have all technical and programmatic reports been completed?
	Have accounts been prepared for closeout and inactivation pursuant to University policy?

SOURCES FOR POLICY

Administrative Bulletin (<http://www.controller.jhu.edu/admbull.htm>)
Administrative Guides (<http://www.controller.jhu.edu/>)
Special Administrative Bulletin-Sponsored Account Inactivation
(<http://www.controller.jhu.edu/BULLETIN/specbull.htm>)

RESOURCES FOR ASSISTANCE

Administrative Policy Training Program Courses, 410-516-6800
Divisional Business Offices
Divisional Research Administration Offices
(see list of addresses and phone numbers in Offices to Contact section)
Office of the Controller, 410-516-8155