Financial Services

Journal Entries – PART 2 Research

Moving Research Dollars

Research Projects

Research Projects begin with a **"3"** and are **6** digits in length.

Projects are set up in **ranges**, and each research award, grant or contract has a unique project number.

Example: Project **394999** is a research project which resides in the CIHR operating grant project range.

Research Funds

Fund codes for research project transactions include:

Fund ID	Fund Description
30000	Research Externally Sponsored
31000	Research Internally Sponsored

Research ChartFields

Mandatory ChartFields for research transactions include:

- **Fund**
- **Department**
- **Account**
- **Project**

Program and Class IDs are optional, with the exception of **Canada Foundation for Innovation** (**CFI)** projects, which require a program code.

Research ChartField String

The following is an example of a **Research ChartField String**:

Fund	Dept	Account	Program	Class	Project
30000	11540	606007	N/A	N/A	3XXXXX

For additional details regarding ChartField values, please visit the **Financial Services** website.

Combo Edit Rule

Effective July 2017, a **1-1-1 combo rule** was implemented in PeopleSoft Finance for all research projects. For every research **Project**, there is 1 associated **Department** number and 1 associated **Fund** number.

To confirm Department and Fund numbers, refer to the **FAST Project Summary Report**.

If incorrect **Department** or **Fund** codes are indicated for a transaction, an error message will occur.

Impact of Journal Entries

It is important to ensure when processing Research Journal Entries that they are **accurate**, **timely** and **relevant**.

Research journal entries impact:

- the integrity and reliability of the G/L
- Research project balances
- Funding agency reports and invoices
- University financial statements
- University tax returns
- Other misc. reports (e.g. Dept/Faculty/School based reports, COFO report, Infosource, etc.)

Best Practices

Best Practices for research journal entries include the following:

- Expenses may be recoded to a research project from a different research project or from outside of the research fund.
- Expenses must be eligible per funding agency and university policies.
- Expenses must fall within allowable project dates.
- Revenues should **never** be recoded between projects unless approved by Research Accounting.
- Journal entries should be based on **current** fiscal year transactions. Prior period transactions should only be recoded upon approval by Research Accounting.

Best Practices Cont'd

- It is important to provide a detailed description explaining the purpose of the journal on the Journal Header.
- Ensure Total Debits = Total Credits.
- The journal must be supported by the appropriate documentation (e.g. G/L details, expense authorization, etc.).
- A "one-up" approver should review and approve the journal.
- The PI or an authorized delegate must provide written authorization for expenses charged against a research project (email is acceptable).
- Accounts 603001 (Accountable Advances) and 640002 (Travel Advances) should not be used in journals processed outside of Financial Services.

Negative Expenses

Negative expenses occur when more expenses are recovered than originally incurred.

Example: Project 399999 initially incurs $40,000 in expenses and recovers $60,000, resulting in $(20,000) in negative expenses.

Total Expenses:	$ 40,000
Recovered:	$(60,000)
Negative Expenses:	$(20,000)

Unless this is a temporary timing difference, all efforts should be made to avoid creating negative expenses whenever possible.

Transfer of Matching Funds

Some research projects require matching funding, which may come from either internal or external funds.

Best Practice: In the majority of cases, matching funds should be recorded and remain in the project/fund they are received in (e.g. Bombardier project 323999 may provide matching funding for an NSERC CRD project).

Exceptions: CFI projects, Mitacs Accelerate grants and matching funds coming from a Research Initiation Grant or Special Research Project, if project requiring the match is eligible to receive a "transfer in". **Please contact Research Accounting to complete the transfer.**

Journal Entry Examples

The following examples reflect various scenarios which may involve a **research journal entry**.

If you have questions regarding a different scenario that is not provided, please contact Research Accounting for guidance.

Example 1

Example 1: When recoding expenses from one research project to another within the research fund, the account should be reflective of the actual expenses originally incurred.

The following example reflects the recoding of lab supplies initially charged to project 383859 totaling $100.00 to project 341598:

Fund	Dept	Account	Project	Line Description	Amount
30000	11420	602007	341598	REC FR 383859 AUG 15	100.00
31000	11420	602007	383859	REC TO 341598 AUG 15	(100.00)

Example 2

Example 2: When recoding expenses from a non-research fund to the research fund, the account should be reflective of the actual expenses originally incurred.

The following example reflects the recoding of travel expenses from an operating fund to project 379444:

Fund	Dept	Account	Project	Line Description	Amount
31000	13306	640001	379444	REC FR FUND 10000 AUG 15	200.00
10000	13306	640001		REC TO 379444 AUG 15	(200.00)

Account 480001

Account 480001 "Revenue University Funds" may be used to record **internal revenue transfers**. Given there is no net impact on the cash flows or income of the university, this account must net to $0 across all funds. Therefore account **480001** must be used on **both sides of the journal entry**.

Refer to the **Clarification Guide on Use of 480001 and 699005** for additional details, available on the Financial Services website.

Example 3

Example 3: When transferring revenue from a non-research fund to an internally sponsored research project, **Account 480001 "Revenue University Funds"** should be used on both sides of the journal entry.

The following example reflects a transfer of revenue totaling $500.00 from an operating fund to project 378646:

Fund	Dept	Account	Project	Line Description	Amount
10000	13416	480001		REC TO 378646 AUG 15	500.00
31000	13416	480001	378646	REC FR FUND 10000 AUG 15	(500.00)

Internal Cost Recoveries

Internal Cost Recovery accounts have been created within existing expense budget nodes, to be used when recording internal cost recoveries. These accounts are identified with a prefix of **"ICR"**.

Example: Account 606002 "ICR-Printing Services" is used to record internal cost recoveries related to printing services.

Example 4

Example 4: When recording internal cost recoveries, the appropriate "ICR" account should be used for the ChartField string recovering the costs, identified as the **credit** side of the entry.

The following example reflects an internal cost recovery of printing expenses totaling $1,000.00, where the operating fund is being reimbursed for costs and Project 399999 is expensed:

Fund	Dept	Account	Project	Line Description	Amount
30000	11170	606001	399999	REC FR FUND 10000 AUG 15	1,000.00
10000	11170	606002		REC TO 399999 AUG 15	(1,000.00)

Account **606001**: Printing/Photocopying
Account **606002**: ICR-Printing Services

External Cost Recoveries

When recording **external** cost recoveries, funds should be deposited using the appropriate **expense** accounts.

For example, if an external organization provides funding to reimburse travel expenses incurred in research project 399999, the funding would be deposited to the following ChartField string:

30000-42001-**640001 (Travel)**-x-x-399999

Overhead (Indirect Costs)

Research projects which are subject to overhead will be charged a **monthly** overhead rate based on expense transactions incurred in a fiscal month.

When completing a journal entry to close a research project which is subject to overhead, the overhead rate must be factored into the amount that is being recoded, in order to bring the project to a $0 balance.

Example 5

Example 5: The overhead rate is 40% and there is $1,000.00 remaining in research project 399999.

Step 1: $1,000.00/1.40 = **$714.28**

Fund	Dept	Account	Project	Line Description	Amount
30000	11540	600009	399999	REC FR 357999 MAY 2015	714.28
30000	11540	600009	357999	REC TO 399999 MAY 2015	(714.28)

Step 2: $1,000.00 - $714.28 = **$285.72**

Once overhead is charged, the remaining balance will be expensed:

$714.28 x 40% = **$285.72** represents overhead charge

$714.28 + $285.72 = **$1,000.00** represents total expenses

Salary and Benefit Expenses

When recoding **salary and benefit expenses** from one research project to another, expense accounts must be reflective of the original expense transactions. Salary and benefit accounts must be recoded as separate line items. Salary and benefit details by individual may be accessed by running the **Payroll & AP Transactions to Salary Accounts** report in FAST.

Tip! Do not recode expenses charged to account **570002 (Additional Pension)** as this account is cleared out by Financial Services on a monthly basis.

Example 6

Example 6: When recoding **salary and benefit** expenses from one research project to another, salary and benefit transactions must be recoded separately.

Fund	Dept	Account	Project	Line Description	Amount
30000	15501	502303	392999	REC SAL K SMITH FR 399999	5,000.00
31000	42001	502303	399999	REC SAL K SMITH TO 392999	(5,000.00)
30000	15501	550011	392999	REC BEN K SMITH FR 399999	247.50
31000	42001	550011	399999	REC BEN K SMITH TO 392999	(247.50)
30000	15501	550012	392999	REC BEN K SMITH FR 399999	131.60
31000	42001	550012	399999	REC BEN K SMITH TO 392999	(131.60)