

BEN Financials – What’s Changing (Billing and Receivables)

As of May 12, 2014

On **May 12, 2014**, new sponsored projects billing and receivables functionality will be added to BEN Financials. With the introduction of the new BEN Billing and Receivables modules (Grants/Projects and Accounts Receivable), minor changes were made to BEN Financials, which are detailed below.

➤ **Visible Changes**

- Revenue Recognition
- More Accurate Receivable Calculation
- General Ledger Report Changes

➤ **Invisible Changes**

- Indirect Cost Recovery
- Special Budget Transactions
- Financial Reporting Log
- Advanced Collection Functionality

➤ **Visible Changes**

Revenue Recognition

- Revenue and the offsetting receivable balance are currently driven by a custom control table in the General Ledger. Allowable expense is posted to 5-funds and is converted to revenue and receivable balance each night. The receivable balance generated by this process is not influenced at all by the invoices generated in the billing system (BRIM). Due to this unconventional process, reconciling the billed and unbilled receivable balance in the GL has been inaccurate and time consuming. BEN Billing and Receivables will provide a more conventional process. As revenue is recognized (posted to Object Code 4600) the offset entry will be posted to a new object code: 1222 (Unbilled Receivable). As invoices are generated in BEN Billing and Receivables, the unbilled receivable balance will be reduced and the billed receivable (Object Code 1220) will be increased to accurately reflect the billed receivable balance in the General Ledger.
- Multiple revenue recognition methods are available. For selected projects such as clinical trial agreements the Milestone Method of Revenue recognition can be used. In these situations revenue is recognized when the milestone has been met, for the dollar amount associated with the achievement of the milestone.

Journal Entry to Record Sponsored Project Revenue:

Old

Revenue:

XXX-XXXX-4-5XXXXX-4600-XXXX-XXXX

Offset: **Accounts Receivable** Entry:

000-0034-4-5XXXXX-1220-XXXX-XXXX

New

Revenue:

XXX-XXXX-4-5XXXXX-4600-XXXX-XXXX

Offset: **Unbilled Accounts Receivable** Entry:

000-0034-4-599999-1222-XXXX-XXXX

- Mapped COA Combination/Account Mapping: When the new BEN Billing and Receivables modules are implemented, sponsored programs-related (5-Fund) transactions that are generated in the new Grants/Projects module (4600 – Grant & Contract Revenue and 5282 – Grant & Contract Overhead F&A) will only post to mapped chart of accounts (COA) combinations. If other, unmapped combinations are used for expense transactions, the corresponding Revenue and Overhead transactions (in Object Codes 4600 and 5282) will post to CNAC-RespOrg-4-5xxxxx-xxxx-0000-0000.

If you are currently using unmapped CNAC-ORG-PROG-CREF combinations to track specific grant and contract activity, you will want to prepare for this transition by requesting COA mappings using the “Sponsored Programs Subaccount Worksheet” form and associated instructions at

<http://www.upenn.edu/researchservices/Forms%20and%20Agreements.html>.

More Accurate Receivable Calculation

- BEN Billing and Receivables includes batch invoicing functionality and workflow solutions that will streamline the invoicing process and reduce the manual burden associated with billing. This includes workflow functionality to route draft invoices to ORS desk accountants for review and then to senior staff for approval. Additionally, invoices can then be sent via e-mail directly to the appropriate contact at the sponsor. Invoice activity will be fed directly to the General Ledger, increasing the billed receivable balance posted to Object Code 1220 as well as adjusting the unbilled receivable balance posted via the revenue recognition process (Object Code 1222 Unbilled Receivable). The receivable balance recorded in the General Ledger will reflect the balance owed for awards that are paid via a payment schedule (Event Billed).
- The receivable detail by FUND will reside in BEN Billing and Receivables only. All existing General Ledger Reports will be updated to return this information from this new source. Data will be exported from BEN Billing and Receivables to the Data Warehouse’s new Billing and Receivables data collection to maintain records for receivable balances at the FUND level. These receivable balances will be available to everyone with access to the

Warehouse's General Ledger data collection, and key BusinessObjects documents will be updated as needed so that their reports reflect these balances.

- All invoicing functions will be moving from BRIM to BEN Billing and Receivables, but the invoicing detail history will still be available in the BRIM Data Warehouse collection and will still appear on key standard reports from the Business Objects corporate documents repository (*fundsummary with BRIM*).

Billing Types in BEN Billing and Receivables:

- Letter of Credit: Letter of Credit awards constitute 40% of projects and 65% of the dollars awarded to University. Many federal grants and contracts are on a letter of credit system. The University can draw cash based upon anticipated cash needs. The University electronically submits a "draw down" request to the government agency and cash is wire transferred into the University's bank account. Generally, the money is received for expenses already incurred, but there are circumstances when money can be requested in advance for planned future expenses.
- Reimbursement of actual expenses incurred: Sponsors of these projects make payments as expenses are incurred. The University sends the sponsor an invoice for the amount of expenses incurred and the sponsor submits payment.
- Payment Schedule: This category consists of awards where the sponsor provides a particular payment schedule by date. Sometimes the payments are similar (the same amount every month, quarter, and year) and sometimes they are varied.
- Payment in Advance: This category represents cash received in advance of the research or project. Currently, invoices are manually generated so that the cash payment can be matched to an invoice.
- Milestone: Payments are sent by the sponsor when a particular project milestone has been reached. This category may include clinical trials where sponsors often provide a start-up payment to get the trial going and then provide additional payments as the project continues to meet the identified deliverables/milestones.

General Ledger Report Changes

There will be minor changes to the following reports, detailed in the "BEN Financials Noted Differences - Reporting" document available at

http://www.finance.upenn.edu/ben/benhelps/BBR_Noted_Differences.pdf.

- 115.ORG – Grant Fund Summary Report
- 301.BUD – Budget Amount - Grants/Contracts
- 134.ORG – Summary of Final Expenditures Report

- 717.RA – Final FSR Report

➤ Invisible Changes

Indirect Cost Recovery

The Indirect Cost Recovery process will move from the General Ledger to the Grants/Projects module in BEN Financials. This change should have no effect on a department's administration of an award with the exception that all burdening (object code 5282) charged on expenses to unmapped account combinations will be posted in the GL to program-cref "0000-0000." All account mapping requests should be sent to PennERA (RS-AWARD@LISTS.UPENN.EDU).

Special Budget Transactions

- PBUD, PBIL, PIND, and PTCS will no longer be in use. Budgeted amounts and billable amounts will be provided through new functionality.
 - PBUD – Authorized Budget
 - PBIL – Total Award (Billable)
 - PIND – Maximum Indirect Cost Recovery
 - PTCS – Project Total Cost Share
- FSRI and FSRD will no longer be posted in the General Ledger.
 - FSRD and FSRI (direct and indirect costs reported to the sponsor on a financial status report) will be recorded in the Budget Adjustment Screen in PennERA and will be fed into the Grants/Projects module. This information will still be displayed on reports as it is currently.

The PBUD, PBIL, and PTCS balance will be stored in the new Grants/Reports module as Billable and Non-Billable budget lines. All affected General Ledger reports will be updated. Data will be exported from BEN Billing and Receivables to the Data Warehouse's new Billing and Receivables data collection to maintain records for PBUD, PBIL, PTCS, FSRI, and FSRD balances at the FUND level. These special budget balances will be available to everyone with access to the Warehouse's General Ledger data collection, and key BusinessObjects documents will be updated as needed so that their reports reflect these balances.

Financial Reporting Log

There will be a new Sponsor Financial Reporting Log in the Grants/Projects module in BEN Financials. Financial report submissions will no longer be recorded in PennERA and fed to the General Ledger. This information will be recorded in a custom form in the new Grants/Projects module. BusinessObjects reports that currently access the BRIM data collection (such as *fundsummary with BRIM*) will present the data as it was before May 12, 2014. The Data

Warehouse's new Billing and Receivables data collection will include data from the new Sponsor Financial Reporting Log. This data will be available to everyone with access to the Warehouse's BRIM data collection.

Advanced Collection Functionality

- Dunning Notices will be sent in batch via e-mail to contacts at a sponsor.
- The collection effort log will be recorded within the new Accounts Receivable module.
 - This information will be included in the Data Warehouse's new Billing and Receivables data collection, and will be available to everyone with access to the Warehouse's BRIM data collection.
- Advanced collection functionality will provide the ability to identify and communicate receivable and collection issues to the appropriate University staff as well as to external sponsors.