



Invoicing Internal Procedure

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BACKGROUND

San Francisco State University (SFSU) receives funding for sponsored projects from various sponsors. In the terms and conditions of the award, the sponsor states how the costs for the project should be invoiced. Most invoices can be categorized into one of the following:

Cost Reimbursable Invoicing (non-Letter of Credit): The sponsor reimburses SFSU after costs have been incurred for the project and SFSU submits an invoice for reimbursement.

Letter of Credit (LOC): The sponsor reimburses SFSU after costs have been incurred for the project and a request is submitted in the sponsor's online payment system. The invoicing process for LOC projects is NOT covered in this document.

Fixed Payment/Fixed Price Agreements: The Sponsor pays a fixed amount based on the terms and conditions of the agreement (e.g., Sponsor X will pay \$10,000 each quarter to SFSU). Fixed payments are typically made on a quarterly basis, annual basis, or as certain milestones in the project are met (e.g., when task 1 is completed Sponsor X will pay \$25,000 to SFSU). Fixed Price Agreements may or may not require an invoice (this is stated in the terms and conditions of the agreement). Because the project is fixed price, any budget remaining at the end of the project is retained by SFSU, and any deficit remaining is covered by SFSU.

Cost Reimbursable Fixed Payment/Fixed Price Agreements: Some sponsors make fixed payments and request that any remaining funds at the end of the agreement be returned. For these projects, the sponsor predetermines the payment amount to support a research project in advance, but at the end of the project a reconciliation must be done based on actual expenditures and any unspent funds are returned to the sponsor.

For each sponsored project, the terms and conditions should state the frequency with which SFSU submits invoices to the sponsor (typically monthly, quarterly, or annually). If no frequency is stated, SFSU bills monthly. Additionally, for fixed price agreements, the terms and conditions should state if the agreement is fixed price (SFSU keeps any remaining funds at the end of the project) or if it is cost reimbursable (SFSU must return any remaining funds at the end of the project). If the terms and conditions are unclear, the sponsor should be contacted requesting clarification in writing.

ROLES AND RESPONSIBILITIES

Fiscal Affairs

- **Fiscal Affairs Accountant (FAA)**
 - Tracks, generates, and submits invoices to the sponsor for payment.
 - Obtains financial information for an invoice period and works with the GA to reconcile any transactions before an invoice is sent to the sponsor.
- **Associate Vice President for Fiscal Affairs**
 - Reviews and signs any invoices requiring an institutional signature.

Office of Research and Sponsored Programs (ORSP)

- **Grants Administrator (GA)**
 - Assists the FAA to identify and resolve outstanding issues (if any) before the invoice is submitted to the sponsor for payment.
 - When necessary, the GA coordinates with the Principal Investigator or department for additional information.

PROCEDURE

A. Tracking Invoicing Requirements

1. When the FAA receives the Budget Set-up Form and a copy of the Notice of Award from ORSP identifying the terms and a condition of an award, the FAA populates the individual award tracking Excel spreadsheet with the information listed on the Budget Set-up Form:
 - a. CMS Project Number
 - b. Budget Period (end date)
 - c. Award Title
 - d. Report Due Date (this is updated with the next due date after each invoice is created)
 - e. Additional Comments

Note: All invoices are created and submitted on a monthly basis unless otherwise directed by the sponsor.

2. At the beginning of each month, the FAA prints a copy of his/her invoicing spreadsheet and determines what awards require an invoice to be sent for the current month.
 - a. The FAA highlights those awards in the spreadsheet.
 - b. The FAA reviews the award file for any changes to the award.

B. Obtaining Financial Information

1. The FAA obtains the financial information for the award using FMS.
 - a. Selects Reporting Tool
 - b. Selects Query
 - c. Selects Query Manager
 - d. Selects a query, such as “SFO_GL_RC_EXPENSES_ACTUALS”, that shows all activity posted to a project
 - e. Once a query is selected, populates the information screen with the following information:
 - i. FMS Project ID Number
 - ii. Fiscal Year

- iii. Period (Periods are run 1 through 12 – each number represents the number of months since the fiscal year started; July is the first month of the fiscal year so it is assigned a value of “1.”) To see all expenses posted to the project, use “0.”
- f. The FAA runs a General Ledger (G/L) Query for the expenses posted to the award from the previous invoice period through the period of the current invoice.
 - i. If this is the first invoice to the sponsor, the FAA runs the G/L Query for all expenses posted to the award through the first invoice date.
- g. Once the query is run, the data can be exported into Excel from FMS.
- h. The FAA sorts and groups the data by account number and accounting period. This shows the balance for each account and shows what transactions were posted during what period.
- i. The FAA separates the data by account in order to show individual account balances. This represents the amount expended per account for the current invoice period and represents the “Current Amount Due” by the sponsor.

Note: If this is the first invoice, all transactions should be included in the summed amount. Otherwise, delete any transactions that are from previous periods that were already invoiced.

- j. The revenue accounts are assigned a special sequence (A/C# 50XXXX). The sum total of these accounts represents the cash amount collected to date. The FAA reconciles the total amount with the amount manually recorded on the “Control Statement of Revenue/Reimbursement” form kept in the award file. The FAA researches any cash discrepancies.
 - i. For each account, the FAA nets the total balance from the revenue account with the sum of total expenses for the period calculated. This represents the total amount outstanding by the sponsor, and is not reported on the invoice.
2. Some expense categories, such as Salary, Equipment, and Supplies, may require an examination of the actual expenditure amounts to be reported on the invoice. In this case, the FAA runs the LCD Report for salary expenses and Accounts Payable Detail for Equipment, and Supplies expenses. These reports may not always be consistent with the total expenses reported for these categories on the G/L Query, as manual adjustments can be made outside the LCD and Accounts Payable systems. If variances exist between the amounts reported on the LCD Report and the Accounts Payable Report, the FAA performs the following procedure:
- a. The FAA contacts the GA to review any manual adjustments that were made outside the LCD and Accounts Payable system and obtains back-up documentation if necessary.
 - b. The FAA discusses with the GA any outstanding adjustments that have not posted to the G/L that may need to be included in the invoiced amount. If so, asks the GA when the adjustments will be processed and represented in the G/L.

Note: It is Fiscal Affairs policy not to report ANY balances on invoices that are not reflected in the G/L.

C. Create the Invoice

1. Invoices are created using the Accounts Receivable Module (ARM). The FAA uses the ARM to generate invoice templates for each account.

<http://oi.sfsu.edu/servlet/f60servlet?config=armprd>

2. To create the invoice, the FAA logs into ARM and inputs the 10-digit Project ID number.

Note: Sponsored projects have an 8-digit FMS ID number. If this is the first time that information is entered into ARM, the FAA creates the 10-digit number by putting a “9” in front and adding a “V” at the end in this format: 9#####V.

3. Once the number is entered, the FAA selects the “Invoice Detail Screen” to generate an invoice. This brings up the invoice template screen.
4. All sponsor information is stored in ARM and automatically populates each time a new invoice is created.
 - a. If this is the first invoice generated to the sponsor for this project, the FAA populates the following fields using the Notice of Grant Award or contract on file.
 - i. “Sponsor Name”
 - ii. “Contract”
 - iii. “Address”
 - b. Once the fields are populated, the fields automatically save and reappear each time a new invoice is generated.
5. The FAA inputs the following information into the ARM system:
 - a. In the “Memo” field, provides a brief description of the expenses being invoiced.
 - b. In the “PeopleSoft Chartfield” section, provides the following information:
 - i. Types “A” in the “ACT” field
 - ii. Types the “CRS Number” in the “DR ACCT” field
 - iii. Types the “Account” to be credited in the “ACCT” field
 - iv. Types the “Fund Number” in the “Fund” field
 - v. Types the “Department Number” in the “Dept” field
 - vi. Types the “Project FMS Number” in the “Proj” field
 - vii. Types the “Transaction Amount” in the “Negative Amount” field
 - viii. Saves the file
 - c. Retypes the same information if another transaction is to be invoiced. (Only applicable if the other transaction is for the same sponsored project).
6. Using the financial information generated from the query, the FAA creates the supporting documentation attached to the invoice that lists the expenditures grouped by account category (Personnel, Benefits, Office Supplies, Equipment, Other, Indirect Cost, etc).
 - a. The account titles should be listed along the left side of the Excel page and grouped by category (Direct and Indirect).
 - b. Lists the budget for each category in the next column (this is found using the Revenue & Expense Report generated in FMS).
 - c. Lists the current period expenses for each category (this is determined using the Revenue & Expense Report, or by sorting a query by account type and period).

- d. Lists the cumulative expenditures to date for each category (this is located on the Revenue & Expense Report).
- e. Lists the available balance remaining for each account category (this is determined by subtracting the cumulative expenses from the budget or by looking on the Revenue & Expense Report).

Note: Also, include the project title, the agreement number, the period covered by the invoice, a contact person and telephone number at the top of the worksheet.

7. Prints one copy of the invoice on official SFSU letterhead to be sent to the sponsor. Prints two additional copies of the invoice and the supporting documentation: one to be sent to Accounts Receivable, and one to keep in the award folder in Fiscal Affairs Accounting.
8. The FAA closes the invoice, which saves the invoice automatically within ARM.

D. Institutional Signature and Mailing the Invoice

1. If the sponsor requires an institutional official to sign the invoice, the FAA forwards the invoice to the Associate Vice President for Fiscal Affairs.
2. The FAA attaches any additional supporting documentation with the invoice before it is sent to the sponsor. It may be necessary to attach the following:
 - a. Copies of FMS transaction details
 - b. The G/L Query
 - c. Accounts Payable reports generated by FMS
 - d. The LCD Report
 - e. Additional invoices, receipts, or justification of expenses
3. All invoices are mailed via regular U.S. Mail unless circumstances require express mailing, for instance submitting a final invoice, or in response to sponsor requirements.

E. Invoice Documentation

1. The FAA updates the "Control Statement of Revenue/Reimbursement" form kept in the award file with the following information:
 - a. Date of the invoice
 - b. Invoice number
 - c. Invoice amount
 - d. Invoice balance, or cumulative amount invoiced to date

RELATED DOCUMENT

- [Accounts Receivable Internal Procedure](#)