

EXPENDITURE CREDITS v. GIFTS



Wednesday, January 20,
2016

Objectives



- ❧ To obtain an understanding of how Policy V.B.3, *Expenditure Credits and Reimbursements*, is to be applied.
- ❧ To understand the difference between revenue, external funding, gifts, and expenditure credits.

Background



Comparison of FY14 and FY15 expenditure credit transactions

	FY15	FY14	Variance	% Variance
\$ Amount	\$ (14,212,627)	\$ (9,636,891)	\$ (4,575,736)	47.5%
# of Batches	591	468	123	26.3%

Reviewed transactions to determine if they qualified as expenditure credits

Policy: V.B.3



☞ Link to policy V.B.3:

<http://www.virginia.edu/finance/polproc/pol/vb3.html>

- ☞ Deposits to expenditure codes are **unusual** occurrences and are permitted only under specific circumstances. Generally, those items that qualify as expenditure credits are **incidental, non-recurring and low dollar items** that derive from a *previous disbursement* for University business, where some portion of the payment is returned by the original recipient.
- ☞ Expenditure credits **MUST** be deposited to the same project that was charged for the original purchase/expense.

Policy: V.B.3 (Continued)



- ❧ Funds that can be classified as gifts are not to be processed as expenditure credits in the GA module and must never be deposited directly to an expenditure code.
- ❧ Checks received from UVA-related foundations such as the Alumni Association (e.g., UVA Fund, Jefferson Trust, etc.,), the UVA Parents Fund & Committee, etc., should be processed as a gift through University Advancement.
- ❧ If a person or entity provides sponsorship by reimbursing expenses for event participants, if the person/entity does not choose the participants, the money is a gift and should be processed through University Advancement.

Policy: V.B.3 (Continued)



- ❧ Funds that can be classified as grants or contracts, or which result from the sale of goods or services, are likewise not to be processed as expenditure credits in the GA module and must never be deposited directly to an expenditure code
 - ❧ Receipts for the sale of goods or services should be processed in the GL using a revenue (4xxx) object code.
 - ❧ Receipts for grants or contracts should be provided to the Office of Sponsored Programs for processing.

Permissible Expenditure Credit Transactions



- ✧ The following represent situations where recording an expenditure credit or reimbursement in the GA module is permissible.

Permissible Expenditure Credit Transactions (Continued)



- ❧ **Vendor Refunds:** If a vendor returns funds due to an overpayment, or because goods were returned, the check may be deposited as an expenditure credit.
- ❧ **Joint Funding:** When an event is funded jointly by the University and another organization, and the University bears the initial expenses, the other organization's contribution may be deposited as an expenditure credit to offset the University's initial expenditure.

Permissible Expenditure Credit Transactions (Continued)



- ❧ **Travel Reimbursements:** If a faculty or staff member travels on behalf of another organization, and is reimbursed by that organization *after* the employee has received reimbursement from the University, the other organization's contribution may be deposited as an expenditure credit to offset the University's initial expenditure.
- ❧ **NOTE:** If the University receives funds to cover the cost of travel undertaken by a University employee in the normal conduct of University business, these funds should be handled as a **gift** to the University and not as an expenditure credit.

Transactions That Are Not Expenditure Credits



- ❧ Reimbursements for salaries or wages must be processed through the Payroll department in order to properly adjust tax reporting information and should NEVER be deposited as expenditure reimbursements.
- ❧ **Re-deposits:** If a UVA check is returned by the original recipient, it should be returned to the Accounts Payable or Payroll department for voiding. It should NOT be deposited as an expenditure credit.

Processing Expenditure Credits



- ☞ The most recent expenditure credit form should be completed and submitted to the Cashiering Office located in Carruthers Hall. The form is located here:

<http://uvaforms.virginia.edu/uvaformsfiles/cashier/expend-credit.pdf>

- ☞ A special set of Expenditure Types has been established for recording expenditure credits. The credit to the original Project/Task/ Award/Organization (PTAO) combination must use the special Credit Expenditure Type that matches the category of the original Charge Expenditure Type in order to maintain the integrity of the project budget and accounting. See the list located at:

<http://www.procurement.virginia.edu/pageexpendituresearch&keywords=Exp+Credit&description=yes>

Expenditure Credit v. Revenue



- ❧ Orientation and New Student Programs (ONSP) holds a buffet lunch for students and their families during a Family Weekend event. Catering charges totaling \$7,500 post to their PTAO with the Svcs, Catering expenditure type.
- ❧ The UVA Parents Fund Committee gives \$2,500 to ONSP to help pay for the cost of the luncheon.

Expenditure Credit v. Revenue (Continued)



☞ If the \$2,500 check is processed as an expenditure credit, here is the impact:

Revenue:	
	\$0
Expenditures:	
Contractual Services:	
Svcs, Catering	\$7,500
Exp Credit Contractual Svcs	(\$2,500)
Contractual Services:	\$5,000
Net:	\$5,000

Expenditure Credit v. Revenue (Continued)



☞ If the \$2,500 check is processed as gift from an affiliated foundation, here is the impact:

Revenue:	
Gifts-Via Affiliated Fdns	(\$2,500)
Total Revenue	(\$2,500)
Expenditures:	
Contractual Services:	
Svcs, Catering	\$7,500
Contractual Services:	\$7,500
Net:	\$5,000

Scenarios



How should payments received in the following scenarios be processed???

Scenario #1



1. A University department purchases software for \$60,000. Two other universities would like to use the software and agree to share an equal portion of the costs. They each send \$20,000 to the department. How should these checks be processed?

Scenario #2



2. A faculty member receives \$1,000 from an external organization to be used as partial support for an educational meeting. Expenditures associated with the meeting (i.e., honorarium, catering, etc.,) total \$2,000 and were charged to a University PTAO. How should this payment be processed?

Scenario #3



3. A University department is holding a symposium and incurs expenses totaling \$3,500. The department receives a \$1,000 check from UVA Fund to cover catering charges. How should this payment be processed?

Scenario #4



4. A University employee is reimbursed for travel expenses, including airfare of \$450. The airfare had already been purchased on a University P-card, and the employee gives the department a check in the amount of \$450. How should this check be processed?

Scenario #5



5. The Fralin Museum of Art at the University receives a \$10,000 grant from the UVA Parents Committee to fund *Final Fridays at the Fralin*. How should this payment be processed?

Scenario #6



6. A faculty member who is also a researcher travels to an international conference to present his findings. The organization sponsoring the conference has agreed to pay for the faculty member's travel expenses. The airfare and hotel are charged to a University PTAO with the department's P-card. The faculty member uses his personal funds for meals and incidentals. The department receives a check from the external organization. How should this payment be processed?

Questions???

