Billing for Sponsored Program Income

Program Income Definition:
Gross income earned by the recipient that is directly generated by a sponsored activity or earned as a result of the award.

Examples of program income include:

- income from fees for services performed such as laboratory tests.
- money generated from the use, sale, or rental of equipment purchased with project funds.
- proceeds from the sale of supplies or equipment purchased or fabricated with project funds.
- proceeds from the sale of software, CDs, or publications.
- income from the sale of research materials such as animal models.
- fees from participants at conferences or symposia.
- sales of products with an accompanying material transfer agreement.
- royalties from patents and copyrights [see special situations].

Program income does not include:

- patient care credits
- interest earned on advances of federal funds
- receipt of principal on loans, credits, discounts, etc. or interest earned on them
- taxes, special assessments, levies, and fines raised by government recipients.

Procedures to enter bills for Sponsored Program Income:
Overall procedure: When program income is generated, the department administrator documents the activity that generated the income and instructs the buyer where to send the revenue. The preferred method is to create a bill in the financial system using the steps outlined below.

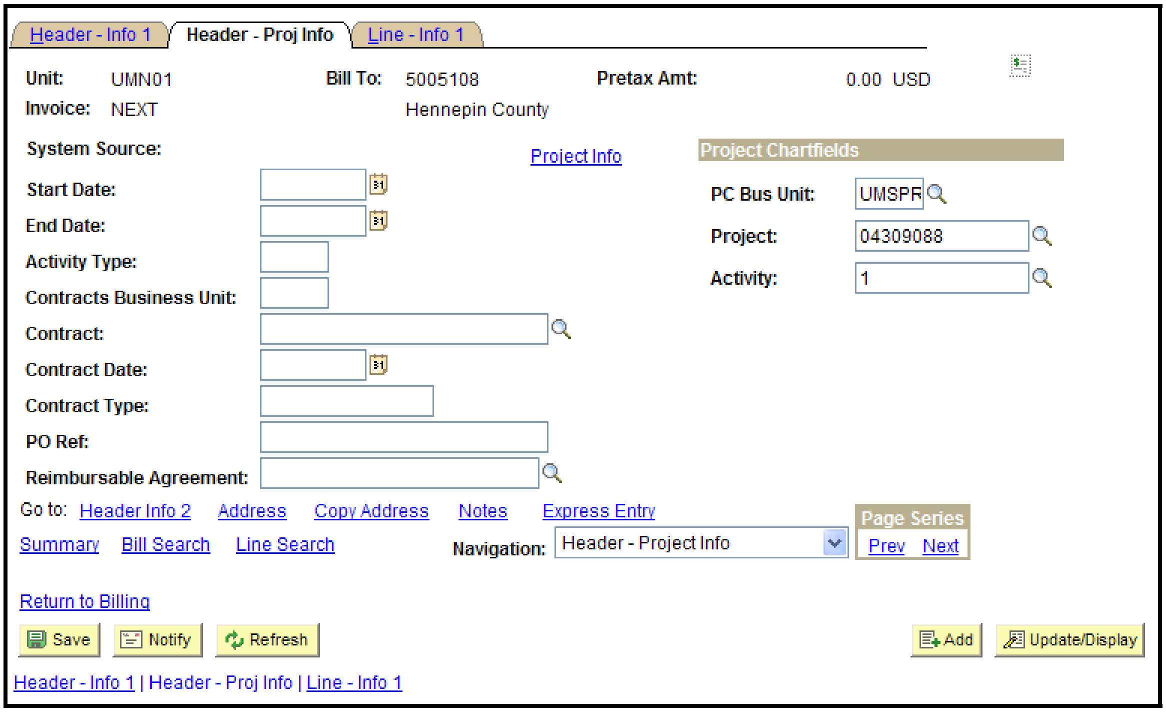
The billing information must be forwarded to the billing specialist in the respective cluster. The billing specialist will enter the Program Income bill into the financial system to create a receivable. The revenue distribution is the Program Income Holding account. Once the information is entered in the system, a bill is printed and sent. Payments are directed to the bank lockbox and processed centrally.

Sponsored Financial Reporting accountants monitor the Sponsored Unapplied Program Income Account via oversight report. When the program income appears on the report, they review the award's terms and conditions to determine whether the program income is reportable or not.

Step-by-step procedure to create EFS invoice containing Sponsored Program Income:

1. Navigate to: Billing > Maintain Bills > Standard Billing > Add a New Value
2. On the Add a New Value tab, enter the following:
    a. Business Unit = **UMN01**
    b. Bill Type Identifier = **003 – Sponsored Program Income**
    c. Bill Source = **your college/cluster code**
    d. Customer = **customer ID**
    e. Click **Add**
3. Header – Info 1 page
    a. Double check the **Bill Inquiry Phone** and **Biller** fields.
    b. Click **Next**
4. Address Info page
    a. Check for correct **Attention To** (contact) and Bill-To **Location**. If not correct, select correct values.
    b. Click **Next**
5. Header – Order Info page – enter the following:
    a. Ship To = enter ship-to **customer ID**
    b. Ship Loc = enter ship-to **location**
    c. Click **Next**
6. Header – Note page
    a. Enter header notes as needed
    b. Click **Next**
7. Line - Info 1 page – enter the following:
    a. Select identifier (charge code)
    b. Enter description
    c. Enter Qty
    d. Enter Unit Price
    e. Check tax codes
    f. Click **Next**
8. Line – Note page
    a. Enter line notes as needed
    b. Click **Next**
9. Acctg – Rev Distribution page – enter the following:
    a. Fund = **fund associated with sponsored project**
    b. DeptID = **college dept ID associated with sponsored project**
    c. Program = leave blank
    d. Project = leave blank
    e. Account = **220205**
    f. FinEmplID = leave blank
    g. Chartfield 1 = leave blank
    h. Chartfield 2 = leave blank
    i. Amount = **fills in automatically**
    j. Disregard all other fields. Click **Next**
10. Repeat steps 7-9 for each additional bill line

11. From the Navigation drop-down list in the lower right portion of the page, select **Header – Project Info**.
    a. PC Bus Unit = **UMSPR**
    b. Project = **Project ID**
    c. Activity = **1**
    d. Click **Next** or Click **Header – Info 1** tab



12. Header – Info 1 page – enter the following:
    a. Status = change to **RDY** (Ready)
    b. Click **Save.**

The invoice will process and post to the ledger during the nightly batch process. Invoices will be printed and mailed centrally. When the payment is received from the customer it will be matched and applied to the invoice.