

Stanford

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3.1.3 EXPENDITURE ACCOUNTS (PTAS)

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The University's Oracle Financial system has two core accounting applications: Grants Accounting (GA) and General Ledger (GL). The GA subledger records all detailed expenditure transactions and then summarizes them in the GL. The GA module has five segments: Project (P), Task (T), Award (A), Expenditure types (E) and Organization. A Project (P) is an activity or event with a single purpose. A Task (T) is a further breakdown of the project; every project has at least one task. An Award (A) is a funding source for a particular project or task. Find further information on the University's Chart of Accounts at Stanford's [Gateway to Financial Activities](#) [1]. This Guide Memo describes the various kinds of expenditure accounts or PTAs (the intersection of Project, Task, and Award) within the University's accounting system.

Authority:

Approved by the Vice President for Business Affairs and Chief Financial Officer.

1. Operating Budget PTA

a. Purpose

Operating Budget PTAs are the primary PTAs for the University's core academic programs and support services. Operating Budget PTAs are used to record accounting transactions for these core activities.

b. Source of Funds

At the beginning of the fiscal year, Operating Budget PTAs receive money only from University unrestricted funds and from appropriate departmental designated funds, gift funds, and endowment income funds (see [Guide Memo 3.1.2 \[2\]: University Funds](#)). Changes in funding during the year may be made online by authorized budget officers.

c. Setting Up

The Fund Accounting department of the Controller's Office sets up and maintains PTAs funded from the University's Operating Budget. To request a new Operating Budget P, T, and/or A, a person who has organizational authority submits the Fund Accounting PTA Request form via email to Fund Accounting in the Controller's Office. The form is located at Stanford's [Gateway to Financial Activities](#) [3].

For step-by-step instructions, see [Quick Steps: Request New PTA](#) [4].

d. Fiscal Year End

At fiscal year end (August 31), all unused restricted funds that are held in an Operating Budget Award must be returned to their original source fund. If expenditures have exceeded the Expense Control, other sources of funding must be identified to cover the deficit. If there are still budgeted funds available, work with the University's Budget Office to determine how to handle these funds.

e. Closing an Operating Budget PTA

At any time, a department may send a memo to Fund Accounting in the Controller's Office requesting that an Operating Budget P, T, and/or A be closed to expense. The P, T, and/or A will be closed as of the first of the month following the month in which the memo is received, unless otherwise stipulated.

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2. Grant and Contract PTA

a. Purpose

A grant or contract fund and related expenditure PTA(s) are used to record accounting transactions for a sponsored project. The [Research Policy Handbook 13.1](#) [5], sets out criteria for determining if external support for a project should be handled as a sponsored project. Note that external support that does not meet these criteria is handled as a gift.

b. Source of Funds

A grant or contract fund receives money from the agency sponsoring the research, instruction, or other sponsored activity at the University. Proposals for grants and contracts are processed through the Office of Sponsored Research (OSR) or its delegates. Additional information is available at the [DoResearch](#) [6] website.

c. Setting Up

When a grant or contract has been awarded, OSR assigns a fund (award) number for the sponsored project, and sets up related Project(s) and Task(s) as requested. OSR handles any subsequent accounting system maintenance during the life of the award. OSR also receives awards for student aid directly from a school or from the Graduate Financial Aids Office. The form used to request a PTA is located [here](#) [7].

d. Early Accounts

For the effective and economical conduct of a sponsored project, it is sometimes necessary for costs to be incurred before the award document has been received. In such cases, departments should request that OSR set up an early PTA. The "Authorization for Early Project Task and Award Request" form is available online at <http://doresearch.stanford.edu/research-administration/pta-initiation-and-setup> [8].

The early PTA becomes the permanent PTA when the award is effective; no cost transfers are needed. Pre-award costs must be charged to a pre-award account and may not be placed on an unrelated award and later transferred to the benefiting PTA.

e. Ongoing PTA Management

(1) Allowability of Expenditures

The Principal Investigator (PI) is accountable for the accuracy, allowability, allocability, appropriateness and timely review of charges to a grant or contract PTA (or a related cost sharing PTA) and for ensuring that expenditures do not exceed the level authorized by the award. See Guide Memos:

- 3.1.4 [9]: Cost Policy
- 3.2.1 [10]: Authorizing Expenditures
- 3.2.2 [11]: Cost Transfers

- [3.2.3 \[12\]: Allocations and Offsets](#)

(2) Approvals

The terms of the award and governing cost principles may require approval from the agency for such actions as rebudgeting funds, travel, or purchasing capital equipment. OSR processes approval requests.

(3) Review

The PI or someone else knowledgeable about the sponsored project must review the PTA each month, bringing any questionable items to the PI for decision on any needed action. Review guidance and tools are available at [DoResearch \[13\]](#). The review is evidenced by a signature on the monthly expenditure report.

(4) Suballocations

A suballocation of a grant or contract may be set up to handle accounting for:

- A subcontract
- Separate portions of the work
- Fabrication of capital equipment
- A conference associated with the project: This is usually accomplished by setting up additional Tasks within the Project, linked to the appropriate award(s).

f. Fiscal Year End

Accounting records for grant and contract PTAs are closed for reporting purposes at fiscal year end. The entire budget and all expenditures for the period of the award are carried forward to the new fiscal year expenditure reports.

g. Closing a Grant or Contract PTA

(1) Definition

Closeout is the administrative process whereby sponsors determine whether all technical and administrative requirements of the grant or contract have been completed. Sponsored projects are considered completed or "closed out" only after the sponsor receives and approves all technical, financial, invention and property reports as required by the terms and conditions of the award and notifies Stanford of its acceptance and signoff.

(2) Principal Investigator's Responsibilities

At the close of a grant or contract, the Principal Investigator is accountable for ensuring that the expenses recorded are complete, allowable, allocable, and without overdrafts. For more information, see [Guide Memo 3.2.2 \[11\]: Cost Transfers](#), and the [Research Policy Handbook 15.8 \[14\] Cost Transfer Policy for Sponsored Projects](#).

(3) Office of Sponsored Research Responsibilities

OSR prepares the final financial reports and performs a review. Generally, the final financial report is due 90 days after the end of the award.

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3. Cost-Sharing PTA

a. Purpose

Cost sharing represents that portion of the total project costs of a sponsored agreement borne by the University, rather than the sponsor. The [Research Policy Handbook 15.3 \[15\]](#) states the University's policy on cost sharing. Separate PTAs must be established to track committed cost sharing. This is usually accomplished by setting up a cost sharing Task in the Project that holds the sponsored project, and linking it to a cost-sharing award.

b. Source of Funds

The Principal Investigator must identify and provide resources to fund the cost-sharing PTA. Funds from other federal awards may not be used as the source of cost sharing except as authorized by statute. Funds generally come from unrestricted, gift, endowment income, or designated funds.

c. Setting Up

The notice of award prepared by OSR and the signed award document indicate if the project involves cost sharing. OSR will not open the sponsored PTA until the related cost-sharing PTA is opened. When a cost-sharing PTA is required, a person with signature authority over the fund from which the cost-sharing PTA will be funded or guaranteed sends a copy of the cost-sharing budget and the Cost-Sharing Authorization form to OSR requesting the PTA be opened. For information on how to set up a sponsored PTA, see the [DoResearch \[16\]](#) website.

d. Ongoing PTA Management

Cost-sharing PTAs are subject to the same PTA management procedures as described above for grant and contract PTAs.

e. Fiscal Year End

Cost-sharing PTAs must be fully funded at the end of the University's fiscal year. Cost-sharing budgets and expenditures carry over to the new fiscal year, as described above for grant and contract PTAs.

f. Closing a Cost Sharing PTA

The cost-sharing PTA is closed at the same time as the related grant or contract account, as described above.

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4. Gift PTA

a. Purpose

A gift PTA is used to record the expenditures that execute the purpose of the gift.

b. Source of Funds

The source of money for a gift fund may be a single gift or multiple gifts that have a common purpose and any related income generated by the gift itself or its associated endowment.

c. Setting Up

When a gift is received whose terms require the opening of a separate fund, the Department submits the Fund Accounting PTA Request form via email to their school/department Fund Accountant in the Controller's Office. They must also fax copies of the donor documentation and a Gift Transmittal Form to their fund accountant. The original donor correspondence regarding the restricted purpose of the gift and the original Gift Transmittal along with the donor check should be sent to Gift Processing. Never hold a donor check while waiting for a PTA. Fund Accounting, in consultation with the school, assigns a fund/award number and sets up the related expenditure Project and Task(s). Fund Accounting creates the Fund Authorization document that describes the purpose of the fund. If the gift creates a new endowment fund, Fund Accounting sets up a related expendable endowment income fund to receive the endowment income. The form used to request a new Gift PTA is located at [here \[17\]](#).

For step-by-step instructions, see [Quick Steps: Request New PTA \[4\]](#).

d. Fiscal Year End

At fiscal year end the balance of the gift fund automatically carries over into the new year. If expenditures exceed available funds in an expendable gift fund or an endowment income fund, a transfer from another

appropriate fund restricted to departmental use must cover the overdraft. Consult with your fund accountant for the appropriate account to use.

e. Closing a Gift PTA

(1) Endowment

Endowment gift funds and their related endowment income funds are very seldom closed. In the event that a PTA funded by an endowment income fund needs to be closed, the department should contact Fund Accounting. The account will be closed the first of the next month.

(2) Expendable Gift PTAs

At any time during the year, departments may send a memo to Fund Accounting requesting that a PTA for an expendable gift fund be closed to expense. The memo should include the reason for closing the PTA. The PTA will be closed as of the first of the month following the month in which the memo is received, unless otherwise stipulated.

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5. Designated Funds and Related PTA

a. Purpose

Designated funds generally contain unrestricted funds that the University (rather than a donor or sponsoring agency) has decided to use for a specific purpose.

b. Source of Funds

There are two sorts of designated funds:

- (1) General funds that have been transferred to a department for a specific purpose, such as departmental research support.
- (2) Income that has been generated by the department and designated for departmental use. Examples are fees from professional services and conferences.

c. Setting Up

To open a designated fund and related expenditure account, the department sends an email and Fund Accounting PTA Request Form to their school/department Fund Accounting. The form used to request a new PTA is located [here](#) [17]. Fund Accounting, in consultation with the school, assigns a fund (award) number and sets up the related Project and Task(s) with the Fund Authorization information. For step-by-step instructions, see [Quick Steps: Request New PTA](#) [4].

d. Changes to Fund Balances

(1) Designated funds funded by general funds transfers are increased only by transfers from other University designated or unrestricted funds. That is, income cannot be deposited to this kind of fund.

(2) Designated funds holding income are increased as cash receipts are deposited or transferred from other University designated or unrestricted funds.

e. Fiscal Year End

At fiscal year end the balance of the designated fund automatically carries over into the new year. If expenditures exceed available funds in a designated fund, a transfer from another appropriate fund must cover the overdraft. Consult with your fund accountant for the appropriate account to use.

f. Closing a Designated Fund PTA

At any time during the year, the department may send an email to Fund Accounting requesting that a P, T, and/or A for a designated fund be closed to expense. The memo should include the reason for closing the

PTA. The PTA will be closed as of the first of the month following the month in which the memo is received, unless otherwise stipulated.

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6. Capital Asset Projects

a. Purpose

Capital Asset projects capture expenditures related to facilities and infrastructure projects or computer hardware or software systems that require capitalization. They allow the University to categorize expenditures as capital assets or expenses and to collect expenditures in a way that supports indirect cost recovery, service center rate development and financial reporting.

b. Source of Funds

Multiple sources of funding may support a specific capital project. Examples are gifts, departmental funds, University unrestricted funds, University facilities reserves, debt, and Stanford Infrastructure Program funds.

c. Setting Up

A department planning a facilities construction or renovation project works with [Land, Buildings and Real Estate](#) [18] (LBRE)/Department of Capital Planning to initiate the project via the [Facilities Form 1 System](#) [19]. When the project receives approval, a copy of the Facilities Form I and PTA set-up form is submitted to the Capital Accounting section of the Controller's Office. Capital Accounting reviews the Form 1 for necessary approvals, appropriateness of sources of funding and fund availability. It also sets up the PTA and sends out an Authorization memo, which includes the appropriate capital PTA, authorized budget, and applicable asset code for the project, notifying the appropriate individuals so they can grant signature authority on the PTA, as needed. For step-by-step instructions, see [Quick Steps: Request New PTA](#) [4].

For capital asset projects that do not involve facilities (e.g., computer hardware or software systems) the [Capital Projects PTA Request Form](#) [3] should be completed and sent to Capital Accounting.

d. Mid-Project Changes

If changes are needed to source of funds, the department informs Capital Accounting. Once funds are committed via the Form I, the department may not withdraw the funding commitment. However, a substitution of one fund source for another can be made.

e. Fiscal Year End

At fiscal year end the entire budget and expenditures for the project are carried forward to the new fiscal year expenditure statements. Expenditures must be fully funded. The department must work with Capital Accounting throughout the year to cover overdrafts.

f. Closing a Capital Project

The project manager informs Capital Accounting that a project has been completed. Capital Accounting reconciles outstanding commitments, closes the project and award, and returns any unexpended funds to their original source.

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7. Student Aid PTA

A student aid PTA is a special kind of PTA used to record departmental expenditures for student aid from current funds. Student aid PTAs are set up and managed in the same way as Operating Budget, gift, or designated PTAs, depending on the source of funds. See [Quick Steps: Request New PTA](#) [4].

Note: Salaries to student employees and graduate research and teaching assistant tuition allowance are *not* student aid.

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8. Auxiliary PTA

a. Purpose

Auxiliary enterprises are self-supporting entities that support the University's teaching and research mission. They service principally faculty, students, staff and the Stanford community. Major University auxiliaries include Housing and Dining Services, Stanford University Press, and the Department of Athletics.

b. Source of Funds

The source of funds for auxiliary PTAs is the income generated by the auxiliary activity. The amount budgeted for the fiscal year is based on a forecast of expected income and expenses for the year.

c. Setting Up

To set up a new auxiliary account, the department sends a memo to Fund Accounting with the appropriate information. The Fund Accounting PTA Request form is located [here](#) [3].

d. PTA Management

Auxiliaries are managed similarly to a business enterprise. In addition to income and expense activities, they may have assets, liabilities, and reserve (fund) PTAs.

e. Fiscal Year End

Any surplus or deficit is transferred at year-end to a reserve PTA of the auxiliary.

f. Closing an Auxiliary P, T, and / or A

At any time during the year, the auxiliary may send a memo to Fund Accounting requesting that a P, T, and/or A for the auxiliary be closed. The memo should include the reason for closing the account. The PTA will be closed as of the first of the month following the month in which the memo is received, unless otherwise stipulated.

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9. Service Center PTA

a. Purpose

A service center is an organizational unit of the University that provides a specific service, group of services, or products to users principally within the University. Large service centers include Information Technology Services (ITS), Land, Buildings and Real Estate (LBRE), and the Medical School's Veterinary Service Center. Smaller service centers are typically found within academic departments. Detailed information on Service Centers is available at [DoResearch](#) [20].

b. Authorization

Proposals for a new service center must have the approval of the department chair and school dean, or their equivalent for nonacademic areas. The Office of Research Administration Policy and Compliance (RAPC) is responsible for setting service center policy and reviewing annual budget submissions which should include the volume projection for services, and ensure the costs are compliant with Federal as well as University regulations. Review the [Service Center Manual](#) [21] for additional information.

c. Annual Breakeven

All service centers must annually break even, unless ONR has granted an exception. Twelve months of operational expense should be allocated to users via twelve months of allocation journals. If the year-end under-recovery exceeds 5% of expenses including the prior year balance for administrative service centers or 15% for academic service centers then either the users are charged the under-recovered amount or the service center's department will need to subsidize the entire loss. If the year-end over-recovery exceeds the 5% or 15% limit, a rebate must be allocated to all users of the service center. The breakeven calculation is fully explained [here](#) [22].

d. Source of Funds

The costs of service center services or products are charged directly to all users based on the actual level of activity using a nondiscriminatory rate schedule. This rate schedule (the service center rate) must be calculated to recover no more or no less than the estimated aggregate cost of the service or product over a fiscal year unless otherwise agreed upon by the federal government.

e. Setting Up

When a new service center is reviewed and approved by RAPC, RAPC will open a new PTA. Some of the information required to open a new service center includes the purpose of the service center, anticipated usage, list of anticipated internal and external users, estimated initial budget, list of capital assets that will be required for the service center operation and a valid Guarantee PTA account. All academic service centers must have a guarantee account, which can be an operating budget, Dean's Executive fund, or unrestricted gift PTA designated by the school dean or department head. See the "[Request for Establishing a New Service Center](#) [23]" PTA setup document.

f. Mid-Year Changes

Requests to change a service center rate should be made as soon as it appears an administrative service center will not break even within +/-5% at year-end or an academic service center will not break even within +/-15% at year-end using the previously approved rates. Such requests must be routed to the appropriate service center analyst for review and approval before the new rate can be used. [A list of service center analysts](#) [20] is available online. [24]

g. Fiscal Year End

Service center balances at fiscal year end must be within +/- 5% of an administrative service center's annual expenditures, including the prior year balance and +/- 15% of an academic service center's annual expenditures, including prior year balances. When any over-recovery exceeds break-even percentage, the entire surplus balance must be refunded to all users in an equitable manner. When any under-recovery exceeds the applicable percentage, the entire deficit balance must be cleared either by either charging the service center's Guarantee PTA or by allocating a yearend assessment of the entire loss to all users on a prorated usage basis. Service centers that operate under special long-term break-even or pricing agreements with the government will not be required to break even at year-end.

h. Closing a Service Center PTA

The department will need to clear any remaining balance before RAPC can close the service center PTA.

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10. Expenditure Allocation PTA

a. Purpose

An expenditure allocation (expense clearing) PTA is a departmental expenditure PTA used to accumulate specific costs as a means of expediting the processing of accounting transactions. Expenditure allocation PTAs are used when the final distribution of expenses is unknown at the time the expenses are incurred. Expenditure allocation PTAs are cleared via iJournals or Labor Distribution adjustments. Labor and material costs cannot be combined in the same expenditure allocation PTA. If labor and material expenses must be combined, the department should establish a service center PTA (see section 9). For related information, see [AGM 3.2.3: Allocation and Offsets](#) [12]. Please refer to the [DoResearch](#) [25] site for additional guidance on the use of expenditure allocation PTAs.

b. Authorization

Expenditure allocation PTAs must have the approval of the requesting department's Administrative Service Manager and an individual with financial authority over the guarantee PTA.

c. Source of Funds

The requesting department must identify and provide resources to guarantee the expenditure allocation PTA. Funds from sponsored awards may not be used as the guarantee. Guarantees generally come from unrestricted, gift, endowment income, or designated funds. The fund source will be used to guarantee any uncleared expenses at the end of the fiscal year.

d. Setting Up

When a department needs a new expenditure allocation PTA it requests Research Administration Policy and Compliance (RAPC) to set it up by submitting the [Request For Expenditure Allocation PTA form](#) [26]. RAPC will review the allocation method(s) to be used by the account administrator and maintain records to support the establishment of the PTA.

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11. Receivables PTA

A department that administers a program such as a conference or professional journal sponsored by an organization outside the University must use a receivables PTA for expenses incurred on campus. Operating budgets, designated funds and restricted funds cannot be used for such activities. To open a receivables account, contact the Receivables Accounting section of the Controller's Office.

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12. Account Maintenance

Certain information gathered at the time the account is established may change over time. The information includes the Owner, Manager and Owning-Organization of the Project, Task and Award. This information is crucial to reporting on and analyzing financial activity and may impact authority and approvals. When a change occurs due to turnover or business reorganization the department must update PTA roles and owning, as described at Stanford's [Gateway to Financial Activities](#) [27].

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Links

[1] <http://www.stanford.edu/group/fms/fingate/staff/acctstructure/index.html>

[2] <https://adminguide.stanford.edu/3-1-2>

[3] <http://fingate.stanford.edu/staff/acctstructure/forms.html>

[4] http://fingate.stanford.edu/staff/acctstructure/quick_steps/request_newPTA.html

[5] <http://doresearch.stanford.edu/policies/research-policy-handbook/definitions-and-types-agreements/definition-sponsored-projects-and>

[6] <http://doresearch.stanford.edu/research-administration/proposal-preparation-and-submission>

[7] <http://doresearch.stanford.edu/research-administration/pta-initiation-and-setup#early-pta-setup>

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[9] <https://adminguide.stanford.edu/3-1-4>

[10] <https://adminguide.stanford.edu/3-2-1>

[11] <https://adminguide.stanford.edu/3-2-2>

[12] <https://adminguide.stanford.edu/3-2-3>

[13] <http://doresearch.stanford.edu/research-administration/project-management/monthly-review-and-quarterly-pi-review-and-certification>

[14] <http://doresearch.stanford.edu/policies/research-policy-handbook/financial-aspects-sponsored-projects-administration/cost-transfer>

[15] <http://doresearch.stanford.edu/policies/research-policy-handbook/financial-aspects-sponsored-projects-administration/cost-sharing>

[16] <http://doresearch.stanford.edu/research-administration/pta-initiation-and-setup#cost-sharing-pta-setup>

[17] <http://doresearch.stanford.edu/research-administration/pta-initiation-and-setup#forms-to-setup-or-modify-existing-ptas>

[18] http://lbre.stanford.edu/cap_plan/

[19] http://lbre.stanford.edu/cap_plan/form_1_system

[20] <http://doresearch.stanford.edu/research-offices/research-administration-policy-and-compliance-rapc#service-centers>

[21] <http://doresearch.stanford.edu/policies/service-center-manual>

[22] <http://doresearch.stanford.edu/sites/default/files/documents/Breakeven%20Calculation%20Examples.pdf>

[23]

http://www.stanford.edu/group/fms/fingate/staff/acctstructure/quick_steps/request_newPTA.html#request_service_ctr

[24] http://ora.stanford.edu/service_centers/default.asp

[25] <http://doresearch.stanford.edu/>

[26]

<http://doresearch.stanford.edu/sites/default/files/documents/Request%20for%20Expenditure%20Allocation%20PTA.pdf>

[27] http://www.stanford.edu/group/fms/fingate/staff/acctstructure/quick_steps/update_PTA_roles_attrib.html