

Overview:

To set up a project account, is important to know the MIT procedures necessary, including how to obtain special award approvals and requirements.

Accounting services are provided via the VPF (Vice President for Finance) using SAP, MIT's enterprise accounting system. Sponsored Projects are entered into SAP by the OSP, via a Kuali Coeus System feed, shortly after the receipt of an award or the negotiation of acceptable terms and conditions.

Award information is fed daily (at approximately 3:30pm) from Kuali Coeus to SAP.

Procedure:**How is an SAP Cost Object created for a New Award?**

1. When the award is received by MIT, the award document, proposal or request for funding, and related communication with the awarding organization are reviewed by OSP to determine whether the award is a sponsored project.
2. After it is determined the award meets the criteria for a sponsored project, the type of WBS (Work Breakdown Structure) element must be created. A SAP Project WBS Element will generally be selected when any of the following conditions are described:
 - Separate budgeting and accounting for award revenue and expense is required
 - Billing is via cost invoice or scheduled amount
 - Maximum amount is obligated for performance
 - Period of performance with expiration date for allowable use of the funding is established
 - Return of unexpended funds to the awarding organization is required
 - Payment is based on programmatic performance
 - Financial reporting is required
 - Award conveys intellectual property rights

Where awards are not easily classified by OSP, broader discussion including VPF and the Provost's Office may be necessary.

3. The type of sponsored project, specifically Organized Research and Non-Research will also generate a WBS, based on the following criteria:
 - Research Project WBS for all organized research activities
 - Research WBS accounts are funded by outside sponsors and used to track the costs of a particular research project over its entire span of activity
 - Research accounts are numbered 5000000 through 9999999

- Non-Research (Fund-Sponsored) Project WBS for all other sponsored project activities, including professional conferences, fellowship awards, and instructional and educational service activities such as curriculum development
- Fund accounts are numbered 2000000 through 4999999

Creating a Cost Object Prior to the Official Start Date

Sometimes it is necessary to create a Cost Object prior to the start of an award or before the award documentation is finalized. When this occurs charges can be placed on the account and project work can begin but **no charges are billable to the sponsor**. The DLC may authorize OSP to create a new WBS element in **Pending Status** provided that a discretionary source of back-up funding has been designated.

To obtain a Cost Object prior to the official start date, a request must be submitted. A request for the cost object in Pending Status **must be submitted in writing by the DLC** and must be **endorsed by an individual authorized to commit the source of back-up funding** and by the **DLC administering the pending WBS element**.



Note: The DLC assumes all financial risk associated with possible failure of MIT to negotiate or receive an acceptable, fully executed award from the sponsor.

Important Restrictions to Establishing a new Award Account

There are several regulatory and compliance concerns that must be taken into account prior to the creation of a new Award Account. Some of the primary restrictions are listed below:

- Regulatory Research Requirements such as the ones listed below require additional processing before establishing the account:
 - Experimental Use of Human Subjects
 - Animal Subjects
 - Recombinant DNA Research
- Issuing a **Subaward** requires additional processing and restrictions.
- The SAP cost object is based on Quali Coeus data shown in the **Notice of Award**. If there are inaccuracies in the NoA, the DLC and OSP must act promptly to correct the Quali Coeus data and ensure the SAP cost objects match the award terms and conditions.
- When a new award includes **cost sharing**, the DLC and OSP must establish accurate cost objects to account for cost sharing. Once *voluntary cost sharing is committed in the proposal, it becomes mandatory cost sharing for accounting purposes*.
- Quali Coeus should capture **specific restrictions on award expenditures** as coded descriptors or comments. These specific restrictions must be analyzed individually before setting up an Award Account.

Key References & More Information:

For more information please visit the following links or contact the OSP office directly for assistance:

- [How to get Help with Coeus](#)
- [VPF – Sponsored Project Accounting](#)