Processing Supplier Credits in Workday

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Agenda

- Introduction
- Allowability Review
- What is a Supplier Credit
- Examples of Supplier Credits
- Processing Supplier Credits in Workday
- Questions & Closing

Introduction

Allowability Review

Reasonable - 200.403 (a)

Allocable – 200.403 (f)

Consistent – 200.403 (d)

Conforms to Limitations – 200.403 (b-c)

Documented – 200-403 (g)

Uniform Guidance

§200.406   Applicable credits.

(a) Applicable credits refer to those **receipts** or reduction-of-expenditure-type transactions that offset or **reduce** expense items **allocable** to the Federal award as **direct or indirect** (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they **must be credited** to the Federal award either as a **cost reduction** or cash refund, as appropriate.

Supplier Credits

Common Scenarios

- Supplier gives a 2% discount for any payments made within 10 days of invoice date

- Airline supplier gave a travel credit due to COVID-19

- Refund was received for a p-card purchase

- Supplier identifies a pricing error on an invoice

Handling

Proportional Benefit

Use the Proportional Benefit Allocation Principle to Guide Credit Application

An expense is **allocable** to a particular project if the goods or services involved are **incurred solely** to advance the work under such project. If an expense benefits two or more projects, it is necessary to determine a **method of allocation** and document the method utilized.

Mechanisms: Credit Memo

- Method used for invoices paid originally in Workday

- Send to accounts.payable@asu.edu

- Applied against original invoice as a supplier invoice adjustment

- When credit pays out, the funds return to the account used when paying the original invoice

Mechanisms: Refund Check

- Method used when original invoice was not processed directly in Workday
  - Example: PCard Purchases

- Request Refund check from Supplier

- Department or Accounts Payables can deposit the refund check to the appropriate account

- Will be an expense reduction vs. an increase in revenue

Mechanisms: Journal

- Method used for Supplier Invoice discounts provided due to early payment

- Workday expenses the full cost of the invoice to the applicable account and the discount is captured at a central University account

- ORSPA (Fiscal Oversight) is responsible for processing manual journals on a regular basis to transfer the credit to the associated grant

Mechanisms for Travel

- Methods used for Travel Credits issued to traveler

- Create a journal to transfer original travel expense from grant to non-grant account

- If traveler will use travel credit for personal use:
  - Traveler to write a check to ASU to reimburse original expense
  - Department to post as an expense credit to offset transaction on non-grant account

- If traveler will use travel credit towards grant travel:
  - Transfer amount of travel credit used from non-sponsored to sponsored account
  - *Cost Transfer exception*

Grant Has Ended

Notify AMT GCO to assist in the following determinations:

Final Invoice/Report has not been submitted
- Place credit on the account

Final Invoice/Report Submitted/Grant not Closed
- Place credit on account
- Cost Reimbursable (CRB) Awards: Send revised report/invoice with refund
- Fixed Price awards: Update final reconciliation and update residual transactions

Grant is Closed
- Re-open account and post credit
- CRB: Check sponsor requirements for adjustments
- Fixed: FOT AD will review

Grant is not in Workday
- Place the credit on GRT0090
- CRB: FOT will issue refund
- Fixed: FOT AD will review

Questions

Thank You!

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