

LSUHSC School of Medicine

Account Establishment Process

The following policy is being adopted by the LSUHSC School of Medicine (SOM) to address the establishment of account numbers in advance of having a fully executed contract or in cases where no such contract will exist and the dollar value of a relationship will exceed \$5,000. All expenses incurred by the university to provide the appropriate deliverables of the contract must be applied to the account. This is essential and speaks to the central reason that this policy exists – expenses and revenues corresponding to sponsored activity must be matched under the same account number. To charge efforts or expenses to an account other than the account number that is established is a violation of the university’s DS-2 and OMB Circular A-21.

For the purposes of this process, “account” is defined as the chart-string that LSUHSC establishes for sponsored agreements. This is to include a Description (long and short), Business Unit, Fund, Department ID, Program, Class, Project Grant, Speed Type, and LSU Legacy Account on an as needed basis. Account as defined in this process should not be confused with “PS Account” which is a code used to categorize financial transactions within PeopleSoft (formerly known as an object code in LSUHSC’s Legacy system). Department is interchangeable with responsible section within the SOM. A “relationship” is defined as transactions between a department and an outside entity, not individual physician or service provider and an outside entity.

There are two instances when an account should be established in advance of or in lieu of a fully executed contract.

- **Activities not covered by a contract.**

If the value of any such relationship exceeds or is anticipated to exceed \$5,000 in a single year a separate account must be requested through this process.

For example, expert testimony. Three physicians each performing \$2,000 worth of expert testimony for the same law firm in one year should have an account established as the value of the relationship would be \$6,000.

- **Anticipation of a fully executed contract for services.**

Departments should make every effort to have fully executed contracts in advance of any efforts or services being performed for an outside entity. In the event that services do begin in advance of a fully executed contract, the department should route to the SOM Office of Fiscal Affairs the following documents for review and approval. The SOM will forward the documentation to LSUHSC Accounting Services for account creation.

- Cover memo including the following information:
 - Facility or contracting entity's official name
 - Scope of services to be provided
 - Estimated time frame for contract execution
 - Principal LSU faculty member responsible for project (individual will be listed as account PI (Primary Investigator)
 - LSUHSC employees who will be working on the project.
- Internal budget sheet (the same budget that will accompany the fully executed contract). Must include appropriate indirect costs indicated for LSUHSC Central Administration, the SOM Dean's office, and the department. The sheet will provide Accounting services with the ratios to apply the proper distribution of indirect costs to the revenue that the university receives on behalf of the project.
- Any other appropriate information as outlined in this policy (such as preliminary contract or letter of commitment)

Once the account is established, all efforts or expenses that are utilized to produce deliverables for the contract must be charged to the account number. It is incumbent upon the department to work diligently to execute the contract or terminate services if negotiations have stalled and notify the dean's office of such actions. At such time the dean's office will help the department determine if the expenses should remain on the account and come up with an appropriate solution for resolving the deficit in the account.