

# Questionable Transaction Report (QTR) Processes

## What is the Questionable Transaction Report?

The Questionable Transaction Report (QTR) is a report of posted transactions with Commitment Items from the [Questionable Commitment Items Listing](#) that have posted to sponsored program accounts on Fund 46010000 or associated cost share funds. The commitment items have been identified as questionable based on a review by the Research Quality Assurance (RQA) department of Sponsored Program Services (SPS). The review is based on the following Uniform Guidance (UG) and Purdue Managerial Accounting guidelines.

- [2 CFR 200 \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#)
- [Purdue's Cost Accounting Standards \(CAS\) Classification of Cost Items](#)

The questionable commitment items are coded into three categories:

- Costs that may be allowable with stipulations or under certain conditions (White).
- Costs that require Sponsor prior written approval or were approved in the budget justification (Yellow).
- Commitment Items for costs that are totally unallowable. These have been removed from the mapping to Sponsored Class, so that they will not post in the GM module of SAP. These are no longer included in the [Questionable Commitment Items Listing](#) (previously Red).
  - 546325 – Decorations
  - 534005 – Repairs to Building
  - 523110 – Recharge Subsidy
  - 546435 - Hospitality

### SAMPLE LIST OF QTR COMMITMENT ITEMS

04/2020

| Updated list of QTR Commitment Items         |                             |  |  |         |
|--|-----------------------------|--|--|---------|
| CI   | CI Description              | Purdue CAS Guidelines  | 2 CFR 200 (Uniform Guidance)   | Ref     |
| <b>Dues, Subscriptions &amp; Memberships</b> |                             |  |  |         |
| 524035                                       | Subscriptions               | Institutional ones allowable; Individual ones allowable with stipulations                        | Allowable except for country club/social ones or purpose is lobbying | 200.454 |
| 533645                                       | Memberships-Individual      | Allowable but individual ones treated as indirect costs unless clear allocability to the project | Allowable except for country club/social ones or purpose is lobbying | 200.454 |
| <b>Information Technology</b>                |                             |  |  |         |
| 530005                                       | Telephone & Cellular Rental | Normally indirect but can be direct if conditions met  | Normally indirect but can be direct if conditions met                | App III |
| 530015                                       | Data Transmission Charges   | Normally indirect but can be direct if conditions met  | Normally indirect but can be direct if conditions met                | App III |
| 530055                                       | Purdue Info Connection      | Normally indirect but can be direct if conditions met  | Normally indirect but can be direct if conditions met                | App III |
| 531105                                       | Technology Allowance        | Normally indirect but can be direct if conditions met  | Normally indirect but can be direct if conditions met                | App III |

There are situations where the guidance in the sponsor award document places further restrictions on the allowability of costs. In those situations, the sponsor guidelines are more restrictive than 2 CFR 200 or CAS guidelines, and must be followed.

As indicated in the name of the report, we know these transactions are questionable and must receive a timely review and action, if needed.

# The Questionable Transaction Report

The Questionable Transaction Report is automated and produced on a monthly basis and sent to the generic BO email list based on the Sponsored Program Responsible Cost Center on the transaction. The report is also available to be run on demand from the Standard Reports > SPS folder. For help running the report, refer to the [Running the QTR QRG](#).

SAMPLE QUESTIONABLE TRANSACTION REPORT SENT TO GENERIC BO EMAIL

| Fiscal Year Period | Posting Date | Fund | Account Manager Name | Grant Number | Grant Responsible Cost Center | Sponsored Program Number | Sponsored Program Responsible Cost Center | Co-PI Name | Sponsored Class | Sponsored Class Name | Commitment Item | Commitment Item Name Short | FI Accounting Document Number | Item Text | Total (Expense) |
|--------------------|--------------|------|----------------------|--------------|-------------------------------|--------------------------|---|------------|-----------------|----------------------|-----------------|----------------------------|-------------------------------|-----------|-----------------|
| 2016-02            | 8/11/2015    |      |                      |              |                               |                          |   |            | 78420           | Communications       | 530065          | Cellular Rental            |                               |           |                 |
| 2016-03            | 9/15/2015    |      |                      |              |                               |                          |   |            | 78420           | Communications       | 530065          | Cellular Rental            |                               |           |                 |
| 2016-04            | 10/27/2015   |      |                      |              |                               |                          |   |            | 78420           | Communications       | 530065          | Cellular Rental            |                               |           |                 |
| 2016-06            | 12/1/2015    |      |                      |              |                               |                          |   |            | 78420           | Communications       | 530065          | Cellular Rental            |                               |           |                 |
| 2016-01            | 7/27/2015    |      |                      |              |                               |                          |   |            | 78420           | Communications       | 530080          | Postage                    |                               |           |                 |
| 2016-02            | 8/7/2015     |      |                      |              |                               |                          |   |            | 78420           | Communications       | 530080          | Postage                    |                               |           |                 |

SAMPLE QUESTIONABLE TRANSACTION REPORT EMAIL

Thu 6/10/2021 7:50 AM

Geswein, Susan D.

A new version of Questionable Transaction Report for Monthly Distribution to Generic Emails is available

To: [Agriculture Economics](#)

---

Attached is your monthly Questionable Transaction Listing. Please ensure proper assignment of commitment items, identify training opportunities; familiarize yourself with sponsored program accounts within your departments and detect potential problems.

[1103000000 Excel 2007](#)

---

*NOTE: The generic BO email list used by the report is not automatically updated. If you add a new Funds Center with research activity, it is a good idea to notify Sponsored Program Services Lead Data Analyst so the list can be updated in the scheduled report.*

---

## Expectations

The report is intended to be a management tool and provides the opportunity for Business Managers to work with their staff to ensure proper assignment of commitment items, identify training opportunities; familiarize yourself with sponsored program accounts within your departments and be a tool for early detection of potential problems. Because we know these transactions are questionable, this is a very important account management tool that must be reviewed regularly.

## Business Office

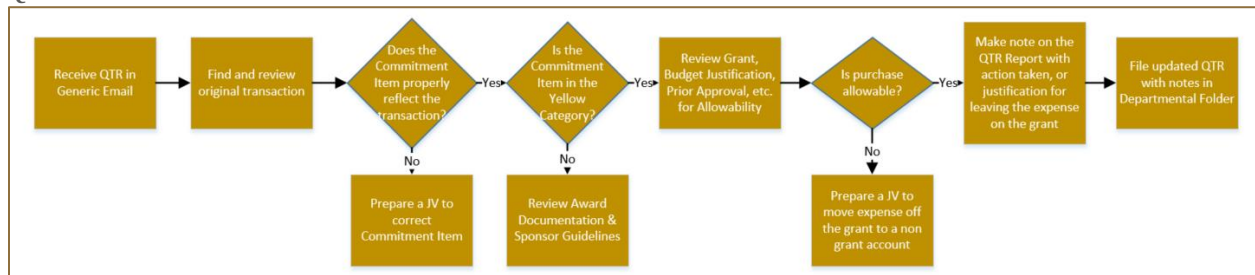
Business Office staff should familiarize themselves with the [Questionable Commitment Items Listing](#) so they are familiar with the commitment items on the listing and whether the commitment item is allowable with stipulations or under certain circumstances, or if the commitment item requires prior approval from sponsor or in budget.

- Business Managers or Account Managers will review the QTR report on at least a monthly basis for the departments for which they are responsible
- The report should be reviewed and notes made on each transaction on the report
- This file should be saved on a departmental shared site
- Business Managers should work with staff to ensure proper assignment of commitment items and identify training opportunities
- Create and process any needed correcting documents in a timely manner
- If continued errors occur, escalate to supervisor

The QTR is also a part of the closeout process and the SPS Closeout Account Manager will be following up on any items posted with QTR Commitment Items that have not been removed or corrected. You should not wait until closeout to address QTR issues as corrections should be made in a timely manner.

## Report Review Steps

### QTR DECISION PROCESS



1. Receive and review QTR from generic email account.
2. Find and review the original transaction using FBO3, Ariba, Concur or other systems.
3. Consider which category (White or Yellow) of questionable Commitment Items the Commitment Item is from. This could determine what action you might take.
4. Does the Commitment Item properly reflect what was purchased?
  - a. If no, prepare a JV to correct the commitment item to one that correctly reflects what is being purchased. Be careful not to move the transactions to another Commitment Item on the QTR list without an explanation or review.

---

*NOTE: If another Commitment Item on the QTR list is more accurate and item is not allowable, then the charge should be moved off the grant as well as changing the Commitment Item to something more accurate.*

---

- b. If yes, move on to step 5.
5. Review award documents, budget justification, prior approval, etc. for allowability of transaction and determine if the purchase is allowable.
  6. Is the purchase allowable?
    - a. If no, prepare a JV to move expense off the grant to a non-grant account. This should be done in a timely manner. Do not wait until closeout.
    - b. If yes, move to step 7.
  7. Make a detailed and specific note on the QTR Report with action taken, or justification for leaving the expense on the grant. If the expense is a recurring expense such as Building Rental or Technology Allowance, these do not need to be reviewed every month. The same note can be used from month to month.

*TIP: notes should be focused on whether Commitment Items are correct, unlike circumstances have been documented, item is in the budget justification or prior approval has been approved. See below for sample comments.*

**SAMPLE QTR WITH COMMENTS**

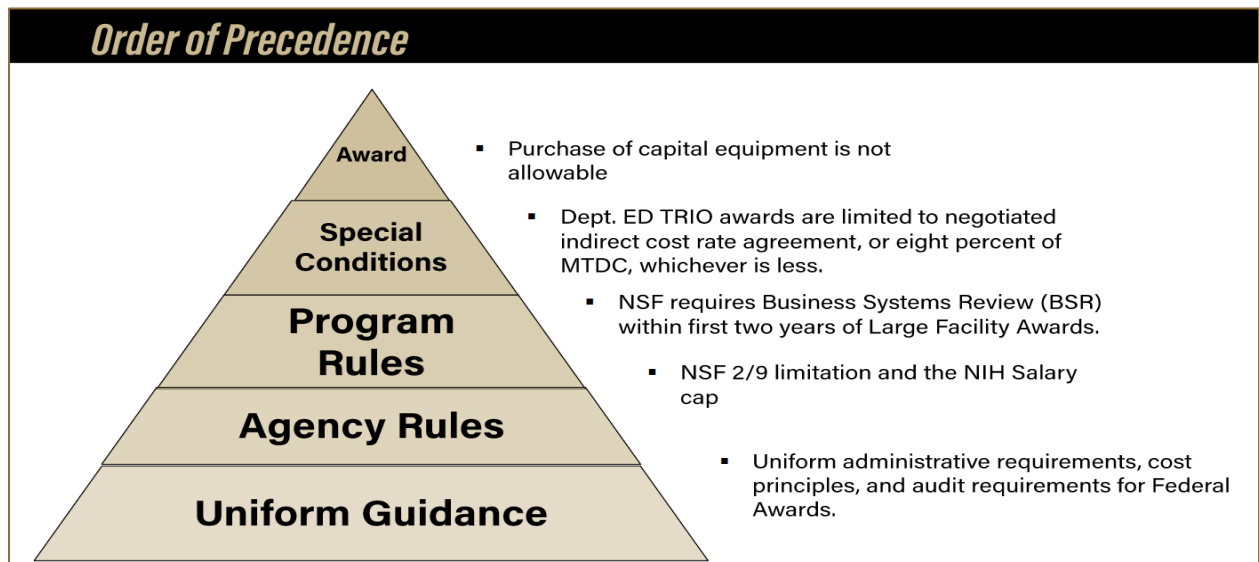
| Fiscal Year | Sponsored Class Display | Commitment Item Display       | PO Header | Item Text                         | Expense    | Comments  |
|-------------|-------------------------|-------------------------------|-----------|-----------------------------------|------------|---|
| 2021-01     | 78420 - Communications  | 530105 - Technology Allowance | 7/2       |                                   | \$38.00    | Unlike circumstances for XXX Technology Allowance approved in proposal budget justification   |
| 2021-01     | 78499 - Other S&E       | 532005 - Building Rental      | 7/2       | Pulse E2440Unit/Raman/Aug 20 Rent | \$4,186.73 | XXX project conducted in XXX. Building rental received prior approval by Sponsor on XX/XX/XX. This is a monthly expense that will show on multiple QTR reports. |
| 2021-01     | 78499 - Other S&E       | 522010 - Paper Products       | 7/2       | Ariba RC1057771                   | \$37.45    | This PO for paper towel is not allowable on Grant XXXXX. JV # XXXXXXXXXXXX dated XX/XX/XX prepared to move to PI's discretionary account.                       |
| 2021-01     | 78499 - Other S&E       | 533645 - Memberships-Indiv    | 7/2       | *106 04 PAYPAL                    | \$450.00   | Individual membership of \$450 saved XX on conference registration for XXXX conference. Cost analysis included in Concur travel trip XXXXX.                     |
| 2021-01     | 78499 - Other S&E       | 524125 - Office Supplies      | 7/10      | 97/06 6E AMAZON.COM, INC.         | \$342.61   | Incorrect CI of 524125 - Office Supplies assigned during Pcard Reconciliation. Purchase was actual for XXXX which should be assigned CI XXXXXX CI Title.        |

8. Save updated QTR with notes in the departmental folder.

**Other Review Notes**

This document has discussed that the primary sources of the questionable Commitment Items came from the UG and Purdue's CAS Guidelines. Other items to take into consideration are the Order of Precedence guidelines. See screenshot below that walks through how different guidance layers upon each other to determine allowability.

FROM [BLCA 200 Cost Principles for Educational Institutions](#) – ORDER OF PRECEDENCE



**Sponsored Program Closeout Team**

It is the expectation that the SPS Closeout Team will review the report at the time of closeout of the grant and follow up with the Business Office on any QTR transactions that remain on the grant. This review should include a review of explanations for transactions remaining on the grant and verification where necessary.

## Resources

Several resources are available to help when researching or investigating Commitment Items, preparing correcting documents and running the QTR report. See list below for details.

- [2 CFR 200 \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#)
- Purdue's [Cost Accounting Standards \(CAS\)](#)
- [Purdue Sponsored Programs Handbook](#)
- Purdue [Governance Manual](#)
- [Commitment Item Hierarchy](#)
- [Sponsored Program Services Account Management Website – QTR Section](#)
- Questionable Transaction Report Process
- [QTR Commitment Item Listing](#)
- [Running the QTR](#)
- [Correcting Document Guidelines](#)
- Contact Research Quality Assurance or Post Award
  - [rqa@purdue.edu](mailto:rqa@purdue.edu)
  - [spsactmgmt@purdue.edu](mailto:spsactmgmt@purdue.edu)

## Examples

### Example 1 – Correct Assignment of Commitment Items

522030 - Paint & Painting Supplies shows up on the questionable transaction listing. Paint & Painting Supplies are not allowable on sponsored funds. A review of this charge by the department found that the items were actually for Professor Wise in the Visual and Performing Arts department and were included in the budget to prepare scenery for a performance. A more appropriate commitment item, such as 523080 Theatrical Supplies, should have been used. A JV should be processed in a timely manner to correct the Commitment Item.

### Example 2 – Familiarization with Sponsored Program Accounts within the Department

532015 - Space Rental shows up on the listing for Professor Gray's U. S. Department of Air Force contract. Professor Gray is the principal investigator and his laboratory is located off-campus because there is no space on campus available for his research. Space rental is budgeted and justified on all his sponsored program projects and the Facilities and Administration (F&A) rate is at the off-campus rate. Since space rental is a normal charge seen on all Professor Gray's sponsored program projects the department can quickly note this on the QTR report. No movement of the charges is necessary. If space rental showed up on a project other than Professor Gray's the department should look into the charge further and should possibly be removed from the grant.

### Example 3 – Early Detection of Potential Problems

533615 - SPS – Business Meals shows up on the listing for Professor Hall's National Science Foundation grant. Professor Hall has a standard research grant and does not involve any other departments at the university and has no subgrants. The budget does not identify food

costs. These charges are unallowable, unless written approval is obtained from the sponsor, and must be removed from the project. Early detection allows timely removal of the unallowable costs from the project expenses. The early detection also reduces the potential financial liability to the department for unallowable costs after the project is expired and eliminates the need to return unspent funds to the sponsor in closing.

### Example 4 – Changing Commitment Items

A JV has posted to the QTR with the following explanation:

- QTR report identified Grant XXXXXXXX, titled “XXXXX” had transactions on **533615 Business Meals** on XX/XX/XX FI Document number XXXXXXXXXXXX in error. The expenses incurred were for the food provided at a monthly training meeting and program held in communities, therefore correct Commitment Item is **546305 Conference Meals**. The CI must be corrected so that the expense reporting sent to the sponsor properly reflects how the funds were used.

Both Commitment Items 533615 Business Meals and 546305 Conference Meals are on the QTR Questionable Commitment Items Listing – so the document moved from one questionable CI to another questionable CI without explaining why it would be allowable

SAMPLE QUESTIONABLE COMMITMENT ITEM LISTING

| Travel & Entertainment |                         |   |  |         |
|------------------------|-------------------------|---|--|---------|
| 533380                 | Conference Arrangements | Allowable but meals and refreshments must be approved in Federal award budget or prior approval | Allowable unless restricted by sponsor   | 200.432 |
| 533615                 | Bus Meals Spons Prog    | Unallowable unless approved in Federal award budget or prior written approval                   | Allowable with prior approval of sponsor | 200.432 |
| 546305                 | Conference Meals        | Allowable with sponsor approval   | Allowable unless restricted by award     | 200.432 |

A better explanation would address whether the item was approved with the proposal budget and/or budget justification, or if prior sponsor approval was given.

### Example 5 – Not So Good Explanation

Below is an explanation from a real transaction.

- The CI code used, 524125 – Office Supplies is incorrect for this purchase. The correct CI is 523000 – Classroom Laboratory and Scientific Supplies. Office supplies are not allowable on this account. However, the classroom laboratory and scientific supplies are allowable and allocable.

The explanation above makes it sound like the Commitment Item is being changed just to make the expense allowable. A better explanation is shown below.

- This transaction is for the purchase of a XXXXX. The CI code assigned by Fisher Scientific was 524125 – Office Supplies and does not correctly describe this purchase. The correct CI is 523000 – Classroom Laboratory and Scientific Supplies better reflects the actual item purchased and used on Grant XXXXXXXX.