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SR81600 - 120 Day.doc

SR81600 Requirements
120 Day Limit on Transfers of Payroll Expense

Objective:

This SR describes the need for a new edit routine in the Payroll Computation Process and for a tab delimited file of all affected transfer of payroll expense transactions so that Extramural Funds Offices can use the information to follow-up on transfers processed past the 120 Day Limit.

Project Type:

This new edit and file is an enhancement to the PPS that will provide the campus with better auditing tools.

Requested by:

Campus Payroll Managers and Controllers

Analyst:

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Due Date(s):

January 1, 2007, Not Urgent

Background:

Business and Finance Bulletin A-47, University Direct Costing Procedures, advises Accounting Offices that transfers of payroll expenditures affecting restricted funds must pass seven (7) specific tests (see Section V.B.7., Expenditure Adjustments-Criteria). This document addresses the enforcement of the seventh test, which follows:

B. CRITERIA

A request for adjustment of expenditures shall meet the following tests when the adjustment is to transfer a cost to a restricted fund provided by an external agency for a specific purpose (e.g., funds provided under a gift, endowment, grant, or contract for a specific purpose):

7. It must be recorded in the general ledger within 120 days of the original charge. (For example, the deadline for adjusting a charge which appears in the January ledger will be the May ledger.) If because of unavoidable circumstances an adjustment has to be made beyond the 120-day period, a full explanation, including a well-documented account of all the events leading to the tardy adjustment, must be provided. Campuses have the option to establish their own criteria when the adjustment is to transfer a cost between unrestricted University funds, as long as the requirements listed in items 5. and 6., above, are met.

Current Process:

At the present time, the Payroll/Personnel System (PPS) does not perform an edit routine alerting users of a transfer of payroll expense affecting restricted and federal pass-through funds that has exceeded the 120-day limit. Examples of restricted fund sources include State of California, United States of America, local governments, Endowment Income, and Private Gifts, Grants, and Contracts. The base PPS Fund Group Table, #41, references these funds as EXTRAMRL and FEDFUNDS. Federal “pass-through funds/flow-through” funds are funds where the University provides a federal award to a department to carry out a federal program. The pass-through funds should be included in the restricted fund group.

Proposed Process:

During the payroll computation cycle, an edit message should be issued regarding the 120-day requirement when two specific conditions occur when a user enters a transfer of payroll expense in the OPTRS or through batch processing. Each message pertaining to a transfer of payroll expense exceeding the 120-day should be recorded with the details of the transfer for reporting in a tab-delimited file.

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Requirements:

1.0 New Edit and New Message

A new edit should be added to the batch error correction process in program PPP360 and in the Online Payroll Time Reporting System. This edit should be issued when the following conditions are found:

- The Full Accounting Unit (FAU) presented on the “FROM” or “TO” line of the transfer is a restricted fund source or a federal “pass-through” fund AND
- The Distribution Pay Period End Date on the transfer transaction is 120 days prior the pay period end date of the pay cycle in process.

When the system finds the above condition, a message with the severity of “Warning” should be issued. The transaction should be processed and earmarked for inclusion in the tab de-limited file described later in this document. It is suggested that the message added to the System Messages Table #8 read “TOE exceeds 120 days; documents must be available for review.”

In the 35-byte information field of the CICS screens (EDTS/EDTM/EDTL), additional information should be included to assist the user. Suggested text is as follows:

“Name of Funds” TO “Name of Funds” END YYYY/MM/DD

An example of the above is FEDFUNDS TO UNRESTR END 2006-10-31.

Examples:

- If the Distribution Pay Period End Date on the transfer of expense transaction for a restricted fund is January 31, 2006 (Monthly or Semimonthly) and the user initiates the transfer in time for any compute with a pay period ending on or before May 31, 2006 (Monthly or Semimonthly), the transaction should pass through the payroll compute process without an issued message.
- If the transfer of payroll expense transaction for a restricted fund has a Distribution Pay Period End Date of January 28, 2006 (Biweekly) and the user initiates the transfer during a payroll compute cycle with a pay period ending May 31, 2006, the transaction should generate a message since the day count is 123 days.

2.0 Fund Group Table

Currently, campuses identify their restricted fund sources, federal and non-federal, on the Fund Group Table. It is suggested that the Fund Group Table be used to identify the Federal “pass-through” funds. The suggested Grouping Definition is FEDPASS.

3.0 Indicator for Reporting

Modifications to PPS should allow campuses to review the transfers that exceed 120-days for “All Restricted Funds” (Extramural, Federal, and Federal Pass Through) or for only “Federal Restricted and Pass-Through Funds.” Campuses should be allowed to set an indicator that will allow the editing and reporting of either group. It is suggested that the indicator be placed on the System Parameter table. The value 0 (zero) should be the default where transfers of payroll expense for all restricted fund sources should be edited and reported. The value 1 (one) should indicate that only the transfers pertaining to federal and federal pass through funds should be edited and reported.

4.0 Reporting and Notification

Tab De-limited File

After each payroll compute cycle, all transfer of payroll expense transactions marked for reporting should be gathered together and reported on the tab de-limited file. The file should contain the data in Appendix A.

Appendix A

Tab De-limited File for Transfer of Payroll Expense Transactions of Restricted Funds over 120 Days

Each transaction should include the Pay Period End Date of the Pay Cycle in which the transactions were processed by the user.

Description	Data Element	Length	Format	Trans. Code
Pay Cycle End Date (Record Generation)	PAR 0140	6	MMDDYY	
Pay Cycle(Record Generation)	PAR 0190	2	MO, B1, B2, MA, SM, EX, XX	
PPP5302 ET MO (Expense Transfer Month)	THF 0780	4		E1
PPP5302 ET PG (Expense Transfer Page Number)	THF 0790	5		E1
PPP5302 ET LN (Expense Transfer Line Number)	THF 0800	2		E1
Employee Name	PAR/TOE File	13		E1
Employee ID	PAR 0120	9		E1
From FAU	THF 0570, 0580, 0590, 0600, 0610, 0620	33		E1
From Fund Group	New	8		
Department Code associated with From FAU	TOE File			
To FAU	THF 0630, 0640, 0650, 0660, 0670, 0680	33		E3
To Fund Group	New	8		
Department Code associated with To FAU				
Transfer Gross	THF 0730	7		E2
Transfer Gross Sign	THF 0760	1		E2
Total Transferred	TOE File	7		E3
Original Gross	THF 0720	7		E1
Original Gross Sign	TOE File	1		E1
Original Benefits	THF 0740	9		E1
Original Benefits Sign	THF 0750	1		E1
Time	PAR	5		E1
Original Pay Period	THF 0810	6	MMDDYY	E1