

Created on: October 10, 2008
Last Modified on: December 12, 2008

SR82367
Enhancements to 120-Day Transfer of Expense (TOE) Process

Objective:

The objective of this release is to enhance the 120-day transfer of expense process introduced in Payroll Release 1742. These enhancements are:

1. Allow for the bypass of expense transfers involving credits.
2. Use the Month-End Date that the payroll expense was discovered instead of the Transaction Date to determine the 120-day expense transfer cutoff.
3. Change the system warning message for expense transfers over 120 days.
4. For Zero Gross Transfers, use the sum of all the benefits that will be transferred in deciding the Credit or Debit applied to a restricted fund for the 120 day rule.

Project Type:

This is a modification to the Payroll/Personnel System (PPS).

Requested by:

University Controllers

Analyst:

Shaun Ruiz
Payroll Coordination

Due Date(s):

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):

- 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.

Current Process:

During the payroll computation cycle, an edit message is 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:

- 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 Transaction Date on the transfer transaction is 120 days prior to the **pay period end date** of the pay cycle in process.

Each message pertaining to a transfer of payroll expense exceeding the 120-day is recorded with the details of the transfer for reporting in a tab-delimited file.

Proposed Process:Overview

The 120 day limit process should only be performed on transfer of expenditures involving debit items to restricted funds or federal "pass-through" funds. It is requested that the month-end date, from the date of discovery, be used to determine if a transfer of expense is beyond the 120 day limit. For purposes of the 120 Day Limit, the month-end date should always coincide with the ledger's process month (as indicated on the PPP5302 report). For example, items in the October 2008 ledger would carry a month-end date of 10/31/08.

120-Day Transfer of Expense Process

During the payroll computation cycle, an edit message is issued regarding the 120 day requirement when three specific conditions occur when a user enters a transfer of payroll expense in the OPTRS or through batch processing:

1. 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.
2. The adjustment of expenditure is a debit item.
3. The end date of the month that the payroll expense was discovered (i.e., the end date of the process month the ledger represents) is 120 days prior to the pay period end date of the pay cycle in process.

Vacation Transfers (Used Vacation)

Vacation transfers should be processed according to the 120-Day Rule (as described above).

Credit Transfers

The 120-Day Rule should be applied in the following situations:

- Restricted Fund to Restricted Fund – the offsetting debit for the initial credit (applied to the restricted fund) will have to be flagged.
- Restricted Fund to Unrestricted Fund - the offsetting debit for the initial credit (applied to the restricted fund) will have to be flagged.

The 120-Day Rule should not be applied in the following situations:

- Unrestricted Fund to Restricted Fund – the transfer transaction to the restricted fund is a credit.

Single Transfers

The single transfer process involves transferring a single line item from one account/fund/sub to another account/fund/sub.

The 120-Day Rule should be applied in the following situations:

- Restricted Fund to Restricted Fund – all transactions should be flagged.
- Restricted Fund to Unrestricted Fund – flag credit transactions being transferred to an unrestricted fund where the offsetting item is a debit to a restricted fund.
- Unrestricted Fund to Restricted Fund – flag transactions where there is a debit being transferred to the restricted fund.

The 120-Day Rule should not be applied in the following situations:

- Unrestricted Fund to Unrestricted Fund.

Mass Transfers

The mass transfer process involves condensing several single transfers into one transaction. Although a mass transfer appears as a single line item in the PPS, the end result is that several single transfers are created. Therefore, each single expense transfer must be reviewed, in accordance with the 120-Day Rule, whenever a mass expense transfer is created.

The 120-Day Rule should be applied in the following situations:

- Restricted Fund to Restricted Fund – all transactions should be flagged.
- Restricted Fund to Unrestricted Fund – flag credit transactions being transferred to an unrestricted fund where the offsetting item is a debit to a restricted fund.
- Unrestricted Fund to Restricted Fund – flag transactions where there is a debit being transferred to the restricted fund.

The 120-Day Rule should not be applied in the following situations:

- Unrestricted Fund to Unrestricted Fund

Zero Gross Transfers

In regards to the benefit amounts that are transferred, the same 120 Day restrictions should apply.

System Message Table

The message issued by the PPP350 program for the 120 day limit on the Expense Transfers edit should be changed as follows:

“EXPENSE TRANSFER IS OVER 120 DAYS OLD”

The severity level will not change. Please see Appendix A.

PPS Reports

- The expense transfer edit report PPP3504 should display the Mass Transfer's per transfer 120 day warning details in the same format of the Single Transfer.
- The process that creates the Tab Delimited file for all the Payroll Expense Transfers that exceed 120 day transfer limit should be modified to reflect the 120 day rule changes.

