Account Management Guidelines

Account Establishment (Income Producing Funds 22XXXXXX)

Establishment of Income Producing Funds

- Income Producing funds furnish goods or services to the university, one example would be continuing education, or a departmental recharge center. These funds are self supporting. Income producing funds are unrestricted funds. The fund structure is one in which there can be multiple income producing funds. Please see the fund listing at this link: [http://www.purdue.edu/account/ERP_Account_Info/Welcome.html](http://www.purdue.edu/account/ERP_Account_Info/Welcome.html)

- To request a new Income Producing Fund please refer to the Business at Purdue process found at this link: [https://www2.itap.purdue.edu/bs/BPP/public/view_process.cfm?view=mod59&name=Account%20Structure](https://www2.itap.purdue.edu/bs/BPP/public/view_process.cfm?view=mod59&name=Account%20Structure)

- For Recharge Centers, a rate must be approved by the Director of Business Managers/Comptroller before an income producing fund can be set up. Policies and procedures for recharge centers can be found at this link: [https://www.purdue.edu/costing/BPM/Recharge_Center/proc1.html](https://www.purdue.edu/costing/BPM/Recharge_Center/proc1.html)

- A full account setup checklist can be found at this link: [http://www.purdue.edu/bs-ba/xls/FMAccountSetupChecklist.xls](http://www.purdue.edu/bs-ba/xls/FMAccountSetupChecklist.xls)

Account Maintenance, Transaction, and Document Management

Every effort should be made to charge the appropriate account in order to minimize the process of correcting documents.

A. Maintain Appropriate Balances

It is the responsibility of all areas to ensure overdrafts are managed appropriately.

I. Income Producing Funds:

- Management and cash balances greater than $0 should be maintained
- Account balances should be reviewed and appropriate action taken on a monthly basis.
- Departmental recharge centers should monitor their fund balance to ensure that it is within the tolerance levels laid out by the recharge center policies.

The following actions are to be taken on over drafted accounts

- Move charges to an appropriate account. Moving a charge from an over drafted account to another account requires appropriate documentation and sufficient explanation.
- Change demurrage, MERS numbers, and any recurring charges to prevent further over drafting of the fund.
- Review outstanding commitments and prepare a Form 26 if appropriate
- Review cost distribution on any payroll posting to the fund for corrections

There are several reports and queries that can be used to monitor and assist in the maintenance of proper fund expenditures and balances.

The following tools provide assistance in account management:
• The trial balance by fund in SAP T-Code GR55 Z100
• Monthly SMUR/RIO reports refer to report usage grid found at the following http://www.purdue.edu/onepurdue/FIHR/documents/report_usage_grid.pdf
• B@P https://www2.itap.purdue.edu/bs/BPP/index.cfm

B. Getting Started
Business Office staff should review accounts regularly and take appropriate action if a correction is needed.

C. Procurement and Account Management
Purchasing requisitions, purchasing card procurements and direct invoice vouchers should be reviewed for correct fund and fund centers, correct general ledger (G/L) account number, funds available and allowability before approval.

Review should be completed by the person with the appropriate signature authorization.

If a commitment is generated in SAP, it is reviewed against the original requisition to ensure correct processing. Commitments should be reviewed and issues investigated within 30-45 days from the date an order has been placed. Use the Open Purchase Order Summary t-code, ZFIR_SRM_OPEN_PO_SUM to verify open commitments. If issues such as the requester has not received the item/product, the product has been received but an invoice has not been submitted to Accounts Payable, or if an invoice has been paid but the commitment has not been relieved, utilize the GR IR Clearing Report, ZFI_GR_IR_CLEARING, for identifying issues and resolutions.

The blocked invoice report ZFI_BLOCKED_INVOICE should be reviewed weekly. If there are outstanding issues, the department business office should follow up and look for resolutions.

For Procurement related questions please visit the SRM Instructions Manual http://www.purdue.edu/purchasing/SRM/srmInstructionsManual.html or contact the Purchasing Services helpdesk by phone 4-7279 or email pshelpdesk@purdue.edu.

D. Review for Allowability of Costs
A thorough review of all charges should occur to assure costs are allowable and charged appropriately.

E. Maintain Allowability Supporting Documentation
The department's procurement process should include documented approvals for the purchase. This documentation can be on a departmental request form, Form 12 or whatever format best suits the department. This documentation serves as the proof of allowability and should be retained per University record retention guidelines.

F. Verify Appropriate Signature Approval
Comptroller Signature delegation grants fiscal approval for procurement and disbursements for a specified amount. This signature authority holds the responsibility of validating allowability and allocability. A transaction should be appropriate and reasonable, in line with the mission statements of the department, college and university. A CSSD form should be completed to obtain comptroller signature delegation, the form and instructions can be found here: http://www2.itap.purdue.edu/BS/Business_Forms/Depart_forms.cfm

Records Retention
All business offices are expected to maintain their records in accordance with the University’s record retention policy. As a general rule, documentation over and above the official policy should not be maintained. (Insert updated link)
G. Department Payroll Default (Fund: 91010000)
Run ZHR_Pay_Posting after each payroll to determine if any payroll charges have posted to the payroll default for your Department. Enter the posting date range of 06/11/2007 through the current period (Life to Date) along with fund (91010000) and your departmental fund center. If there are payroll charges that have posted to the payroll default you will need to complete a CD-01 form at this link https://www.purdue.edu/costing/BPM/Effort_Reporting/Welcome.html to charge the appropriate account and to clear your department payroll default. Department Payroll Default accounts need to be reviewed and cleared by month-end.

I. Follow Established University and College/School Policies
All funds need to comply with University policies

J. Payroll Errors Identified in the Payroll Process
The Department Business Office should be proactive in reviewing cost distributions on a timely basis. Cost distribution should be corrected before the next payroll to allow for proper distribution. Corrections identified should be prepared according to correcting document guidelines. The following links will assist the Business Office with this process.

Compensation Processes:
https://www2.itap.purdue.edu/bs/BPP/public/view_process.cfm?view=mod99&name=Compensation

Cost Distribution Form:
http://www2.itap.purdue.edu/BS/Business_Forms/Depart_forms.cfm

Cash Management
Cash for Purdue University will be managed in a method, which maximizes the University’s cash position and at the same time meets federal and/or other regulations. Different aspects of program management contribute to the effective management of cash. These include daily cash management, overdraft management, cash deficit monitoring, billing and accounts receivable management, and effective communications among University staff.

A. Cash Handling
All payments received via check, cash, lockbox or electronic transfer must be handled in accordance with the University Cash handling manual. The University Cash handling plan will be reviewed and updated annually. Required separation of duties and internal controls must be established.

B. Cash Balance Review
All accounts are reviewed monthly for cash balance reporting purposes and can be obtained using the following T-code: GR55 Z100 Trial Balance by fund. Any account with a negative balance will be investigated unless an approved plan is in place.

C. Management Reports-Cash Balance
Cash balance reports will be generated monthly for management review. The responsible administrator for each area will review the report, and accounts which do not meet the criteria in Section B above, will be brought to management’s attention. Any other situations, which are problems, will also be brought to the attention of management.

D. Management Reports – Accounts Receivable
Aging reports will provide necessary information regarding delinquent accounts. These reports are management tools that will allow for analysis and review of delinquencies. When an account becomes 120 days delinquent, Business Office staff will work with PSCD collection area to further the collection process.
E. Billings
Billing information is entered or uploaded into the OnePurdue system. Business Office staff is expected to enter or upload billings on a weekly basis with the last billing of the month occurring one week prior to the end of the month. Business Office staff will review billing information for accuracy during the last week of the month. Corrections are expected to be made prior to the generation of the customer invoice.

F. Collection
Collections are handled by PSCD and Business Office staff is expected to assist as requested according to the PSCD procedure manual http://www.purdue.edu/uco/Accts_Rec/billing_procedures.html

- Write-off:
  The Business Manager will request on an annual basis from PSCD a listing of write-offs for their area. The Business Office will review the list and make appropriate notations to customer's account for no further accounts receivable activity.

Close Out Management

A. Closing an Income Producing Fund
Prior to closing an Income Producing Fund, the Department business office should review for open commitments, open GR IR issues, blocked invoices, over drafts, cost distributions, 1 and 2 general ledger accounts are zero balance and asset purchases. Should there be any open items that result from the review; the department business office is responsible for clearing those items prior to submitting a form to accounting services to close the fund.

The following tools are available to assist in closing an account
- Open commitments ZFIR_SRM_OPEN_PO_SUM
- GR IR issues ZFI_GR_IR_CLEARING
- Blocked invoices ZFI_BLOCKED_INVOICE
- Trail Balance by Fund GR55 Z100
- Check payroll cost distribution in IT27 via SAP T-code PA20 or PA30
- Accounts Receivable Aging Reports – A helpful T-code in SAP for AR reporting would be Z_PSCD_REPORTS. A showcase for AR reporting can be found at the following link http://www.purdue.edu/uco/pdf/Accts_Rec/PSCD_Reporting_Showcase.pdf
- A full account closing check list is available at the following http://www.purdue.edu/bs-ba/xls/FMClosing_ChecklistFinal.xls
- A change form found at the following link should be submitted to close an account https://www.purdue.edu/account/BPM/OnePurdue/Welcome.html.

**All items mentioned above should be cleared prior to submitting the change form for closing to Accounting Services.

B. OVERDRAFTS
The available cash balance should not be less than $0. Business Office staff should review the reports monthly and take appropriate action to resolve the overdraft within the month.