Account Management Guidelines for General Funds

(21XXXXXX)

Account Establishment

Establishment of General Fund accounts

The University has one General fund. In order to track expenses using a departments allocated general funds as the source, a new cost center/fund center or real internal order/funded program will need to be created. Please see the fund listing at the following link
http://www.purdue.edu/account/ERP_Account_Info/Welcome.html

- To request a new cost center/fund center or real internal order/funded program please refer to the Business at Purdue process found at the following link
  https://www2.itap.purdue.edu/bs/BPP/public/view_process.cfm?view=mod59
  &name=Account%20Structure

- A full account setup checklist can be found at the following link
  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 processing of correcting documents.

A. Maintain Appropriate Balances

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

1. General Funds:

   - Management balances greater than $0 should be maintained on all budgeted University funds.
   - Account balances should be reviewed and appropriate action taken on a monthly basis.

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 account.
• Identify any recurring budget entries utilizing the base budget tracking report and either correct during budget process or prepare an FMBB document.

• Review outstanding commitments and prepare a Form 26 if appropriate

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

The following tools provide assistance in account management:

• FM AIMS (Account Information Management System) [https://erp-portal-prd.itap.purdue.edu/irj/portal](https://erp-portal-prd.itap.purdue.edu/irj/portal)

• Transaction code for Budget overview report FMRP_RW_BUDGET


• B@P [https://www2.itap.purdue.edu/bs/BPP/index.cfm](https://www2.itap.purdue.edu/bs/BPP/index.cfm)

B. Getting Started

• The Department Business Office should confirm charges are being posted appropriately.

• Use Business Management Task Checklist Summary Page for account transaction and document management to assist in the review process. [http://www.purdue.edu/BS-BA/Training/index.html](http://www.purdue.edu/BS-BA/Training/index.html)

C. Procurement and Account Management

Purchasing requisitions, purchasing card procurements and direct invoice vouchers should be reviewed for correct account numbers, 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.
D. Review for Allowability of Costs

A thorough review of all charges should occur to assure costs are allowable and charged appropriately.

Allowability of costs should be reviewed according to the following guidelines:

- Cost Sharing is allowable on the general fund please refer to SPS account management guidelines for further information on allowability
- Certain expenditures are not allowable on the general fund; expenditures must support the University’s mission. If there is a question on whether a charge is allowable or not please contact accounting services.

E. Maintain Allocability 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

G. 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.

H. 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 (LTD) along with fund (91010000) and your departmental cost center. If there are payroll charges that have posted to the payroll default you will need to complete a CD-01 form

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

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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.

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.

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Budget Management

A. Budget versus Actual Review and Management Reports
All accounts are reviewed on a monthly basis where expenditures exceed available budget. Any account with a negative balance will be investigated and correcting documents prepared if necessary. The following tools can be utilized to complete this function
- Monthly Financial Reports, the usage grid can be found at http://www.purdue.edu/onepurdue/FIHR/documents/report_usage_grid.pdf
- SAP tcode FMRP_RW_BUDGET
- Base Budget Tracking report reconciliation
Close Out Management

A. Closing a cost center/fund center or real internal order/funded program
As mentioned prior the university has one general fund, therefore the request to close an account would be for a cost center/fund center or real internal order/funded program. Prior to closing, the Department Business Office should review for open commitments, open GR IR issues, blocked invoices, available budget dollars or overdrafts, identify any recurring budget documents, cost distributions 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 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
- Budget balance FMRP_RW_BUDGET
- Recurring budget entries utilize the base budget tracking system and SAP tcode FMEDDW
- Check payroll cost distribution in IT27 via SAP tcode PA20 or PA30
- 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 budget balance should not be less than $0. The Department Business Office should review the reports monthly and take appropriate action to resolve the overdraft within the month.