

Correcting Document Guide



The preparation and thought process behind cost distribution changes and journal vouchers.

Table of Contents

- ACRONYMS.....4
- WEBSITE REFERENCE for CORRECTING DOCUMENTS 5
- INTRODUCTION6
- IMPORTANCE OF CORRECTING DOCUMENTS6
- DEFINITION OF SPONSORED PROGRAM ACCOUNTS.....7
- DETERMINATION OF ALLOWABLE/ALLOCABLE COSTS..... 7
 - Allowability vs. Allocability..... 7
 - Questions to Ask Regarding Allowable/Allocable Costs* 7
- ROLES AND RESPONSIBILITIES8
 - Roles in Financial Management 8
 - Roles in the Correcting Document Process 8
 - Preparer 8
 - Preparer continued: 10
 - Preauditor: 10
 - AG Accountant/Business Manager:..... 11
 - SPS:..... 11
 - Accounting Services:..... 11
 - Managerial Accounting Services..... 11
 - Special Considerations: Federal Appropriation Funds 12
- CATEGORIES OF CORRECTING DOCUMENT TRANSACTIONS..... 13
 - Corrections Not Requiring Certification 13
 - Corrections Requiring Certification 13
- CONTINUATION ACCOUNTS..... 14
 - Competing Continuation* 14
 - Non-Competing Continuation*..... 14
- NEW ACCOUNTS and NOTICE TO PROCEED 14
- DEFAULT ACCOUNT 15
 - What is the Default Account? 15
 - Expectations for reviewing Default Account 15
 - What causes the payroll transaction to post to the Default Account?..... 15
 - How do I know an entry processed to a default account? 15

CORRECTING/ADJUSTING PAYROLL	15
Cost Distribution Change Form (CD-01) General Overview	15
Definitions	15
Reporting Period	16
Documents used to correct entries posted to the default account	16
PREPARING the CD-01	17
PREPARING the PAR	18
COST DISTRIBUTION CHANGE DEADLINES	19
CORRECTING NON-PAYROLL TRANSACTIONS.....	19
JV/FV50 General Overview.....	19
Project Certification.....	19
Voluntary Cost Sharing (VCS)	20
Preparing the JV/FV50.....	20
TEMPLATE for PREPARING - FV50, CD-01, & PAR's	21

ACRONYMS

CD-01	Cost Distribution Change Form
CAS	Cost Accounting Standards
FP	Funded Program
G/L	General Ledger
IO	Internal Order
IT27	Infotype 27 (cost distribution PA30)
JV (FV50)	Journal Voucher
NTP	Notice to Proceed
PAR	Personnel Activity Report
PERNR	Personnel Number
PI	Principal Investigator
PP	Pay Period
PRF	Purdue Research Foundation
SP	Sponsored Program
SPS	Sponsored Program Services
USDA	U.S. Department of Agriculture
VCS	Voluntary Cost Sharing
WBSE	Work Breakdown Structure Element

WEBSITE REFERENCE for CORRECTING DOCUMENTS

Accounting Contacts -

https://www.purdue.edu/business/account/About_Us/index.html

Account Management Guidelines for SPS funds -

https://www.purdue.edu/business/sps/pdf/Account_Management_Guidelines_for_SPS_Funds_May2019.pdf

CAS Guidelines - https://www.purdue.edu/business/mas/costing/CAS_Guidelines/index.html

Managerial Accounting Services Contacts -

http://www.purdue.edu/costing/General_Information/staffDirectory.html

NTP Instructions - <http://www.purdue.edu/sps/pdf/NTPinstructions.pdf>

NTP Form - <http://www.purdue.edu/sps/pdf/ntp.pdf>

Payroll Calendars - <http://www.purdue.edu/business/payroll/Calendars/>

Pre-audit Process Guide - <https://www.purdue.edu/business/sps/pdf/preauditprocess.pdf>

Preauditor Listing - <http://www.purdue.edu/business/sps/pdf/preauditorslist.pdf>

SAP Fiori- <https://one.purdue.edu/>

SPS Contacts - <http://www.purdue.edu/sps/general/staffDirectory.html>

INTRODUCTION

This packet was prepared to serve as a training and resource manual in the preparation of correcting documents, including cost distribution changes and FV50's.

This document addresses issues regarding the importance of correcting documents, the roles of all individuals in the process, and the definition of relevant terms. The use and preparation of each document is discussed in detail.

Additional information regarding the pre-audit process can be located in the Pre-audit Process Document: <http://www.purdue.edu/business/sps/pdf/preauditprocess.pdf>

Additional information regarding allowable costs to sponsored programs can be found in the Cost Allocation Guidelines for Charges to Sponsored Programs: https://www.purdue.edu/business/mas/costing/CAS_Guidelines/Cost%20Allocation%20Guidelines.html

IMPORTANCE OF CORRECTING DOCUMENTS

University procedures are established in accordance with federal accountability requirements contained in Office of Management and Budget (OMB) 2 CFR 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule", more commonly referred to as the Uniform Guidance (UG). For full text of the UG, see: <https://www.ecfr.gov/cgi-bin/text-idx?SID=90e58cf7007fcbf30b287af2a1317f2a&mc=true&node=pt2.1.200&rgn=div5>

Federal agencies are concerned about the number of instances where costs are adjusted between, to, or from sponsored project accounts after the original charges have been certified as correct and recorded on the University's accounting records. Identification and correction of errors with the exception of salary transfers generated from effort reports must be prepared and submitted as soon as the need for a transfer is identified but no later than 90 days from the end of the calendar month in which the transaction appeared on the project. In accordance with account management guidelines, closing costs should process within 60 days of expiration of the project.

- Timeliness also illustrates our commitment to provide quality accounting service to our customers.
- Federal agencies allege that frequent, tardy, unexplained, or inadequately explained cost transfers or corrections, particularly where they involve projects with cost overruns or unexpended balances, raise serious questions about the propriety of adjustments as well as the overall reliability of the University's accounting system and internal control.
- In project audits, it is the responsibility of the department involved to reimburse the sponsoring agency for the amount of any cost that is determined to be unallowable.

DEFINITION OF SPONSORED PROGRAM ACCOUNTS

Sponsored program accounts include projects funded by federal, state and local governments, foreign (international) governments, industrials, foundations, societies, universities, and Purdue Research Foundation (PRF) funds managed by Sponsored Program Services (SPS).

DETERMINATION OF ALLOWABLE/ALLOCABLE COSTS

Determination of allowability and allocability of costs is the first step in the correcting document preparation process.

In order for any cost to be charged to a sponsored program as either a direct or indirect charge, it must first be allowable. The Uniform Guidance § 200.403 states that except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under Federal awards:

- Costs must be reasonable and necessary for the performance of the Federal award and be allocable thereto under these principles;
- Costs must conform to any limitations or exclusions set forth in the Uniform Guidance or in the Federal award as to types or amounts of cost items;
- Costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity;
- Costs must be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- Costs must be adequately documented.

The Costing/Charging instructions for Sponsored Programs

https://www.purdue.edu/business/mas/costing/CAS_Guidelines/Cost%20Allocation%20Guidelines.html documents the University's practice for charging costs as either a direct or indirect cost. The Principal Investigator (PI) is responsible for determining the allocation of direct costs to a particular project.

Questions to Ask Regarding Allowable/Allocable Costs

Addressing the following questions can be useful in determining the allowability or allocability of an expense.

- Is there documentation of "direct knowledge and/or technical expertise" and is it recorded for future reference? This refers to the supporting documentation maintained in the Business Offices file.
- Are the funds available?
- Is the funding distribution appropriate?
- Is the acquisition/expense/activity reasonable?
- Is the timing appropriate (within the project period)?
- Does this acquisition/expense/activity conform to limitations, i.e., is it allowable on the account?
- Is the acquisition/expense/activity receiving consistent treatment?
- Costs are of benefit to the project and the entry is not processed based solely on convenience or availability of funds.

- Can proportional benefit be determined if two or more projects are used?
- Is the item necessary to conduct the work of the projects to which it is being charged? Can the cost-benefit relationship be demonstrated?

ROLES AND RESPONSIBILITIES

Roles in Financial Management

“The Dean, Director, and Department Head are the Chief Administrative Officers for their area of responsibility and, as such, are expected to manage all programs and funds within their areas of responsibility in accordance with University rules, regulations and policies. The financial responsibility of the Dean, Director, and Department Head includes an assurance that costs are allocated appropriately to the various funding sources under their control, including sponsored programs...”

“Business Managers have been assigned primary responsibility for assisting Chief Administrative Officers in fulfilling their fiscal responsibilities. Business Managers provide assistance in the determination of allowability of costs and assistance in the determination of appropriate costs allocation techniques.”

Each of the roles described below includes specific operational steps to insure accurate document preparation, review, routing and processing. ***Implicit in each role and most important is the assurance from each staff member that there is an understanding and certification of allowability in terms of time period, prior approvals, etc., and assurance that the charge is not restricted by the funding agency.***

Roles in the Correcting Document Process

Preparer:

- Assure funds availability.
- Prepare the JV/FV50 in accordance with the document preparation guidelines.
- Verify:
 - Proper document type is used
 - Debits equal credits
 - G/L Account, Order or Cost Center, and Fund are valid
- Explanations (reason for entries) must be clearly and carefully worded so that regardless of the passage of time, a person unfamiliar with the situation can fully understand why and how the error occurred, understand the corrective action, and find it appropriate.

Remember that a correcting document is changing an expense which has already been certified to an account. The explanation must clearly address why the change is needed.

- Assure proper backup documentation is available to and uploaded with the JV to establish that the cost is properly allocable to the project to be charged. This documentation normally includes the signature of the PI or someone with first-hand knowledge of the transaction.
- Prepare document in accordance with the Guidelines for Budgeting, Allocating and Charging Costs to Sponsored Programs; assure that allowability, allocability, reasonableness and timeliness have been carefully considered and the change deemed appropriate.
- Assure that **under no circumstances** are costs moved to a federally sponsored or federally appropriated account solely for convenience or fund availability.
- Assure that the proposed transaction will correct the identified error.
- Correcting documents, with the exception of salary transfers generated from effort reports must be prepared and submitted as soon as the need for the correction is identified but no later than 90 days from the end of the calendar month in which the transaction appears on the project. A shorter correction period may be necessary near the project end date. Final financial reports are typically due to sponsors 30 to 90 days after the project end date. This requires that all corrections be completed expeditiously
- In accordance with account management guidelines, closing adjustments are to be processed within sixty (60) days of the expiration of the project.
- Obtain PI certification when necessary. (Certification is not required on Unrestricted Voluntary Support accounts. The Grant Type for unrestricted voluntary support managed by SPS is VO and the expiration date for the grant is 12/31/9999).
- Obtain authorized signature of your Business Manager, or other individual as appropriate.
- If appropriate, mark and *highlight in yellow*:
 - Post-PAR approval request
- PARs completed in SEEMLESS ~~received in Managerial Accounting Services~~ after the established deadline that change the cost distribution are considered post PAR changes and require an explanation and preauditor approval.

[\(http://www.purdue.edu/business/payroll/Calendars/\)](http://www.purdue.edu/business/payroll/Calendars/)

Preparer continued:

JVs/FV50s: Federal Appropriations and Sponsored Programs Funds – forward to the designated college, school, area, or regional campus preauditor; all other funds forward directly to Accounting Services.

PAR: Federal Appropriations and Sponsored Programs Funds **AND**

- Post-PAR* (30 days after PARS are distributed and make changes to cost distribution)
or
- Revised PAR*

*Will be routed to designated college, school, area, or regional campus preauditor by SEEMLESS. These documents represent a change to the way the effort was previously certified, a Post Period adjustment, or a correction to an SPS account. All other PAR's will route directly to Managerial Accounting Services in SEEMLESS.

*If the above documents for Federal Appropriation funds, change activity from prior Federal fiscal year (Federal fiscal year is October 1 – September 30), then a change must have the approval of the Ag Accountant/Business Manager. For example, if a PAR is adjusting a Fall PAR for someone paid on one of these funds, approval/review is needed as the September distribution **cannot** be changed.

Preauditor:

- Assure compliance with the document preparation guidelines.
- Assure that the explanation contains sufficient information to support the correction.
- Assure that the document has appropriate certifications to establish allocability.
- Verify document prepared in accordance with the Cost Allocation Guidelines for Charges to Sponsored Programs; assure that allowability, allocability, reasonableness and timeliness have been carefully considered and the change deemed appropriate.
- Assure that **under no circumstances** are cost moved to a federally sponsored or federally appropriated account solely for convenience or funds availability.
- For Federal Appropriation funds, the Preauditor should assure that the document does not change activity from a prior Federal fiscal year (Federal fiscal year is October 1 – September 30). Any such changes must have the approval of the AG Accountant/Business Manager.
- If the document requires a revision or correction, take appropriate steps to communicate the required revision and initiate the appropriate corrective action.
- Provide feedback and explanation to the preparer about the required change.

Preauditor continued:

- Assure that the document is forwarded to the proper office in a timely manner for further processing:
- Documents which should not be pre-audited:
 - Correcting documents which do not include funds: Federal Appropriations, and Sponsored Programs.
 - Original PAR's

*If the above documents for Federal Appropriation Funds, change activity from prior Federal fiscal year (Federal fiscal year is October 1 – September 30), then the change must have the approval of the AG Accountant/Business Manager. For example, if a cost distribution change is adjusting the Fall PAR for someone paid on one of these funds, approval/review is needed as the September distribution **cannot** be changed.

AG Accountant/Business Manager:

Must authorize entries for Federal Appropriation Funds including delegation for:

- All correcting documents

Accounting Services:

- Reviews for authorized preauditor signature
- Approves document for processing
- Responsible for obtaining proper approvals

Managerial Accounting Services:

- For PAR:
 - Reviews for authorized preauditor signature
 - Approves post-PAR period adjustment
 - Approves effort adjustments for less than five (5) percent
 - Adjustments that correlate to a change to the previously certified effort reported on the PAR
 -

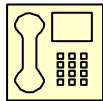
Special Considerations: Federal Appropriation Funds

Federal Appropriation Funds are used by Colleges of Agriculture (AG), College of Health and Human Sciences and the School of Veterinary Medicine (VET) exclusively. Included in this fund range are the Federal appropriations which Purdue receives from the Smith-Lever, Hatch, Animal Health, and McIntyre-Stennis Acts.

The Ag Accountant/Business Manager is primarily responsible for preauditing correcting documents on this fund range. That individual is also responsible for approving post-PAR. In the Ag Accountant/Business Manager's absence, preauditors in the College of Agriculture may perform these functions.

When preparing correcting documents involving these funds, three “rules” must be kept in mind:

- **Divisionality** should be avoided. Divisionality represents transactions which move expense between funds of different flavors. The College of Ag, CFS and School of VET classify funds according to three distinct missions: extension, research and instruction. Because of matching considerations for the Federal appropriations and the distinct character of each mission, expenses should be moved among funds of similar character. For example, 21030000 (research general) funds should be used to clear an overdraft on a 46010000 account to accomplish voluntary cost sharing. Use of 21020000 or 21010000 funds in the same situation would not be appropriate.
- **Timing.** The Federal fiscal year is October 1 through September 30. Transactions which have been posted to one fiscal year cannot be moved after September 30. As part of the Federal year end closing process, two system updates are run in October. The 9/31 and 9/32 updates are the last opportunity to make corrections before the Federal fiscal year closes and reports are submitted to U.S. Department of Agriculture (USDA).
- **Cost sharing.** Federal appropriations funds may not be used for cost sharing. OMB Circular A-110 prohibits matching Federal funds with Federal funds. This includes the Federal appropriations as well as Federal funds in the SPS fund 46010000.



Any questions regarding Federal Appropriation Funds should be directed to the AG Accountant/Business Manager.

CATEGORIES OF CORRECTING DOCUMENT TRANSACTIONS

Correcting documents are required for a variety of reasons but they all can be separated into one of two categories: correcting documents which require certification and those which do not. Listed below are examples of reasons for corrections and the identification of whether they require certification.

Corrections Not Requiring Certification

- 1) Obvious typographical, data entry or transposition errors.
- 2) Incorrect G/L for non-salary items.
- 3) Changing the distribution of an employee with a cost distribution change prior to the end of the effort reporting period.
- 4) Charges being moved to a non-competing continuation account (Non-competing continuations are defined in the next section).
- 5) Movement of charges between WBSE/Sponsored Programs within the same grant.
- 6) Movement of charges from sponsored program accounts which are being recorded as voluntary cost sharing (VCS) for the previously charged account.
- 7) Movement of charges to new accounts which have been established as the result of a responsible cost center change within the university accounting system (when only change to the account distribution is the department number).
- 8) Movement of charges to an Unrestricted Voluntary Support account. The grant type for unrestricted voluntary support managed by SPS is VO and the expiration date for the grant is 12/31/9999.

Corrections Requiring Certification

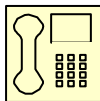
- 1) Revised PARs for all employees.
- 2) The transfer of an expense from an account that received no benefit from the charge to a sponsored program account that did receive the benefit.
- 3) The transfer of an expense between two or more closely related projects.

These transfers are only allowable when the relatedness of the projects has been established and documented to the occurrence of the original costs.

Documentation must show that the following conditions have been met:

- a) It was disclosed in the project proposal or there is language in the award agreement that the same (similar) work is conducted with funds from other sponsors
AND
- b) The projects benefit each other such that the research or area of investigation is aimed at the same subject matter.

Due to strict conditions that have to be met to allow a transfer between closely related projects, these types of transactions rarely occur.



These types of transactions should be discussed with a Sponsored Program Post Award Funding Administrator/Manager for Sponsored Program Funds or an AG Accountant/Business Manager for Federal Appropriation Funds prior to preparation of the correcting document.

CONTINUATION ACCOUNTS

Sponsored programs are often continued by the same sponsoring agency through multiple consecutive awards. These continuation grants can be classified as either competing or non-competing.

Competing Continuation

A competing continuation is the continued funding of the same research or activity by the same sponsor where the project has been evaluated for funding against other proposals received by that sponsor.

Non-Competing Continuation

A non-competing continuation is where a PI has received approval that his/her project will be supported for a certain period; however, the budget will be awarded for a portion of that period, usually 12 months. Continued support for the remaining period(s) is based upon satisfactory progress and availability of funds. Some sponsors require that a proposal and/or budget must be submitted for each budget period. The continued support is not subject to independent objective review procedures and does not compete with other applications for funding.

NEW ACCOUNTS and NOTICE TO PROCEED

Often, correcting documents can be avoided through proactive account management. When information is received that a proposal is to be funded, but the actual awarding documents have not been received by SPS, we may establish a Notice to Proceed (NTP). The NTP is established via the SPS Form 27 and provides an WBSE for use prior to receipt of the actual award. The NTP form is available on the SPS website at the following location: <http://www.purdue.edu/sps/pdf/ntp.pdf>

The benefits of requesting the NTP are:

1. The correct account number is established in a timely manner,
2. Charges are recorded in the appropriate account number which ensures accurate accounting and reporting, and
3. Fewer correcting documents are required.

Complete NTP instructions are also available on the SPS website at the following location: <http://www.purdue.edu/sps/pdf/NTPinstructions.pdf>

If you have any questions regarding the establishment of a Notice to Proceed for a specific proposal, please contact the appropriate Sponsored Program Research Specialist.

DEFAULT ACCOUNT

What is the Default Account?

Default Account is a temporary shelter for transactions including payroll transactions posted in error due to account keying errors or the distribution of the payroll not being keyed correctly or prior to the deadline.

Expectations for reviewing Default Account

It is the expectation the Default Account is reviewed on a monthly basis to clear payroll charges to the appropriate accounts. The Statement of Payroll Charges Report is what is used to determine what has been charged in error to the Default Account. Every department's default account is Fund 21010000 with the appropriate departmental cost center 40XXXXXXXX.

Best practice is to run ZHR_COST_DISTRIB prior to the deadlines for Biweekly and Monthly payroll for your staff and verify if fund 91010000 is in the report (you can sort by fund to view these easily). Make changes to IT27 for the current month prior to payroll processing. (If correcting a previous month, you will need to follow the CD-01/PAR process.)

What causes the payroll transaction to post to the Default Account?

A payroll transaction will post to the default account due to the payroll distribution for the individual not being keyed during the time entry period prior to the deadline. Payroll expenses may also be charged here if no IT0027 (Cost Distribution Infotype) record exists for all or a portion of the employee's employment period.

How do I know an entry processed to a default account?

The business office should run the Payroll Charge Report using the general fund 21010000 and their department's cost center (40XXXXXXXX) each month. Enter a posting date range, fund, fund center, and select a layout if desired.

This report should be processed monthly and all charges that have posted to the default should be cleared promptly. To clear the charges, the business office should process a cost distribution change.

CORRECTING/ADJUSTING PAYROLL

Cost Distribution Change Form (CD-01) General Overview

The Cost Distribution Change Form is the form used to change the distribution of salary and related fringe benefit charges on unrestricted funding sources that have not been certified on a PAR for a period prior to the retroactive payroll deadline. The business office should prepare the CD01 and obtain all required signatures. Once the form has been approved, the original form should be sent to the Costing department to be entered.

Definitions

Payroll Distribution: Payroll or salary distribution is the process of initially assigning salary charges to a sponsored project and other University activities based on reasonable estimates of how the employee expended his/her effort during the payroll period.

Effort Certification: The affirmation by the individual completing the Personnel Activity Report (PAR) form that the distribution charges reflect a reasonable estimate of the work performed during the given Effort Reporting Period and that the percentages of Total University Effort expended on each Sponsored Project during the reporting period meets or exceeds the percentage of salary allocated to the project.

- Non-exempt employees (paid biweekly): not exempt from Department of Labor’s definition of employees eligible for overtime pay; i.e. ARE ELIGIBLE FOR OVERTIME PAY. Included in this category are clerical and service employees, operation assistants and technical assistants. Original payroll distribution is made on a provisional basis at the end of a pay period. Distribution changes are made using t-code PA30 and Infotype 0027 in SAP. Cost overrides by hour are occasionally entered for the employee by the employee or supervisor. A cost override put in place by the employee or supervisor will always override what has been entered into IT27. If a cost override has been entered the supervisor may correct the override for the previous 2 pay periods through ECT. Changes more than 2 previous pay periods must come to the central office time administrator.
- Exempt employees (paid monthly): Exempt from the Department of Labor’s definition of employees eligible for overtime pay; i.e. NOT ELIGIBLE FOR OVERTIME. Original payroll distribution is made on a provisional basis at the end of a pay period. Distribution changes are made using t-code PA30 and Infotype 0027 in SAP.

Reporting Period

There are reporting periods that approximately correspond with each academic semester. These periods are defined as follows:

FY employees:*

Fall: August 1 to December 31

Spring: January 1 to May 31

Summer: June 1 to July 31

AY employees:*

Fall: Beginning of Fall Semester (varies per campus but approximately August 15) to December 31

Spring: January 1 to End of Spring Semester (varies per campus but approximately May 15)

Summer: June 1 to July 31

*Note that the reporting periods for the bi-weekly paid FY and Ay employees are very close to the monthly paid reporting periods but vary slightly due to the bi-weekly pay periods.

PREPARING the CD-01

- 1) **Personnel No. (PERNR)** - This information can be found by persons with access to the T-code PA20 by using the search by name function. Note: In concurrent employment situations a person will have more than one PERNR. ONLY ONE PERNR PER FORM.
- 2) **Home Cost Center** - This is the persons main cost center assignment (Home Department).
- 3) **Name** - Full Name as it appears on the employee's Purdue University ID Card.
- 4) **PERs. Area, EE Group, and EE subgroup** - This information can also be found by persons with access to the T-code PA20 in ECP under the person's organizational assignments.
- 5) **Effective Dates** - This is the period of time for which the cost distribution specified is to apply.
- 6) **Cost Center and Real/Statistical Internal Order** - You may use both a cost center and a statistical internal order (if a statistical internal order is needed). However, if you enter a real internal order DO NOT ENTER A COST CENTER. The appropriate cost centers are derived for real orders in the SAP software.
- 7) **Fund** - Enter an appropriate fund. There is no validation of cost center to fund during entry; therefore, you will want to verify this yourself before entry.
- 8) **Percent Charged** - This is the percent of salary & related fringe benefits (effort) to be distributed on each account. The total percentage should always equal 100% even if the CUL does not equal 100.
- 9) **Estimated Amount** - THIS IS NOT A REQUIRED FIELD. This field is for information only. Percentages are entered. There is no field available to enter amounts on the cost distribution screen in ECP.
- 10) **Signatures** - Make sure that all of the required signatures are obtained before sending to Managerial Account Services.
- 11) **Explanation** -The reason for the correction is placed here. Information provided should include:
 - Pay period number
 - Pay period dates
 - Reason why or how error occurred
 - Reason why correction is proper/necessary
 - If the correction is not timely, explain why

REFERENCE MATERIALS FOR REQUIRED SIGNATURES:

Signature Delegation - https://www.purdue.edu/business/bs-ba/pdf/SignatureDelegationTraining_2013_07_30.pdf

DEPARTMENTS TO BE CROSS CHARGED - Departments should be communicating with each other before cross charging to another department. E-mail or other documentation from the departments to be cross charged is acceptable in lieu of signature. A SIGNATURE IS NOT REQUIRED.

PREAUDITOR and SPS SIGNATURE REFERENCE MATERIALS

<http://www.purdue.edu/business/sps/postaward/bs/preaudit.html>

PREPARING the PAR

PARs are distributed by way of SEEMLESS each semester to all staffs-that were paid on a sponsored program or federal appropriation during the semester. If a employee expended effort on a sponsored program or federal appropriation during the semester, but did not receive a PAR, a ~~blank~~ PAR will need to be ~~completed~~ added in SEEMLESS.

- 1) **Explanation** (required for Revised PAR, POST PAR, or LATE PAR)-Answer these questions when you write an explanation.
 - a. Explain what is being corrected, include person and Par period
 - b. Explain the change being made- include account, % before change, % being changed to, and

- project period for SPS and AG funds.
- c. Why is the correction proper and necessary?
 - d. If document is not timely, explain why the document is late
 - e. In very rare situations an adjustment of less than 5% will be allowed, If allowed you must explain why.
 - f. PAR explanation refers ONLY to effort. Do not mention salary.
- 2) Obtain certification-PI or someone with **direct knowledge** of the activity should approve as Staff Member or as Authorized Administrator. Revised PAR or POST PAR require Pre-Audit approval.
 - 3) PARs will route to costing through SEEMLESS with all other PARs.

COST DISTRIBUTION CHANGE DEADLINES

Cost distribution deadlines are defined on the monthly payroll calendar and can be found at the following website: <http://www.purdue.edu/business/payroll/Calendars/> .

The correction will post when a payroll is run and posted for that employee's payroll area.

CORRECTING NON-PAYROLL TRANSACTIONS

JV/FV50 General Overview

JVs/FV50s are used to correct accounting entries for non-payroll charges and in a few rare instances, payroll charges that cannot be corrected via a cost distribution change or PAR (See Salary Corrections required on a JV/FV50 section). As supplies, expenses, and capital items are purchased, the PI or his/her designee authorizes the transaction. The departmental business office maintains the supporting documentation (internal requisition form, e-mail, note, etc.) which shows the PI's intention to purchase specific items on the specific source(s) of funds. It is important when preparing JVs/FV50s to determine whether the correction being made is consistent or inconsistent with the supporting documentation. If it is inconsistent, certification by the PI is required.

Project Certification

When a correcting document is prepared for a sponsored program account, the PI certifies the allocability of the charge (this certification is not needed if the account is receiving a credit). Only the PI can certify which project received the benefit of that expense. The PI alone has knowledge of his/her projects and how all expense items are utilized. However, in his/her absence (i.e. sabbatical) the PI may delegate this responsibility to a member of his/her research team or to the department head. Ultimately, the Department Head, Director or Dean remains responsible for the cost assignment process and any budgetary implications

which arise from cost assignment. Certification is not required on Unrestricted Voluntary Support fund centers.

Voluntary Cost Sharing (VCS)

Voluntary cost sharing can be recorded for non-salary and wage expenses via a JV/FV50 using the appropriate VCS General Ledger (G/L) account or Commitment Item. VCS G/L accounts are used to record costs expended on behalf of a sponsored project but charged to a non-sponsored account. These costs must be allowable and allocable to the sponsored project but are transferred to a non-sponsored account due to insufficient funds available on the project. The use of these G/L accounts ensures expenditures are not included in any overhead pool. In addition, should an audit occur, these G/L accounts would capture expenditures that benefited the project and could reduce the financial impact to the department for any potential audit disallowance.

The VCS G/L accounts for S&E are listed below with the activity type applicable to each

527010	S&E VCS Research
527020	S&E VCS Instruction
527030	S&E VCS Other Sponsored Programs

It is important to use these G/L accounts appropriately so expenditures can be included in the proper indirect cost pool for preparation of the cost study.

Preparing the JV/FV50

- 1) Execute t-code FV50.
- 2) Select document type SA (Journal Voucher) from a drop-down menu. Use this functionality for any other document types you might need. Note: if you don't see a Document Type field, click "Editing Options" and select "Document type ready for input" in the "Doc. Type option" section at the bottom part of the screen, then click "Save" to change user master.
- 3) Header Field Text: "GL-DOC109365858-P04FY18" JV Correction from October 2017
- 4) Reference Field Text: "3-COR"
- 5) Line Item Text: "Unit/COR/Doc#/Subject" i.e EVPRP/COR/#109365858/Supplies
- 6) General ledger (GL) account
- 7) Internal Order
- 8) WBSE
- 9) Debit/Credit amount
- 10) Long text (State how the error occurred and why the correction is appropriate. If correction will move charges to a continuation account, is correct classification of continuation indicated (i.e. competing or non-competing). If entry is due to project being set up late; indicate the document number and date of the new Notice of Award. Explanations must be clearly and carefully worded so that regardless of the passage of time, a person unfamiliar with the transaction will understand the transaction. Include

reference to the date and the document you are correcting. ***If correction is not timely, explain.*** **THE PROJECT PERIOD SHOULD BE INCLUDED FOR ALL SPS FUNDS)**

- 12) Follow the instructions for FV50 BPP, "Park GL Account Items." Instructions can be found at OnePurdue Help under Finance and General Ledger.
- 13) Print the document. Since there is no workflow, print both the document and any long text entered, staple the two together.
- 14) Stamp the front page of the document with a signature stamp. The stamp will indicate who needs to sign the document (for example, the business manager or PI).
- 15) Route for approval. Obtain approvals from:
- 16) Fiscal Administrator/Business Manager
- 17) PI (when needed-see signature delegation training)
- 18) PreAuditor (when needed-see signature delegation training)
- 19) Budget and Fiscal Planning (when accompanying a FMBB-B&FP will then route to ACCT)
- 20) Accounting Services (when routing a stand-alone JV, the document will route for departmental/college signatures, and then to Accounting.
- 21) The department should either keep a copy of the printed document with the back-up documentation or write the document number on the back-up documentation.
- 22) Once the document has posted, review the impact of the document. Review the account report, transactions, or balances to confirm that the document processed correctly and had the desired impact.

TEMPLATES for PREPARING - FV50, CD-01, Cost Distribution Changes & PARs

Templates found on the SPS website should be utilized when preparing correcting documents.

See: <http://www.purdue.edu/business/sps/postaward/bs/accountmgmt/correctdoc.html>

***** Note: The explanation must be clearly and carefully worded so that regardless of the passage of time, a person unfamiliar with the situation can fully understand why and how the error occurred, understand the corrective action, and find it appropriate.**