



Correcting Document Guidelines

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Introduction to Correcting Documents

This guide serves as a resource manual for the preparation and approval of correcting documents, including Journal Vouchers (FV50), iLab corrections, cost distribution changes, PARS and CD-01's. This guide addresses issues regarding the importance of correcting documents, definitions of relevant terms, creation and review checklists, the roles of all individuals in the process and Pre-Audit process basics.

Importance of Correcting Documents

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, except for salary transfers generated from effort reports, must be prepared and submitted as soon as the need for a transfer has been identified or in a timely manner.

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 significant questions about the propriety of adjustments as well as the overall reliability of the University's accounting system and internal controls. Timeliness of documents illustrates our commitment to supply quality accounting service to our customers or sponsors. The financial burden of audit disallowances will live with the academic unit responsible for the cost allocation decision.

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).

Definitions

To fully understand the correcting document creation and processing, you must understand quite a few acronyms and terms. See [Appendix A – Acronyms](#) for a listing of related acronyms. Some terms are discussed here, but a full listing of definitions is included in [Appendix B – Glossary](#).

Certifications

A certification is a statement from a person with first-hand knowledge (usually the PI) explaining how the transaction benefits the project. Some correcting documents require certifications and others do not (see [Categories of Correcting Documents](#) below). In situations where certifications are required, they should be included with the backup documentation and should be via email, a certified electronic signature, or a wet signature.

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 continuations. (See [Continuation Accounts](#) for full descriptions.) Understanding which type of continuation grant you are dealing with can be important when creating correcting documents. This information should be included in the explanation.

Cost Transfer

A cost transfer is an after-the-fact reallocation of an expense, either salary or non-salary costs, associated with a sponsored program after the expense was initially charged to another sponsored program or non-sponsored program. All cost transfers, except for salary transfers generated from effort reports, should be made within 90 days of the end of the month in which the original charge posted.

Transfer of salary costs prior to PAR certification is **not** considered a cost transfer. Change in payroll distribution are appropriate prior to certification. Salary distribution changes after certification **are** considered cost transfers and are heavily scrutinized. All cost transfers require pre-auditor approval.

See [Cost Transfer Guidelines](#) for more details on categorizing Cost Transfers.

Explanations

Explanations, or the reason the correcting document is being processed, 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 that has already been certified to an account. The explanation must clearly address why the change is needed.

Original Posting Document

The original posting document details can be found by using [FBO3 – Display Document](#). Details that should be included in the backup documentation are the FI Document Number, Line Item, Posting Date and \$ Amount being moved.

Information about the original posting document is important as auditors will choose specific transactions to review. If correcting documents are selected, we must be able to show the original document that posted. If only a PO is listed on the correcting document, this makes it more difficult to find the FI document number as a PO can have many goods receipts and invoice receipt entries per one PO.

Overdraft

An overdraft occurs when grant expenses exceed grant budget. If a grant project has an overdraft, there is a presumption that any proposed correction is to alleviate the overrun and may not be transferred to another sponsored project merely for the sake of resolving a deficit or an allowability issue.

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).

In SAP, these funds are recognized by WBSE Node 02, i.e., F.XXXXXXXXXX.02.XXX.

Federal Appropriation Funds

Federal Appropriations funds are given to specific federal government departments, agencies, and programs. These funds come with their own set of guidelines and reporting requirements. At Purdue University, these funds are provided to the College of Agriculture due to our Land Grant University status. They can be identified by the following Funds:

- 34xxxxxx or
- 34010000- Smith Lever
- 34010002/34010003- EFNEP fund
- 34010004- RREA
- 34510000- Hatch
- 34510001- Hatch Regional (multistate hatch)
- 34510002- Animal Health
- 34510003- McIntyre Stennis

Signatures and Approvals

Obtaining signatures and/or approvals for correcting documents is an important piece of the backup documentation for the correction. PI certifications should be via email, a certified electronic signature, or a wet signature.

For more information regarding workflow and required signatures, see the [Signature Delegation Manual](#) or [Signature Delegation](#) section of the Governance Manual.

Timely Corrections

Journal Voucher and iLab corrections are considered timely if they are processed no later than 90 days from the end of the calendar month in which the transaction appeared on the project. Following account management guidelines, closing costs should process within 90 days of expiration of the project.

PARs and revised PARs are considered timely if processed by the PAR due date.

Voluntary Cost Sharing

Voluntary cost sharing is the University's participation in the cost of a project when there was no commitment within the University's proposal to share in the cost of the project or when the University's actual participation in the cost of the project exceeds the cost sharing commitment made as a part of the University's proposal. Corrections to record expenses as voluntary cost sharing can be posted using commitment item 527000 – Voluntary Cost Sharing.

Determination of Allowable, Allocable, Reasonable and Timely

Determination of allowability and allocability of costs is one of the first step in the correcting document preparation process. Refer to [Cost Allocation Guidelines for Charges to Sponsored Programs](#) or [BLCA 200 Cost Principles for Educational](#)

[Institutions](#) for full details. Below are summaries of Allowable, Reasonable and Allocable Costs.

Allowable Costs

For any cost to be charged to a sponsored program as either a direct or an 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 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 in the Uniform Guidance or in the Federal award as to types or amount 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 given consistent treatment. A cost may not be assigned to a federal award as a direct cost for the same purpose in like circumstances has been distributed to the Federal award as an indirect cost.
- Costs must be adequately documented. See [BLCA 330 – Audits, Backup Documentation and Records Retention](#) course for details on backup documentation.

Reasonable Costs

To decide whether an item is reasonable, one must consider whether both the price of the item and the quantity requested are appropriate given the circumstance prevailing at the time the procurement is made. Other Factors to consider are:

- Was the transaction at arms'-length?
- Does the price of the item reflect its fair market value?
- To decide whether a cost is allocable, one must first determine whether there is benefit to the project. Is the item necessary to conduct the work of the project?
- A secondary consideration, discussed later, is whether the item should be allocated on a direct or indirect basis.

Allocable Costs

Simply said, cost allocation is the process of assigning charges to accounts in accordance with the relative benefits received. Costs may be assigned (or allocated) to an account by the Principal Investigator, or someone with first-hand knowledge, as direct charges.

The cost accounting standards state that: "Allocation means the process of assigning a cost, or a group of costs, to one or more cost objectives, in a reasonable proportion to the benefit provided or other equitable relationship. Other costs are assigned to a sponsored program account through the application of the University's facilities and

administrative rate. The rules for cost allocation clearly state that similar costs, in like circumstances, must be allocated *consistently* as either direct costs or indirect costs. That is, costs that are normally assigned by the Principal Investigator as direct charges to sponsored accounts should not be included in the facilities and administrative rate. Likewise, costs normally included in the facilities and administrative rate cannot be assigned by the Principal Investigator as direct charges unless unusual circumstances exist and are sufficiently documented.

The [Costing/Charging instructions for Sponsored Programs](#) documents the University's practice for charging costs as either a direct or an indirect cost.

***NOTE:** The Principal Investigator (PI) is responsible for deciding the allocation of direct costs to a particular project.*

Which Documents are Considered Correcting Documents?

There are many financial and HR related documents that post every day. Only a subset of these documents is used to make corrections to original postings. These documents are listed below and require extra scrutiny.

- **Journal Voucher (JV)** - Non-payroll corrections made using T code = FV50* with Document Type SA
- **iLab Corrections** – Recharge center postings created via iLab should be corrected via iLab. These corrections will also post to [Document Type JN](#). iLab corrections involving voluntary cost share can occur via Document Type SA outside of the iLab system.
- **Payroll Corrections**
 - Cost Distribution (ECP IT27, IT14 or IT15)
 - CD-01
 - PAR
 - Revised PAR
 - Late PAR
 - Less than or equal to 5.01% with the recent changes

*Payroll corrections can be made using a JV but only as a **last resort** when the payroll system is not able to make the correction. See *Team Content > Standard Content > HR and Payroll > [Statement of Payroll Charges](#) > Compensation Transactions NOT included in Statement of Payroll Charge – EXCEL* for S&W or Fringe Benefit transactions not processed via the payroll system. See [Correcting Payroll JV ORG](#) for instructions on how to create these JV's.

NOTE: While transfers use the same tcode as correcting documents (FV50), these are not considered correcting documents. In general, transfers are not allowed on grants.

See the [Accounting and Financial Management Governance site – Transfer \(Current\)](#) for details on transfers.

Roles in the Correcting Document Process

Signatures & Workflow

The [Signature Delegation Handbook](#) is an excellent resource in identifying the expectations of each position involved in programmatic and fiscal approvals. See the Accounting Service Governance Manual > Finance Topics > [Signature Delegation](#) section for workflow details.

Roles in Financial Management

Programmatic

The chief administrative officers in each area have the responsibility to develop, operate, and maintain an organization that achieves maximum performance with the available resources at their disposal. They are expected to exercise prudent judgment in the expenditure of funds and the utilization of services. They are responsible for ensuring that all programs and actions conform to the appropriate University policies. As the chief administrative officers, Directors, Department Heads, Deans, Vice Presidents, and Vice Provosts should be familiar with university fiscal rules, regulations, and policies, and should take steps necessary to ensure that they are followed. In many areas, Business Office staff are responsible for assisting administrative officers in fulfilling their fiscal responsibilities of budgeting, payroll, staff benefits, personnel, purchasing, accounting, and sponsored programs administration. However, Business Office staff are not authorized to make academic decisions or to commit funds other than those agreed to by the chief administrative officer, who has final responsibility for all fiscal aspects of their operations.

Fiscal Approval

The role of Business Office staff involved in the procurement process is to fulfill a treasury function, including certification of expense to ensure that allowability, allocability and reasonableness have been met. Meeting these tests requires not only knowledge of university, state, federal and donor requirements, but also the ability to make reasonable judgments given the facts and circumstances concerning the transaction. Proper execution of delegation authority therefore requires a broad understanding of the context under which a transaction is occurring.

Each of the roles described below includes specific operational steps to insure accurate correcting document preparation, review, routing, and processing.

NOTE: Implicit in each role is the assurance from each staff member that there is an understanding and certification of allowability in terms of time, prior approvals, etc., and assurance that the charge is not restricted by the funding agency.

Principal Investigator (PI)

Responsibility for setting the direction of research at Purdue University lies with the faculty. A principal investigator is typically a member of the faculty who bears responsibility for the intellectual leadership of a project. He/she accepts overall responsibility for directing the research, financial oversight of the funding, as well as compliance with relevant University policies, federal regulations, and sponsor terms and conditions of an award. This includes research contracts, grants, cooperative agreements, training or service projects, clinical studies, and other sponsored projects.

The PI, or his designee, is normally the person with first-hand knowledge on how purchases benefit a project. For more details, see [Expectations of a Principal Investigator](#) on the Sponsored Program Services Training website.

Preparer

The preparer handles pulling together all information needed to process a correcting document including original posting document, attaching back up documentation, funds availability, explanations of why the correction is needed, and that the correction meets the tests of allowable, allocable, reasonable, and timely. If the correction is not timely, state why it is not timely. If the correction involves [continuation](#) accounts, the preparer should include details related to whether the continuation is competing or non-competing as well obtaining PI [certifications](#) when necessary.

For Journal Vouchers, the preparer should [Create Journal Entry](#) in SAP using tcode FV50 and [document type](#) = SA. They should Save Document without Initiating Workflow or Initiate Workflow. The Preparer should also attach any backup documentation using the [FBO3 – Attachments and Workflow](#).

The Preparer should *never* approve their own correcting documents.

See the [Correcting Document Review Grid](#) or [Appendix C](#) - Correcting Document Review Grid for more details on correcting document preparation.

Business Manager Reviewer

In most areas, Business Managers will review correcting documents before they are sent to the Pre-Auditor for final approval. Business Managers are responsible for double checking items on the [Appendix C - Correcting Document Review Grid](#) and ensuring that explanations are clear so that a third party reviewing the document can understand the situation as well as reviewing all notes and required certifications are included. The Business Manager would then start the workflow so the Pre-Auditor will receive the document for review.

Pre-Auditor

Pre-Auditors perform a critical function, assuring compliance with university rules, regulations, and policies with federal cost allocation guidelines. Only documents involving Sponsored Program accounts or Federal Appropriation Funds require Pre-Auditor approval.

See the [Appendix C - Correcting Document Review Grid](#) and the [Pre-Audit Process](#) for more details on Pre-Auditor expectations.

Managerial Accounting Services

Staff from Managerial Accounting participate in the approval of Effort Reporting or Personnel Activity Reports (PARs). In this final review of PARs, they will:

- Review for authorized Pre-Auditor signature in SEEMLESS or on a paper PAR
- Approve Late PAR period adjustments
- Approve effort adjustments for less than 5.01% when variance code is selected
- Review adjustments that correlate to a change to the previously certified effort reported on a PAR (Revised PAR)

Ag Accounting/Business Manager

The Ag Accountant or appointed Pre-Auditor must authorize correcting entries for Federal Appropriation Funds. These funds require some special considerations beyond corrections for sponsored program accounts. Documents processed via SAP will automatically route to the Ag Accountant for review.

Special Considerations: Federal Appropriation Funds

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

The Ag Accountant/Business Manager is primarily responsible for pre-auditing correcting documents and post-PARs within the College of Agriculture on this fund range. Other individuals within Ag, HHS, and Vet with pre-auditor training may also approve correcting documents and post-PARs on behalf of the Ag Accountant.

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, HHS 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 that 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.

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

Categories of Correcting Documents

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

Corrections Not Requiring Certification

Obvious typographical, data entry or transposition errors

Incorrect G/L or Commitment Item for non-salary items

Changing the distribution of an employee with a cost distribution change *prior* to the end of the effort reporting period

Charges being moved to a non-competing continuation account (non-competing [continuations](#) are defined in the next section)

Movement of charges between WBSE/Sponsored Programs within the same grant

Movement of charges from sponsored program accounts which are being recorded as voluntary cost sharing (VCS) for the previously charged account

Movement of charges to new accounts that have been set up 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)

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

Revised PARs for all employees

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

The transfer of an expense between two or more closely related projects.

Documentation must show that the following conditions have been met:

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

The projects benefit each other such that the research or area of investigation is aimed at the same subject matter

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

Due to strict conditions that must 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.

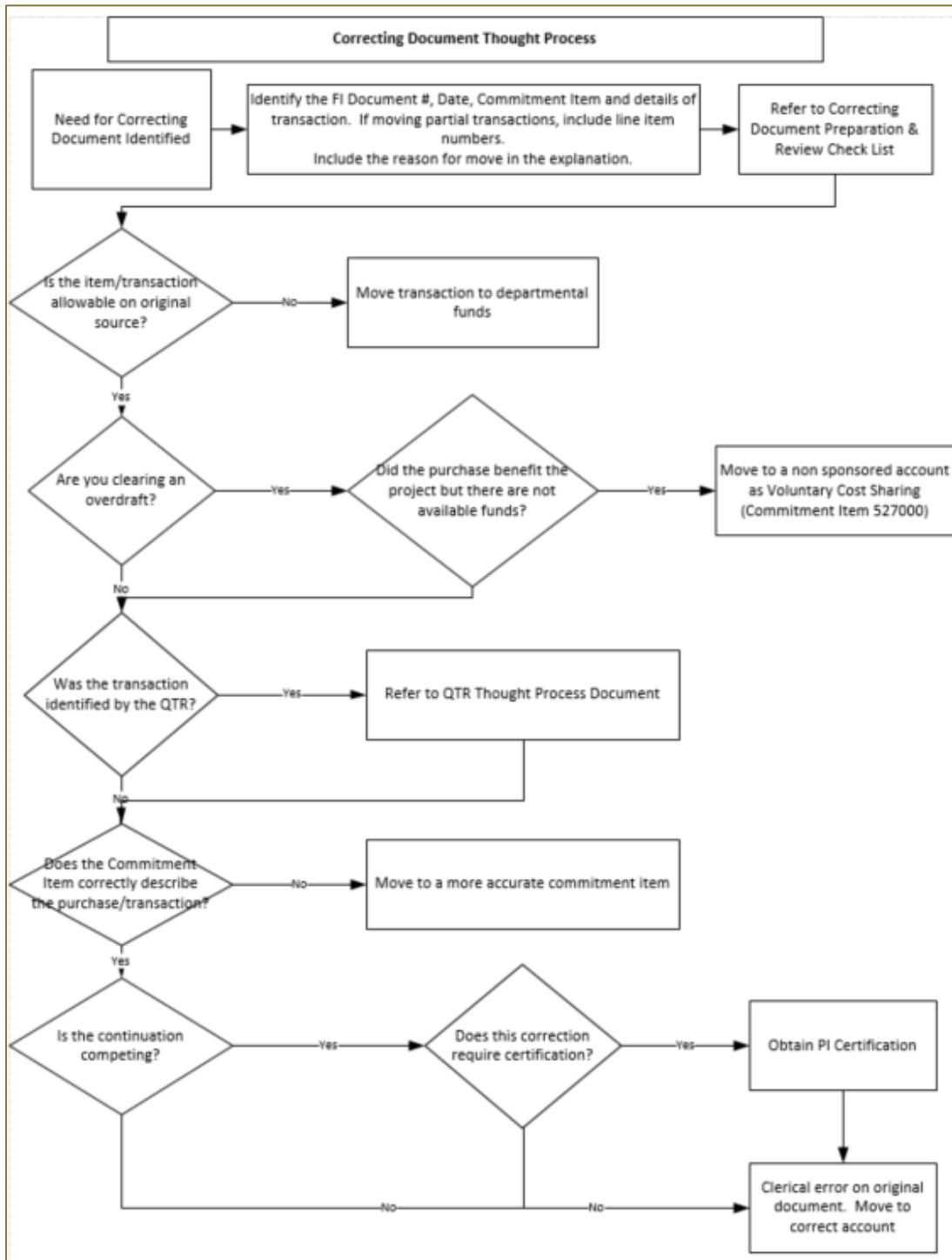
Non-Competing Continuation

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.

Correcting Document Creation & Review

To prepare correcting documents that meet all the audit and backup documentation criteria, a fair amount of research needs to be completed and included in the explanation. This document reviews the thought processes involved with this documentation. Please note that these are general steps and may not apply to every correcting document created.



Along with the thought process shown above, users can also use the Documents and Approvals grid shown below while preparing correcting documents.

Documents and Approvals Needed for Corrections		
Situations – Assume Grant or Federal Appropriation Funds Involved in Transaction	PI Certification	Pre-Audit*
Obvious typographical, data entry or transposition errors (JV)	No	Yes
Incorrect G/L or Commitment Item for non-salary items (JV)	No	Yes
Changing the distribution of an employee with a cost distribution change <i>prior</i> to the end of the effort reporting period (IT27)	No	No
Charges being moved to a non-competing continuation account (JV)	No	Yes
Movement of charges between WBSE/Sponsored Programs within the same grant	No	Yes
Movement of charges from sponsored program accounts which are being recorded as voluntary cost sharing (VCS) for the previously charged account	No	Yes
Movement of charges to new accounts that 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)	No	Yes
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.	No	Yes
Revised PARs for all employees	Yes	Yes
The transfer of an expense from an account that received no benefit from the charge <i>to a sponsored program account that did receive the benefit</i>	Yes	Yes
The transfer of an expense between two or more closely related projects	Yes	Yes

*SAP and SEEMLESS workflows will dictate Pre-Audit approvals. The workflow does not differentiate between situations as described above, if Grant or Federal Appropriation funds are involved, Pre-Audit is in the workflow. iLab approvals are manual and should follow the electronic workflows so that approvals are consistent.

Recording Voluntary Cost Sharing

Journal Vouchers

In cases where overdrafts are being cleared to departmental funds, but the original purchase *was allowable* and *did* benefit the project, commitment item 527000 – Voluntary Cost Sharing should be used. This ties the purchase to the benefitting grant and if other items are deemed unallowable, would allow the corrected items to be returned to the grant.

Below is an example of a transaction moving charges to a departmental account as Voluntary Cost Sharing.

Item	Account	Description	Key	Amount	BusA	Fund	Co WBS Element	Order Funds Center	Grant	Func. Area	Text
1	527000	Vol Cost Sharing	40	8,108.44	4011	21030000	F.00149349.05.002	1106000000	NOT-RELEVANT GRANT	1050	To clear OD as VCS from Grant 40003060
2	523105	Scntfc Rchg Ctr Bill	50	8,108.44	4011	46010000	F.90012853.02.045	1106000000	40003060	1500	To clear OD as VCS

iLab

In general, any iLab corrections should be made via iLab. However, in the case where iLab transactions are being removed due to overdraft, a JV can then be used so that Voluntary Cost Sharing can be recorded. However, users should review other non iLab or S&W related expenses as a first option.

Document Specifics

Journal Vouchers

Journal Voucher documents processed via tcode FV50 with Document Type SA are used to correct financial postings. For more details regarding the routing and approval of these documents see the [Accounting and Financial Management Governance – Finance Topics – Fiscal Approval Workflow](#).

iLab Corrections

[iLab Solutions](#) is a Core Facility Management Software and is used as an integrated solution for the scheduling, tracking, billing, and reporting of recharge center operations on the West Lafayette campus. iLab has its own reporting which is used by Core facilities as well as Managerial Accounting. Therefore, corrections to postings created via iLab should be corrected via iLab.

As noted in the detailed process documents below, iLab corrections involving sponsored program or federal appropriated funds require Pre-Audit approval. This should be obtained using the iLab correction form and approved before the correction is made via iLab. This form, including approvals, must be attached to the correction in iLab.

See the following QRG's for aid in processing iLab corrections.

[Process a Refund and New Change Correction](#)

[Refund and Correction of Incorrect Charges - Internal](#)

Below are some notes specific to iLab Corrections.

- **Document Completer:** The department who received the incorrect charge requests the correction and completes the document. This department has contact with the PI has identified the need for a change, be it quantity or account assignment. The requesting department has their BM and Pre-Auditor approve the document via email. The requesting department emails the completed and fully signed correction form to the Core Recharge Facility Business Office to be keyed and uploaded as supporting documentation in iLab.
- **PI Signature:** PI Signature are required when a quantity is disputed, or charges are being moved to another sponsored program account. In these cases, an email from the PI should accompany the iLab Correction form for approval and upload.
- **Core Recharge Facility Business Office/Processor:** The processor is the department that owns the Core Recharge Facility. The Core Recharge Facility Business Office reviews documents presented to make the correction and keys the correction, along with completing the supporting document upload to iLab as shown in the QRG.
- **Best Practice:** The fully processed document is in iLab, but best practice is to save the fully approved correction into the grant file in the local BO as well.

If iLab bills need to be removed from a grant and recorded as voluntary cost sharing, then it is acceptable to make this change via a journal voucher (JV). Users should review other non iLab or S&W related expenses as a first option.

Payroll Corrections

Payroll Definitions

Cost (Payroll) Distribution

Cost distribution refers to the process of initially assigning financial charges to a sponsored project and other University activities based on reasonable estimates of how the employee spent his/her effort during the payroll period. This assignment is completed via IT0027 in ECP. For details on how to set up and maintain cost distribution, see [Cost Distribution Administration](#) and [Display, Create, Change Cost Distribution](#) QRG's.

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. Effort certification is completed in SEEMLESS.

- 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 two 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.

See [Effort Reporting Policy](#) and [Purdue University Effort Reporting Process](#) for more details.

Reporting Period

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

Fiscal Year (FY) Employees

Fall	August 1 – December 31
Spring	January 1 – May 31
Summer	June 1 – July 31

Academic Year (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	Mid May – Mid August

NOTE: 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.

Cost Distribution Change Deadlines

The best way to correct payroll postings is to change the cost distribution as soon as you know a change is needed. This creates the timeliest correction and reduces the number of retroactive postings in the payroll system. These retroactive postings can cause posting issues so timely corrections can help with smooth payroll processing.

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 the next payroll is run and posted for that employee's payroll area.

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 CD-01 and obtain all required signatures. Once the form has been approved, the original form should be sent to the Costing department to be entered. Based on the [CD-01 PAR Pre-Audit Decision Chart](#), CD-01's are only required for True Fellowships on a Sponsored Program or Federal Appropriation Fund.

Preparing the Cost Distribution Change Form (CD-01)

See [Instructions for Cost Distribution Change Form \(CD-01\) for details on creating a CD-01](#).

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 set up a Notice to Proceed (NTP). The NTP is established via the SPS Form 27 and provides a WBSE for use prior to receipt of the actual award. The NTP [form](#) and form [instructions](#) are available on Post Award Account Setup page.

The benefits of requesting an NTP are:

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

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.

Grant Closeout

As a part of both Department and SPS Grant Close Out Management activities, correcting documents may be required. These documents should follow all correcting document guidelines.

Not-Relevant Transactions

How are Not-Relevant transactions created?

Items posting to the Not-Relevant Funded Program are a temporary shelter for transactions where no Funded Program is assigned to the original transaction including payroll without IT27 records.

Expectations for reviewing Not-Relevant Funded Program

It is an expectation that the Not-Relevant Funded Program is reviewed monthly to clear any charges to the proper accounts. See [Clearing Not-Relevant Funded Program Postings Process](#) for details. This document contains best practices as well as reports that can be used to reconcile the Not-Relevant Funded Program.

What causes the payroll transaction to post to the Not-Relevant Funded Program?

A payroll transaction will post to the NOT-RELEVANT Funded Program when the payroll distribution for the individual is not 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 the Not-Relevant Funded Program?

The [Clearing Not-Relevant Funded Program Postings Process](#) document contains the resources to review and clear balances on the Not-Relevant Funded Program. These include:

- Review Balances & Identify Transactions
- Research Postings
- Not-Relevant Posting Prevention
- Report Paths

Resources

Website References for Correcting Documents

Resource	Website
Account Management Guidelines for SPS funds	https://www.purdue.edu/business/sps/pdf/Account_Management_Guidelines_for_SPS_Funds_May2019.pdf
Accounting Contacts	https://www.purdue.edu/business/account/About_Us/index.html
Accounting Services General Ledger	General Ledger - Accounting Services - Purdue University
Approved Pre -Auditor Listing	http://www.purdue.edu/business/sps/pdf/preauditorslist.pdf
CAS Guidelines	https://www.purdue.edu/business/mas/costing/casGuidlines/index.php
Cost Distribution/Effort Reporting	Cost Distribution/Effort Reporting - Managerial Accounting Services - Purdue University
Correcting Documents	Correcting Document - Sponsored Program Services - Purdue University
Cost Transfers	https://www.purdue.edu/business/sps/doc/Final_Cost_Transfer_Guidelines.doc
Document Types	https://www.purdue.edu/business/account/BPM/xls/Document%20Type%20Information.xlsx
Effort Reporting	Cost Distribution/Effort Reporting - Managerial Accounting Services - Purdue University

Resource	Website
FB03	https://www.purdue.edu/business/account/BPM/pdf/FB03%20-%20Display%20Document.pdf
FB03 Attachments and Workflow	https://sharepoint.purdue.edu/sites/treasurer/bpr/training/_layouts/15/WopiFrame.aspx?sourcedoc=/sites/treasurer/bpr/training/Shared%20Documents/FB03%20-%20Storing%20Business%20Documents%20and%20Workflow.docx&action=default&DefaultItemOpen=1&ga=2.228847897.44158708.1652702587-2031486078.1635255954
Finance Training	Finance Training - Welcome to the Comptroller's Office - Purdue University
FV50 – Approvals & Workflow	FV50 - Approvals and Workflow
FV50 – Create Journal Voucher	FV50 - Create Journal Voucher
iLab	iLab - Managerial Accounting Services - Purdue University
Managerial Accounting Services Contacts	https://www.purdue.edu/business/mas/about/index.php
Notice to Proceed (NTP) Form	http://www.purdue.edu/sps/pdf/ntp.pdf
Notice to Proceed (NTP) Instructions	http://www.purdue.edu/sps/pdf/NTPinstructions.pdf
Payroll Calendars	http://www.purdue.edu/business/payroll/Calendars/
Pre-Audit Process Guide	https://www.purdue.edu/business/sps/pdf/preauditprocess.pdf

Resource	Website
SAP Fiori	https://one.purdue.edu/
SEEMLESS	https://www.purdue.edu/business/mas/costing/effortrep/supportingDocs/Purdue%20University%20Effort%20Reporting%20Process%20Seemless.docx
Signature Delegation Handbook	https://www.purdue.edu/business/account/govManual/supportingDocs/SignatureDelegationHandbook.pdf
Signature Delegation Training	https://www.purdue.edu/business/comptroller/finTraining/index.php
SPS Contacts	http://www.purdue.edu/sps/general/staffDirectory.html

Appendix A – Acronyms

Acronym	Full Name
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 PA20/PA30)
JV	Journal Voucher processed via SAP Tcode FV50
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

Appendix B - Glossary

Allocable Costs

Allocation means the process of assigning a cost, or a group of costs, to one or more cost objectives, in a reasonable proportion to the benefit provided or other equitable relationship. Other costs are assigned to a sponsored program account through the application of the University's facilities and administrative rate. The rules for cost allocation clearly state that similar costs, in like circumstances, must be allocated consistently as either direct costs or indirect costs. That is, costs that are normally assigned by the Principal Investigator as direct charges to sponsored accounts should not be included in the facilities and administrative rate. Likewise, costs normally included in the facilities and administrative rate cannot be assigned by the Principal Investigator as direct charges unless unusual circumstances exist and are sufficiently documented.

Allowable Costs

For any cost to be charged to a sponsored program as either a direct or an 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 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 amount 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 for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Costs must be adequately documented. See BLCA 330 – Audits, Backup Documentation and Records Retention course for details on backup documentation.

Certification

A certification is a statement from a person in a programmatic role with first-hand knowledge (usually the PI) explaining how the transaction benefits the project. Some correcting documents require certifications and other do not.

CD-01

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 CD-01 and obtain all required signatures. Once the form has been approved, the original form should be sent to the Costing department to be entered. Based on the [CD-01 PAR Pre-Audit Decision Chart](#), CD-01's are only required for True Fellowships on a Sponsored Program or Federal Appropriated Fund.

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.

Cost Transfer

A cost transfer is an after-the-fact reallocation of an expense, either salary or non-salary costs, associated with a sponsored program after the expense was initially charged to another sponsored program or non-sponsored program. All cost transfers except for salary transfers generated from effort reports should be made within 90 days of the original charge.

Transfer of salary costs prior to PAR certification is **not** considered a cost transfer. Change in payroll distribution are appropriate prior to certification. Salary distribution changes after certification **are** considered cost transfers and are heavily scrutinized. All cost transfers require pre-auditor approval.

See [Cost Transfer Guidelines](#) for more details on categorizing Cost Transfers.

Effort Certification (PAR)

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. Effort certification is completed in SEEMLESS.

Explanations

Explanations, or the reason the correcting document is being processed, 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 that has already been certified to an account. The explanation must clearly address why the change is needed.

Federal Appropriation Funds

Federal Appropriations funds are given to specific federal government departments, agencies, and programs. These funds come with their own set of guidelines and reporting requirements. At Purdue University, these funds are provided to the College of Agriculture due to our Land Grant University status. They can be identified by the following Funds:

- 34xxxxxx or
- 34010000- Smith Lever
- 34010002/34010003- EFNEP fund
- 34010004- RREA
- 34510000- Hatch

- 34510001- Hatch Regional (multistate hatch)
- 34510002- Animal Health
- 34510003- McIntyre Stennis

FV50

FV50 is an SAP tcode used to record journal vouchers or changes to original postings.

iLab

iLab is an acronym for “integrated laboratory” and is a web-based application adopted by Purdue University. iLab allows users of Purdue research core facilities to search for and reserve equipment, schedule access to instruments, and request services, while allowing the billing for these to be integrated with Purdue’s financial systems.

Journal Voucher

A journal voucher is a document on which is stored the essential information about an accounting transaction. This voucher contains a unique identifying number, the transaction date, transaction description, and transaction amount. It also has the accounts impacted, supporting references to documentary evidence, and authorizing signatures.

Notice to Proceed

Under certain conditions, a PI may request an account prior to the actual receipt of the award. If a sponsor has approved funding, but is slow in sending the official award documentation, the business office may submit a Notice-to-Proceed request to SPS. In this case, a university backed NTP will be set up. If funds are not awarded, the University will be responsible for covering any costs.

If a PI wants an account created prior to the actual award and there is no documentation or correspondence from the sponsor showing the approved funding, then a department-backed NTP can be set up. It is important to note that if funds are not awarded, the PI's department or school will be responsible for covering any costs

Original Posting Document

The original posting document details can be found by using [FBO3 – Display Document](#). Details that should be included in the backup documentation are the FI Document Number, Line Item, Posting Date and \$ Amount being moved. Information about the original posting document is important as auditors will choose specific transactions to review. If correcting documents are selected, we must be able to show the original document that posted. If only a PO is listed on the correcting document, this makes it more difficult to find the FI document number as a PO can have many goods receipts and invoice receipt entries per one PO.

Overdraft

An overdraft occurs when grant expenses exceed grant budget. If a grant project has an overdraft, there is a presumption that any proposed correction is to alleviate the overrun and may not be transferred to another sponsored project merely for the sake of resolving a deficit or an allowability issue.

Payroll Distribution

Cost distribution refers to the process of initially assigning financial charges to a sponsored project and other University activities based on reasonable estimates of how the employee spent his/her effort during the payroll period. This assignment is completed via IT0027 in ECP. For details on how to set up and maintain cost distribution, see [Cost Distribution Administration](#) and [Display, Create, Change Cost Distribution](#) QRG's.

Reasonable Costs

To decide whether an item is reasonable, one must consider whether both the price of the item and the quantity requested are appropriate given the circumstance prevailing at the time the procurement is made. Other Factors to consider are:

- Was the transaction at arms'-length?
- Does the price of the item reflect its fair market value?
- To decide whether a cost is allocable, one must first determine whether there is benefit to the project. Is the item necessary to conduct the work of the project?
- A secondary consideration, discussed later, is whether the item should be allocated on a direct or indirect basis.

Reporting Period

There are reporting periods that correspond with each academic semester.

SAP

SAP is the software solution used by Purdue University for its financial transactions.

SEEMLESS

SEEMLESS is an application created by and used at Purdue University for the processing of Summer Salary and Effort Reporting.

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).

In SAP, these funds are recognized by WBSE Node 02, i.e., F.XXXXXXXXXX.02.XXX.

Timeliness

A document is considered to be processed in a timely manner if it is processed not later than 90 days from the end of the calendar month in which the transaction appeared on the project.

Voluntary Cost Sharing

Voluntary cost sharing is the University's participation in the cost of a project when there was no commitment within the University's proposal to share in the cost of the project or when the University's actual participation in the cost of the project exceeds

the cost sharing commitment made as a part of the University's proposal. Corrections to record expenses as voluntary cost sharing can be posted using commitment item 527000 – Voluntary Cost Sharing.

Appendix C – Correcting Document Preparation & Review Checklist

Correcting Document Review Grid

Document	Category	Documentation Notes
SAP Header Information	Document Type	Ensure the correct document type is used (SA for Journal Vouchers)
SAP Header Information	Doc Header Text	Use the Document Header Text to explain what the correcting document is trying to do at a high level.
SAP Transaction Details	Master Data	Commitment Item, WBSE/Order or Cost Center and Fund are valid and open for posting. Commitment Item correctly describes the expense.
SAP Transaction Details	Debits & Credits	Debits and Credits must offset each other. See FV50 Document Parking Quick Reference for details.
SAP Transaction Details	Line-Item Text	Use the Line-Item Text to describe the action of the line item. If multiple corrections are included in one document, tie each line item to the explanations on the backup documentation.
Explanations	Funding Source Data	Include the Project Period & Title of all accounts included in the correcting document.
Explanations	Funds Availability	Include the current available balance of sponsored program accounts on the document with an "as of" date
Explanations	Original Document Number Being Corrected - this information is very important so that corrections can be easily tied back to the original posting transactions (FBO3)	Original FI Document #, including line item if necessary Original FI Document Posting Date Original Posting Commitment Item Description of Item(s) \$ amount being corrected PO # Optional

Document	Category	Documentation Notes
Explanations	Reason correction is needed and appropriate	What went wrong? Why? How was the error found? Why is the correction proper and reasonable now? List specific details about the original purchase or service and how it was used on the project.
Explanations	Cost Allocation	If multiple projects involved, document the benefit to each project
Explanations	Timeliness	If correcting document is not approved within 90 days from the end of the month of the original transaction, include reason for delay.
Explanations	Continuation Accounts	Indicate whether the continuation account is competing or non-competing
Explanations	Allowable, Allocable & Reasonableness	Is direct knowledge and/or technical expertise documented? Is the expense being treated consistently? Is the item necessary to conduct the research & is the cost benefit relationship demonstrated? If allocating the cost to multiple projects, is the benefit determined without undue effort, benefit within the remaining time of the project and not just using up remaining balance or using unusual percentages.
Explanations	Closely Related Projects	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 Account Manager or AG Accountant for Federal Appropriation Funds prior to preparation of the correcting document.
Approvals & Workflow	Certifications	PIs are the ones with firsthand knowledge about which project received benefit from a purchase. When certifications are needed, PI approval should be obtained via email, DocuSign or "wet" signature. See Certifications tab for more details on when certifications are needed.

Document	Category	Documentation Notes
Approval & Workflow	Workflow	Both FV50 and SEEMLESS have workflow built into the systems related to corrections.
Approval & Workflow	Manually Obtained Approvals	iLab needs Pre-Audit approval be obtained outside the system and uploaded into iLab.
Attachments	Backup Documentation	Include any backup documentation in the attachments using FBO3 - Storing Business Documents and Workflow QRG. Examples might be transaction listings with FI Document #, emails with explanations or certifications, etc.