

PURDUE

U N I V E R S I T Y

INTEROFFICE MEMORANDUM

TO: Business Managers and SPS Account Managers
FROM: M.R. Ludwig and Lucia Anderson
DATE: May 1st, 2007
SUBJECT: Overdraft Lock Management Expectations

Due to the implementation of SAP, we no longer have “by-pass” capability. Locking accounts interferes with many critical functions including posting university payroll, entering correcting documents into SAP, running the F&A program, and SPS running the Letter of Credit program. Due to the above reasons, we must change the way we manage overdrafts. Account Management Guidelines will be updated to reflect the new business processes.

Managing Overdrafts During the Life of the Project

It is an expectation that the business office review the balance and project period of the SPS account each time they are purchasing items, assigning payroll, reviewing travel forms, etc.

The business office should run the overdraft report at least monthly. The overdraft report can be found at <https://erp-portal-prd.itap.purdue.edu/irj/portal> under Financial Systems, Reports, Grant Management Reports, Account Management. The report is updated nightly so can be run more often if needed. The Business Manager will review the report monthly and make arrangements to have the overdraft cleared within the month. If the overdraft isn't cleared when the report is run the next month, the Departmental Business Manager will review and discuss with the Director of Financial Affairs. It is expected that all overdrafts are corrected in a timely manner.

Sponsored Program Services should run the overdraft report monthly. If an overdraft isn't cleared within the first month, SPS should be contacting the business office. SPS and the business office should discuss options such as Notice to Proceed, Continuation Notice to Proceed, or rebudgets between sponsored programs. If no resolution can be found, the Departmental Business Manager and SPS Account Manager can discuss blocking postings or locking the account. If either of these options are chosen, both areas must understand the impact to payroll, F&A posting, and SPS Letter of Credit run.

Managing Overdrafts at Account Expiration

When a grant expires, Sponsored Program Services will change the lifecycle status of the grant to AWARD/EXPIRED (*please see Attachment A*).

SPS has deadlines to send in the final financial report to the sponsor. In preparation for this deadline SPS and the departmental business office must work together. When the grant has been expired for 30 days (for state and subcontract accounts), or 60 days (all other sponsors), Sponsored Program Services will contact the department. The department should be done with

the account at this time, and both parties should agree on final expenses. Sponsored Program Services will then run F&A if needed, run LOC or do the Final Billing. SPS will then place the grant in AWARD/SPS CLOSED.

Sending Documents to SPS for Signatures

The payroll correction document CD-01 will be routed to SPS for all cost distribution changes over 120 days and when the account is in the “SPS CLOSED” status. The link to the CD-01 document and instructions is

https://www.purdue.edu/costing/BPM/Effort_Reporting/Welcome.html (you will need to enter your career account and password).

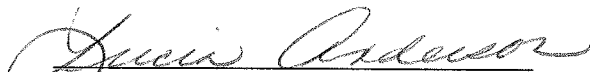
Non-payroll correcting documents will not be sent to SPS for signature. It is critical that SPS marks the grant as AWARD/SPS CLOSED, as mentioned in the above paragraph. If the grant is marked as AWARD/SPS Closed, the department will not be able to park a JV. The department needs to call the SPS Account Manager, discuss the JV, and the SPS Account Manager can change the status if appropriate.

Preauditor's role - Since most documents will not be routed through SPS, it is critical that the project period and cost transfers be monitored by the preauditor. The preauditor must consider the impact on SPS financial statements. Based on the project period end date, the preauditor may want to call SPS to discuss.

Managing Overdrafts on Cost Sharing Accounts

When there is an overdraft on department grant-relevant internal fund, the department can remove the expense or SPS can increase the GM budget if requested. Increasing the GM budget will decrease the non-relevant grant budget. Department Business Manager and SPS Account Manger should discuss the appropriate option.

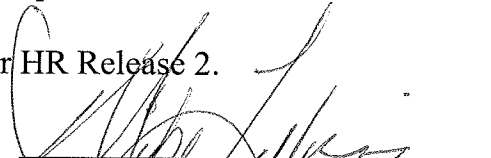
This process will be reviewed and updated after HR Release 2.



Lucia Anderson

7/8/7

Director of Business Managers



Mike Ludwig

Associate Director, Sponsored
Program Services

cc: Jim Almond
John Shipley