Journal Entries that Need SPA Approval

Introduction

Journal Entries (JEs) or Interdepartmental Invoice (IN) JEs that involve a Fund 30 or 31 SpeedType in the transaction require Sponsored Projects Accounting (SPA) approval. ***If the transaction is moving charges to a sponsored project,*** SPA requires documentation, specific information, and/or a particular format before it can be approved. If the charges are being completely removed from the sponsored project to a non-restricted fund, the transaction does not need to follow these same requirements.

> **Please remember** that SPA cannot approve JEs until they are approved at the department level. It is the responsibility of the JE creator to ensure JEs get timely department approval.

Monthly Cutoff for JE Creation

It takes SPA considerable time to review and approve each JE because there are multiple pieces of information that need to be checked and additional documentation is often needed for approval. Therefore, SPA sets a **cutoff** date for monthly JEs approximately 5 business days before the month end. The monthly ABS newsletter provides specific cutoff dates for each month. In order to meet that cutoff, JEs need departmental approval by that date. If there is a transaction that must meet the month end close but could not be created until after the cutoff date, **please contact SPA via email or telephone to work directly with SPA staff to ensure this can be processed on time.**

It is SPA's position to process IN JEs that are created after the monthly cutoff date but these should be limited to those transactions that absolutely must be processed with end of month activity. SPA requests that departments defer other non-urgent, non-critical transactions to the next month if they cannot be created before the cutoff date.

Examples of Transaction Requirements

The following examples list various problems and/or reasons for JEs being put on hold. They also identify the type of documentation required and/or the information needed in the JE itself to facilitate SPA approval of the JE or IN. In order to prevent or minimize delays of SPA approvals, please use this as a reference guide to help you create accurate and complete transactions. Additional details about cost transfers can be found in the **Cost Transfer Guidelines/Procedures** located on the ABS website: https://www.colorado.edu/abs/policies.

Account Codes

When an expense is being transferred, use the account code to which it is allocated so it will be removed correctly from that SpeedType's financials. It is normal practice to use the same account code for the SpeedType receiving the charge. If a different account code will be used for the Fund 30/31 SpeedType receiving that expense, a clear explanation and/or justification needs to be provided in the Header Description for that exception.

Interdepartmental invoice JEs (IN JEs) charging services or supplies to a Fund 30 or 31 SpeedType need to go through the SPA approval process. IN JEs utilizing an auxiliary fund (2X) are generating income and need to use a revenue account code to record that income. If an IN involves a Fund 29 auxiliary fund, it needs to use ID account codes. Please contact your area accountant to inquire which codes are appropriate.

Consultant or Contractual Services

When cost transfers involve consultant or contractual services, the following information is needed in the header description:

1) the name of the consultant,
2) performance date, and
3) type of work performed.

Documentation to substantiate these services is also needed for our files. If this involves an individual providing the services, please send SPA a copy of the SOW signed by HR employee Karen McGougan, Roxanne Steinmann, or Luke Taylor. If these services were provided by a company, please send SPA a copy of the invoice detailing those services.

Equipment (including Computers and Computer-Related Expenses)

1) **JEs involving the following Equipment expenses** must be reviewed by OCG, including:
   a. Computers and servers, **account codes 500800 & 500900;**
   b. Equipment <$5,000, involving **account codes 501900, 502000, 537600, 537601, & 537602**; or
   c. Equipment>$5,000, involving **account codes 810100 & 810200.**

   SPA cannot approve a JE transferring equipment expenses until OCG has completed its review.

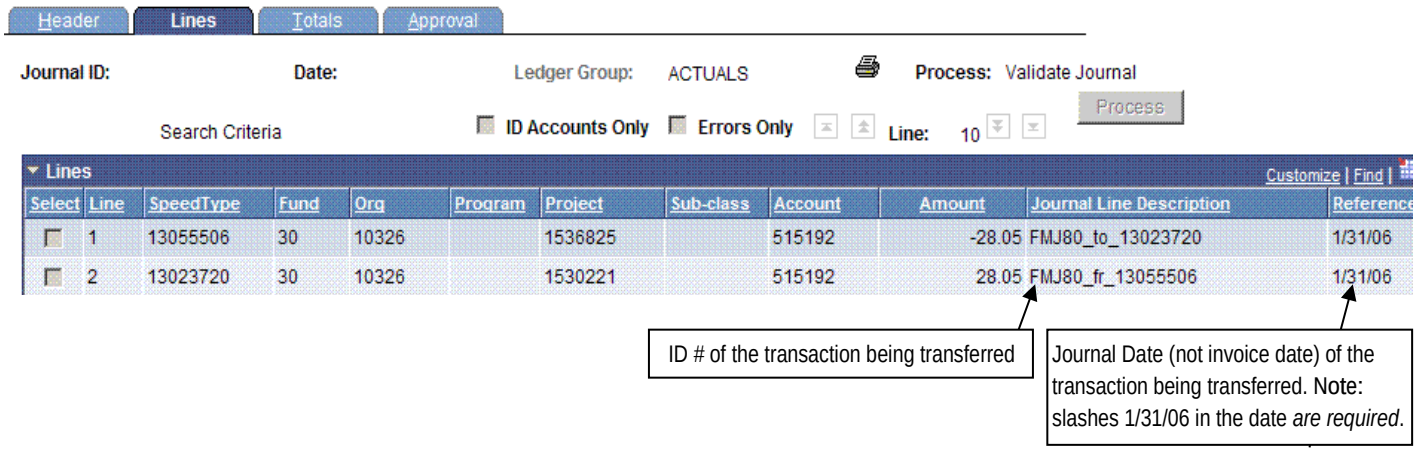
2) **JEs involving Equipment Fabrication expenses (account code 810700 & 810800)** need to reference in the Header Description **the tag number** of the equipment to which these components are being added and the JE must be reviewed by OCG before getting SPA approval.

Format of the JE

JEs that contain both Fund 30/31 and Fund 34 SpeedTypes in the same transaction will automatically default to a format required by Fin Production. All other JEs involving Fund 30/31 SpeedTypes require the following format:

The ***Journal Line Description*** of the "Lines" panel needs to list the identifying characterization of the transaction being transferred. For consistency in locating and identifying JE transfers for auditors and other examiners, this should be the data found in a detail financial report using the ID number in the column entitled "Journal ID" in PeopleSoft, "JNL ID" in PeopleSoft Lite, or "Journal Date Journal ID" in the Reporting Tool reports and also include the ST# of the FOPPS involved in the transfer. See the example below: (FMJ80_Fr_13055506). This information cannot exceed 30 characters.

The ***Reference field*** of the "Lines" panel should identify the journal date (NOT the invoice date) of the transaction being transferred, using the mm/dd/yy format. See the example below: (1/31/06). The slashes separating day/month/year **are** required.



Header Description for JEs

Header descriptions should provide a clear, complete explanation concerning the transfer and must include:

- The cause of the error (why the receiving FOPPS was not charged originally).
- Justification that the charge is allowable, allocable, and provides direct benefit to the project receiving the charge
- Cost transfers after 90 days require not only an adequate explanation of charge but also an explanation of the delay in processing the correction. Late transfers may need additional review by the project's Grant Accountant before the JE can be approved.
- Abbreviations, incomplete sentences, and other word reduction techniques are expected in the journal header due to the **254** character limit.
- Please note that **according to federal guidelines, "an explanation which merely states that the transfer was made 'to correct error' or 'to transfer to correct project' is not sufficient."**

Examples of a good header description:

- "Project start date is 01/2008 but final award was delayed. Fin system not set up until 06/2008. These costs were incurred during POP but charged to another FOPPS."
- "To transfer pre-award project costs to the continuation account"

Header Description for JEs Created Due to Expense System Account Code Limitation

The Concur Expense System has a limited selection of account codes ("Expense Types") available for use when assigning a charge to a specific SpeedType. If a JE is subsequently created to reallocate an expense to a more appropriate account code within the same SpeedType, it is sufficient to simply state in the header description that the JE is needed for reallocation because of the limitations of the Concur Expense System. However, if the reallocation is being done **between** different SpeedTypes, the header description must provide the information as outlined in **"Header Description for JEs"** (see above).

Honoraria

Journal entries that transfer honoraria charges greater than $100 require a copy of the Honorarium form that was submitted to PSC.

Indirect Charges

If you are doing journal entries that transfer expenses normally treated as indirect charges (such as: office supplies, furniture, telecom services, etc), SPA requires documentation that these expenses are allowable, per the terms of the specific project to which the charges are being applied. When these involve Bookstore charges, SPA will need to question the Bookstore who will then contact the Department who created the charge and that slows the approval process. SPA recommends you provide an accurate account code to the Bookstore when incurring charges to eliminate delays in the approval process.

Official Functions & Food Expenses

If food costs are being charged or transferred to a project, the following information must be provided:

1) identify who was at the meal and why they were there;
2) purpose of the meal "meeting"; and
3) how this directly benefits the project that is being charged.

If this involves an "official function" with total food charges greater than $500, these details should be listed on the official function form that was submitted to PSC for this function. SPA will need a copy of that form.

Overdraft (in Deficit)

SPA cannot approve a cost transfer to an account which does not have sufficient funding to cover the expense or if it will put the award into deficit. If OCG's database does not contain any information about additional funding for this project but you believe additional funding from the sponsor is forthcoming, contact your Contract Grant Administrator (CGA) in the Office of Contracts and Grants (OCG) to determine if an OPAS or At-Risk form would be appropriate to allow continued spending on the award.

Partial Transfers

When transferring a portion of an expense, an audit trail must be created. Thus, a special format is required using three journal lines:

1) The original charge is credited in full, removing it entirely from the original project.
2) The amount being transferred is debited to the receiving project.
3) The remaining amount is debited back to the original project.

Example - Original charge of $500.00 on ST13009999. JE to transfer $300.00 to ST13001111:

Line	SpeedType	Account	Amount
1	13009999	530101	-500.00
2	13001111	530101	300.00
3	13009999	530101	200.00

Past the End Date

SPA cannot approve charges that were incurred past the end date of the project. If OCG's database does not contain any information about an extension for this project but you believe something from the sponsor is forthcoming, contact your Contract Grant Administrator (CGA) in the Office of Contracts and Grants (OCG) to determine if an OPAS or At-Risk form would be appropriate to allow continued spending on the award.

Student Tuition Expenses Charged Via the ISIS System

If a JE is transferring student expenses in a 77XXXX account code that were entered into the general ledger via the ISIS system, a copy of the detail for that original transaction must be provided to SPA for backup documentation. That documentation should provide the name(s) of the student(s), the time period for which the expense was incurred, the reason for the expense, and the date of the original transaction in the general ledger.

Timeframe (Need to Reference a Date)

All sponsored projects are date-driven so transactions that include charges to sponsored projects need to reference a timeframe within which the services and/or supplies were provided. JEs should follow the required format listed earlier in this document. However, if a JE contains both Fund 30/31 and Fund 34 SpeedTypes in the same transaction, Fin Production will default to the standard format for Gift Funds and the System will reject the sponsored projects format. Therefore, all JEs that contain both Fund 30/31 and Fund 34 SpeedTypes must provide the date, month, or range of dates which apply to the charges in the transaction which can be detailed in either the Header Description or in the Journal Line Description. IN JEs that are charging to a sponsored project must also reference the timeframe within which the services or supplies were provided.

Travel Expenses

Travel procedures have undergone changes over the last few years and have involved different systems (i.e. TAP, the Expense System, and now, Concur Travel & Expense System). What *hasn't* changed is that University travel always requires two things, and SPA requires documentation in support of both:

- pre-authorization, and
- justification.

Please provide a copy of the authorization obtained before the trip was booked, which could include one of the following documents:

1) a copy of a TA from the previous system
2) a form the department is using to document authorization for University travel
3) a copy of the Travel Approval form created by SPA
4) an email from the authorizing authority (dated before the trip) that the trip was approved.

Amend the pre-authorization form (i.e. cross out old ST and write the new project number, and then get PI's signature for the revised form) and provide justification for how the travel expenses relate to and benefit the project receiving the expense. Alternatively, the PI can provide that explanation/justification via an email. A comprehensive explanation/justification can minimize delays in approving an after-the-fact transfer of travel expenses.

International travel expense charged to a sponsored project must be reviewed and approved by OCG before SPA can approve the JE. Finally, although in-state travel did not require TAs in the previous system, SPA will need some type of documentation when a JE transfers in-state travel expenses to a sponsored project. A copy of the TV or IN for that expense can be sent to SPA with an explanation of how the expense benefits the project receiving the expense.

Tuition Remission Charges

Tuition remission is a fringe benefit associated with Student Faculty appointments (TA, RA, GPTI, GA); therefore, this expense should accompany the related salary expense for that semester. At the end of each semester, the Office of Academic Affairs allocates tuition remission expense to a SpeedType based on that semester's salary expense. However, tuition expense does not automatically "follow" salary expense when it is transferred to another SpeedType via a Payroll Expense Transfer (PET) so a JE must be completed to manually move the tuition expense associated with that salary expense. Consequently, JEs that are transferring tuition remission charges associated with a salary transfer require specific information in the header description of the JE. Please provide:

- the name of the Research Assistant,
- the semester involved, and
- the PET #(s) of the related payroll transfer(s), and the date of the PET(s).

Student aid charges not specifically categorized as tuition remission can be charged to a sponsored project only when the student is being supported by that sponsored project. Therefore, please supply the same type of information as required with tuition remission transfers so SPA can substantiate the validity of student aid charges to a sponsored project.

Other Considerations

1) ***There are several other critical reasons that prevent SPA from approving a JE***. These include (but are not limited to) the following:
   - Transfers processed **solely to move deficit spending** from one sponsored project to another sponsored project.
   - Transfers of **expenses that were not incurred during the project period of performance (POP),** unless specifically allowed by the sponsor.
   - Transfers that are processed **solely to use up an unexpended balance**, but do not appear to be of direct benefit to the project.
   - Transfer of **unidentified expenses or lump-sum expenses** to an award FOPPS, unless agreed by SPA Grant Accountants.
   - Random or regular rotation of costs**, absent any information on actual use.** i.e., arbitrary charging of pooled costs such as photocopies or lab supplies.

2) The Approver should check each JE or IN JE for errors and not approve it if SPA will put it on hold for reasons discussed earlier in this document. The Approver should also check that the reasons for a "hold" have been adequately and accurately addressed in the revised JE or IN JE before approving it. ***This type of detailed oversight can help prevent repeated rejections of the same transaction.***

3) To expedite the approval process, do not include Fund 30/31 and Fund 34 charges or transfers within the same transaction. Sponsored project activity is approved by SPA but Fund 34 activity is approved by General Accounting and can therefore take additional time to review and approve.

4) After a JE or IN JE gets SPA approval, it can still be changed or deleted from the System. However, once it has gone through the "Budget Check" process (which occurs twice daily in the System), it cannot be altered in any way.

5) Please note that any time a JE or an IN JE is edited, it must be revalidated and get reapproved at the departmental level.

Fax or Email Documentation to SPA

All faxed material related to JEs awaiting SPA approval should be sent to the attention of "Jim" fax# 303-735-0323. **Please reference the JE# on the fax to expedite the approval process.**

Alternately, scanned images of documentation may be emailed to James.Sheppard@colorado.edu. **Please reference the JE# on the scan and on the email subject line to expedite the approval process.**