ASU FINANCIAL SERVICES COMMITMENT ACCOUNTING

NOVEMBER 28, 2007

WHAT IS COMMITMENT ACCOUNTING?

Commitment accounting is the accounting for payroll and payroll related transactions. Commitment accounting deals with three information flows: payroll actual expenses, payroll redistribution entries and payroll encumbrances. Human Resources confirms a payroll, usually on the Tuesday before the Friday payday. At this point the accounting (agency/org and object/subobject) has not been assigned. The accounting information is assigned in the process called Commitment Accounting that is run by Financial Services. The commitment accounting process consists of the running of multiple jobs in PeopleSoft where the end result is a file of payroll expenses (gross pay and ERE), payroll redistributions and encumbrances which is created and interfaced into Advantage. The time frame to complete the Commitment Accounting process for a payroll has been taking from 3 to 15 working days. The time is dependent upon the number of errors encountered during the process. Usually on the Wednesday before payday Financial Services will begin to run the process to assign the accounting to the payroll transactions. Under the best of conditions the Commitment Accounting process is completed on the Friday payday. The files are interfaced into Advantage Friday night.

The timing of these processes still fluctuates widely. The Commitment Accounting routines are run manually and we need to clean up errors before we proceed to the next step. At this time the Commitment Accounting process is not routine, we encounter new issues with every payroll run. As the process stabilizes we expect to have payroll transactions interfaced to Advantage in a more timely manner.

PAYROLL ENCUMBRANCES

Payroll encumbrances are expected expenses from now through the end of the fiscal year, leave without pay status, contract end date or termination date. Encumbrances are calculated per position and account. If a position has multiple Effective Dates and funding changes, then an account would only post encumbrance amounts for the time it is used as a funding source. The generic formulas for encumbrance calculations are as follows:

Salaried: (Biweekly Rate x Remaining Pay Periods in Fiscal Year) + Prorated Days Until Fiscal Year End

Contract: Contract Rate Per Pay Period x Remaining Pay Periods in Contract

Hourly: (Hourly Rate x Standard Hours Per Week x 2 x Remaining Pay Periods in Fiscal Year) + Prorated Days Until Fiscal Year End

Modifiers which create an end date or amount change for an encumbrance:
Active/Inactive Status Change
Pay Rate Change
Effective Date and Distribution Change

Student Wages and Additional Pay are not encumbered. Payroll encumbrances for sponsored accounts will be loaded for the first time since the implementation of PeopleSoft with the payroll expenses for the pay day ended November 21.

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POSITION MANAGEMENT

The Effective Date and the Fiscal Year Position Distribution will control which account expenses and encumbrances post to and also the duration of the encumbrance.

When setting up and maintaining positions you must be aware of effective dates when a new funding source will commence. If a Sponsored account has a GDES end date within the current fiscal year, the department must update the active positions mapped to the Sponsored account to create a new Effective Date equal to one calendar day after the GDES end date and a new Fiscal Year Position Distribution Account. The update would be done in the PeopleSoft screen, Maintain Position Accounting. Failure to do this will cause positions on Sponsored Accounts to be encumbered through the end of the fiscal year and if a sponsored account was ending during the current payroll run, the account charged would automatically default to the Responsible Agency Org in the Advantage GDES table. PeopleSoft will not allow a payroll expense to post to an ending sponsored account.

Encumbrances are calculated by looking at the open lines by account number and calculating the value of the remaining payroll through the end of the fiscal year, contract end or a new Effective Date Fiscal Year Position Distribution, whichever comes first.

In order to avoid Sponsored payroll expenses being automatically charged to the Responsible Agency Org on the GDES table and Sponsored accounts from being over encumbered business managers should be proactive and create a new Fiscal Year Position Distribution effective one calendar date after the GDES end date for all sponsored accounts ending during the current fiscal year. The account used for the new Fiscal Year Position Distribution may be an existing state or local account. However, if the department does not wish to encumber the local or state account, departments may request a special account from Financial Services to be used for this purpose. The only activity that should occur on this special department account would be payroll encumbrances. However, in the event that payroll expenses do post to this account the department would have to promptly redistribute the payroll expenses to an appropriate account. These special accounts have a unique fund code so that Financial Services can also monitor the accounts and ensure that expenditures do not remain on these "unfunded" accounts.

For more detailed instructions please refer to Financial Services Commitment Accounting website and choose the subject of Position Management.

http://www.asu.edu/fs/commitment_accounting.html

REDISTRIBUTION ENTRIES

A Payroll Redistribution Entry is used to re-code an account number, position number, pay period end date or earnings code type of a payroll transaction that has posted to Advantage. Currently departments must submit a paper form to the Office of Sponsored Projects or Financial Services. Departments at West campus may submit their forms to Financial and Support Services and departments at Polytechnic may submit their forms to Administration and Financial Services.

You may use the pre-built query in myReports entitled Pay Earnings with Redistributions to research payroll expenses that have posted to an agency/org. The information in this query will contain the required information to complete the Payroll Redistribution Form. When the redistribution entries post to Advantage the document will be a JV with a document number that begins with P3.

Please be aware that work study payroll expenses will also post with a document number beginning with P3. Workstudy expenses are also run through a system generated redistribution process. PeopleSoft will generate a six digit transaction number that begins with a "1". This transaction number will appear in the myReports query. The transaction is viewable in PeopleSoft. Currently only Financial Services and ORSPA have this access.

At this date we cannot process a redistribution entry on a workstudy expense. We are holding these transactions until programming changes have been implemented in PeopleSoft. For redistribution entries that involve a graduate teaching assistant or graduate research assistant that receive tuition waivers and health insurance benefits, Financial Services prepares an Advantage journal entry to transfer the related ERE for tuition remission and health insurance benefits. We are also waiting on programming changes to automate this process in PeopleSoft.

Once all programming changes have been implemented, training will be available to end users to allow them access to process and view their own redistribution entries in PeopleSoft.

For more detailed instructions please refer to Financial Services Commitment Accounting website and choose the subject of Payroll Redistribution Entries.

http://www.asu.edu/fs/commitment_accounting.html

WORKSTUDY PAYROLL EXPENSES

Student workstudy payroll expenses are run through a system generated redistribution process. Workstudy payroll expenses will first post at 100% to department account(s) and then a separate redistribution entry is created to credit the federal portion which is in most cases 70%.

In myReports using the Pay Earnings with Redistributions pre-built query you are able to track workstudy expenses posted to an account. Transaction numbers beginning with "1" are Redistribution Entries and transaction numbers of 0 are regular payroll transactions.

Fiscal	Position	Emplid	Empl	Person Nm	Pay End Dt	Accou	Erncd	Expenditure Code	Account	Sorg	Transaction	Earnings
	132201	1000734146	0	Doe, Jane	07/15/2007	1	STH	711001	DH11001		0	254.35
					07/29/2007	1	RTH	711001	DH11001		0	14.50
							STH	711001	DH11001		0	377.74
					08/12/2007	1	STH	711001	DH11001		0	-63.44
						2	STH	711001	DH11001		0	273.44
					08/26/2007		STH	711001	DH11001		100187	-180.68
						2	STH	711001	DH11001		0	258.12
					09/09/2007		STH	711001	DH11001		100478	-128.63
						2	STH	711001	DH11001		0	109.38
						3	STH	711001	DH11001		0	74.38
					09/23/2007		STH	711001	DH11001		100854	-130.16
						3	STH	711001	DH11001		0	185.94
					10/07/2007		STH	712001	DH11001		101466	-130.16
						3	STH	711001	DH11001		0	107.19
						4	STH	711001	DH11001		0	78.75

BUDGET POSTION CONTROL REPORT AND APPROPRIATION CHANGES

Financial Services is working on creating a Budget Position Control Report and anticipates having the report completed in January. The Original Budget will come from the Salary Planning, appropriation changes will come from a Financial Data Warehouse table which contains Advantage Appropriation documents (A1), and actual expenses and encumbrances will come from a PeopleSoft table in myReports. PeopleSoft position numbers and Affiliate IDs will be used on the new report. Most of the HRMS position numbers were converted to a six digit PeopleSoft number during the PeopleSoft conversion. If an HRMS position number did not convert, a dummy six digit position number will be used to accumulate the Original Budget on the new Budget Position Control Report.

The Advantage Appropriation Change Document had to be modified in order to accommodate the six digit PeopleSoft position number and the 10 digit affiliate ID. Due to this modification Advantage Appropriation (A1) documents can no longer be entered using the Graphical User Interface (GUI) version of Advantage. All A1 documents must be entered using the Character based version of Advantage. GUI users may refer to the Character Based instructions at http://www.asu.edu/fs/advantage/xferdocs/A1transchar.doc

You may also submit a paper form to Financial Services for processing. The paper form is at http://www.asu.edu/fs/forms/appropriation_transfer.xls

When processing an A1 document for a state personal services change and the position number you are using did not convert to a PeopleSoft number, assign a six digit position number that begins with any number except 1 or 9, since these numbering sequences are in use by PeopleSoft, in the Position field of the A1 document. The position number you assign does not need to exist in PeopleSoft. The number you created will be used on the Budget Position Control Report and all A1 activity will be reported under the position number you created.

COMMITMENT ACCOUNTING SCREEN IN PEOPLESOFT

The Commitment Accounting Cross Reference Screen in PeopleSoft is a useful tool to look up fiscal year to date expenses, redistribution entries, calculated encumbrances and positions currently mapped to an account. The security roles of HCM Dept Position View, HCM Dept Position Mgr and HCM Dept Financial Mgr will allow access to this screen.

To navigate to this screen follow this path:
-ASU CUSTOMIZATIONS– ASU HCM CUSTOM– ASU POSITION MANAGEMENT—COMMIT ACCTG CROSS REFERENCE

The data in this screen is updated as the Commitment Accounting jobs are run for each payroll run.

At times this screen may be more current than Advantage. Payroll transactions are updated in Advantage once a payroll run has been completed and Financial Services has completed the Commitment Accounting process. In a best case scenario there is usually a two day lag between the time this screen is updated and Advantage is updated.

Commitment Accounting Cross-Reference

Search Results

Fiscal Year: **2008**

ASU Acct: **XJ21001**

Payroll Actuals Distribution

Fiscal Year	ASU Acct	Position	Position Descr	Actuals Amt
2008	XJ21001	106981	Systems Analyst Prin	29,423.08
2008	XJ21001	112935	Tech Support Analyst Senior	17,997.63
2008	XJ21001	112950	Tech Support Analyst Senior	19,031.39
2008	XJ21001	113320	Systems Programmer Senior	19,778.42

Earnings Redistributions

Fiscal Year	ASU Acct	Position	Transaction Nbr	Approval	Redist Amt
2008	XJ21001				0.00

Calculated Encumbrance

Fiscal Year	ASU Acct	Position	Position Descr	Encumbrance Amt
2008	XJ21001	106981	Systems Analyst Prin	55,904.00
2008	XJ21001	112935	Tech Support Analyst Senior	34,195.00
2008	XJ21001	112950	Tech Support Analyst Senior	36,160.00
2008	XJ21001	113320	Systems Programmer Senior	37,579.00

Current Distribution Mapping

Fiscal Year	ASU Acct	Position	Position Descr	Erncd	Dist %
2008	XJ21001	106981	Systems Analyst Prin		100.00
2008	XJ21001	112935	Tech Support Analyst Senior		100.00
2008	XJ21001	112950	Tech Support Analyst Senior		100.00
2008	XJ21001	113320	Systems Programmer Senior		100.00

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