

GENERAL ACCOUNTING

Advance Fee Collections

Inter-Unit Journals (IUJ)

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Terminal Leave Allocations

Refund of Expenditure

GPO Pooling

University of Wisconsin System
SFS Accounting Manual

Category: General Ledger		Effective Date: Updated Annually	
Task or Process: Processing Guidelines for Advance Fee Collections Future year receipts collected before July 1		Revision Date: April annually	
Contact Information: Name: Ginger Hintz Bryan Peters	Email: ghintz@uwsa.edu bpeters@uwsa.edu	Phone: (608) 262-6010 (608) 262-7957	

Background

Some business units (BUs) begin collecting Summer Session and Fall Semester tuition/fees as early as March annually. Because those receipts relate to future year operations, they must be recorded as Deferred Revenue in the current year when the collection occurs prior to July 1. The following guidelines are issued as the UW accounting procedures related to such receipts.

I. Basic Concepts

1. The effect on Cash for such receipts should occur in the current fiscal year (not the future year) in both the UW and DOA records.
2. All advance fees received prior to July 1 should be included in the current year daily receipts amounts recorded in fund 990, account 9198.
3. The total amount of advanced fees received prior to July 1 must be recorded as Deferred Revenue (SFS account 7400) by the end of the current fiscal year. None of it can remain in a revenue account code at the end of the current year. **Controllers: Please insure that your institution policies comply with these criteria.**
4. The process should allow advance fees to be recorded in the appropriate fund so that institutions get the full benefit of impact on cash balances in funds where interest earnings are calculated. Double-entry balance sheet accounting principles will be applied for all BU's.

II. Procedures for recording advanced fees

Items (a) and (b) are the guidelines for the current year accounting transactions. Items (c), (d), and (e) are the guidelines for the future year transactions.

- a) When doing the current year journal entry to record daily receipts in fund 990 you may want to consider using a two-line entry for the receipts. One for actual current year receipts and a second one for the amount that relates to advanced fees (this is not required, just suggested). Account 9198 should be used for both lines if you choose to use the two-line entry. You can use the Sub-Class field, a separate DeptID code, description field data, etc. to identify the receipt entry that is for the advanced fees (if you choose to use the two-line entry).

- b) When the revenue is cleared from 990 in the current year (during March-June), the actual current year receipts should be distributed to the proper revenue fund and account (e.g. 131-9101 or 128-9285). **The future year advance receipts should be recorded as follows in SFS in the current year:**
- Record as Deferred Revenue (account 7400) in the appropriate fund (128, 131, 132, etc.) and DeptID codes, with an offset to Cash (6100). The benefit of this method is that the 128 cash balances are increased as the journals are posted in SFS. Thus, 128 cash balances will be properly adjusted for interest earning calculations. Another benefit -- no further year-end processing is needed (to move balances from revenue codes to the deferred revenue code) because the advance receipt amounts will already be coded to Deferred Revenue, as they should be for year end closing.*
- c) The actual **future year revenue** distributions and their offsetting entries coded to account 7400 can be recorded to the new fiscal year beginning in March with a July 2 date. Institutions should notify Ginger Hintz or Bryan Peters at UWSA Financial Administration by email when the journal is ready to post. Institutions may wait to process these transactions until after July 1. **The revenue distribution journals should be posted to period 1 of the new fiscal year and must not contain any Cash offset transactions.** Also, there should be no fund 990 entries in the future year related to those revenues. The fund 990 entries are recorded in the current year prior to July 1.
- d) Verification of net effect across fiscal years. Once all of the future year revenue distribution journals for advance fees have been posted in SFS in July, each BU must check the account 7400 balances to insure that they net to zero (at the fund/deptID level) across the two fiscal years. Correction journals will need to be processed if the 7400 balances do not net to zero. The zeroing of account 7400 should be complete by the end of the July accounting period in the new year.

Please distribute this policy document to all campus staff (functional and technical) that needs to be aware of these procedures.



Inter-Unit Journals (IUJ)

Policies and Procedures

Purpose of Policy

Effective Date: 02/01/2011

Revision Date: 02/01/2011

In an effort to reduce the labor and cost of writing and depositing checks between business units, the UW System encourages the use of an Inter-Unit Journal (IUJ) using the Journal Entry Tool (JET) to record expenses and/or revenues, as well as transfer cash, between the business units in a mutually agreeable manner.

JET also has a JRT – Non-Salary Cost Transfer journal available to be used for transfers within the same business unit. Access to the JRT journal should be given by the user's campus WISDM Business Unit Administrator (BU Admin).

Accountability:

It is important for users to understand the power of the IUJ and the responsibility the user has for ensuring the approval and accuracy of the financial information being entered into JET. The access to IUJ must be limited to needed users in the Controller's business office and there should not be wide-spread access across the campus. Transactions that are entered into JET are interfaced and posted to the SFS general ledger. The general ledger is the source of information sent to the Department of Administration (DOA) and the upload to WISDM, where it can be viewed by each business unit.

The user has a responsibility that the data included in the IUJ/JET entries:

- Meets the criteria set forth in this policy
- Adheres to the terms of the user agreement in the UW System IUJ/JET Access form
- Contains valid funding strings
- Corresponds with the level of security given to the user
- Meets accounting requirements in DOA and UW System accounting policies

Transactions entered through JET encounter “edits” prior to being submitted to SFS. However, JET does not currently have the ability to catch every type of error that could exist. JET users should recognize this and take the necessary steps to ensure that entries do not violate any of the above criteria.

Transactions entered into JET cannot be deleted once they are submitted. A complete reversal or partial correction would need to be submitted for any changes.

Authorization to Use IUJs Through JET

Allowable Uses

Requirements for Using the IUJ

Training to Use IUJs Through JET

Recurring Transactions

Non-Recurring Transactions

Posting and Monitoring Posts

Record Retention

IUJ Contact List (<https://www.wisconsin.edu/financial-administration/systemwide-business-office-directory/inter-unit-journal-contacts/>)

SFS SUPPORT TEAM

780 Regent St.

Suite 255

Madison, WI 53715

✉ uwsaproblemsolvers@uwsa.edu

UW SYSTEM ASSESSMENTS AND DISTRIBUTIONS			
ASSESSMENT OR DISTRIBUTION	ALLOCATION METHODOLOGY	SOURCE OF DATA	Billing/Rebate Timeline
1098T & 1098E Processing	Count of Edocs and Paper	UAS Invoice	January
American Assoc of Composers, Authors & Publishers (ASCAP)	FTE Enrollment for Fall	UW System Finance-ASCAP Invoice	December
American Association of State Colleges & Universities (AASCU)- Grants Resource Center (GRC) Membership	UW System pays half and the other half is allocated based on Budgeted Faculty	UW System Finance - Bob Jokisch	March
Boiler & Machinery Premium	Property on campus & Loss Experience	UW System Office Safety & Loss Prev-AON Invoice	October
Broadcast Music Inc. (BMI) License fees	FTE Enrollment for Fall	UW System Finance-BMI Invoice	January
Cheerleader, Dance, & Mascot Catastrophic Accident Policy	Number of participants & Loss Experience	UW System Office Safety & Loss Prev-AON Invoice	April
Commercial General Liab & Excess Liab	Only MSN, STP, MIL, & SYS-based on # of contracts	UW System Office Safety & Loss Prev-AON Invoice	October
Common Systems	Common Systems spreadsheet	UW System Office of Learning & Information Technology	March
Commuter Benefits Program administrator charges	Number of individuals participating in program.	UW Payroll Services	June
Cooperative Services	Fixed rate	UW System Financial Admin spreadsheet - DO WITHOUT EMAIL / SYS HAS THE DOCUMENTATION	April
Council on Undergraduate Research (CUR)	UW System pays half-Other half divided evenly among campuses (not EXT)	UW System Academic Affairs- CUR Invoice	Aug for invoice recvd in April
Crime Bond Policy	FTE Count & Loss Experience	UW System Office Safety & Loss Prev-AON Invoice	March
Financial Services Billing	Average Wismart transaction count over previous 3 years split between GPR and PR	DOA / UW System Financial Admin spreadsheet	April
Fund 128 Assessment	UW System charges allocated based on prior year actual Fund 128 expenses	UW System Financial Admin spreadsheet	June
Fund 150 Assessment	DOA Assessment & UW System Assessment based on estimated receipt base.	UW System Financial Admin spreadsheet	June
Green Energy Surcharge	Fund 109 electricity account code 2500	UW System Financial Admin spreadsheet	June
Legal Service Fees Assessment	legal services fees assessment worksheet	DOA Invoice & UW System Purchasing for base spend	June/July, this will always be a FY behind
Legislative Audit Bureau	Share cost of stand alone statement audit evenly and remaining based on share of expenses in A133 audit report	LAB Invoice & A133 Audit Report	April
Library Charges	Only amounts provided - not methodology	UW System Office of Learning & Information Technology	April
Malpractice - Property - W/C Premium	Only amounts provided - not methodology	UW System Office Safety & Loss Prev-DOA Invoice	May

UW SYSTEM ASSESSMENTS AND DISTRIBUTIONS			
ASSESSMENT OR DISTRIBUTION	ALLOCATION METHODOLOGY	SOURCE OF DATA	Billing/Rebate Timeline
Municipal Services Payments	Campus facilities that receive police, fire, & solid waste disposal services from municipalities.	DOA Information & UW System Budget	February-but bill in June
Network Chargebacks	olga	Olga -	February
OSER Assessment	Some charges based on all FTE & some charges based on classified FTE	UW System Budget spreadsheet-OSER Invoice	April but bill in June
Pcard Rebate/Office supply rebate/Procurement General Assessments	Pcard and Tcard volume/Office Supply Volume/Base Spend	DOA State Bureau of Procurement & UW System Procurement Office	Aug for previous FY
ProQuest COS-systemwide license for research tool	UW System pays half and the other half is allocated based on Budgeted Faculty	UW System Finance	December
Safety & Loss Prevention	Only amounts provided - not methodology	UW System Office Safety & Loss Prev - Risk Management	July
Society of European Stage Authors & Composers (SESAC) License fees	FTE Enrollment for Fall	UW System Finance-SESAC Invoice	December
STAR Assessment (Old WisMart)	Average Wismart transaction count over previous 3 years split between GPR and PR	DOA	July
State Use Work Center Surcharge	Base spend purchasing activity from the DOA State Bureau of Procurement.	DOA Invoice & UW System Purchasing for base spend	June
University Economic Development Association (UEDA)	Per campuses included - Monica should give these to you.	Monica Rice	May
Veterans Remission			June
WIAC Fee Assessment	Fixed rate	UW System WIAC	July
WIAC Transfer Supplies	From 128 801000 0 to 301 289000 1 3100	\$250.00	July
WiSys Technology Foundation	MSN pays \$200,000, SYS pays \$100,000, the remaining is allocated based on that fiscal year's total budget.	UW System Finance-WiSys Invoice	December

COOPERATIVE AGREEMENT ON ACCOUNTING, PREAUDITING AND
INTERNAL ACCOUNTING CONTROL ACTIVITIES

Between the

UW SYSTEM ADMINISTRATION

and

UNIVERSITY OF WISCONSIN-_____

This agreement, effective upon signature by both parties, University of Wisconsin System Administration (UWSA) and the University of Wisconsin (UW) – _____, is for the purpose of documenting the responsibilities of both entities with regard to accounting, preauditing and internal accounting control activities. This agreement is an extension of the delegation from the Department of Administration (DOA) to the UW System.

This agreement is effective until revised by mutual agreement of both parties.

The agreement covers all financial transactions processed by or on behalf of UW-_____. Any transactions processed through the Shared Financial System, Human Resource System (HRS), Student Information System, or ancillary reporting systems by staff of UW-_____ that are not specifically identified in this agreement are also subject to the terms of the agreement. The following terms apply.

A. Internal Controls

1. The Chief Business Officer agrees that s/he, in conjunction with the Controller, is responsible for ensuring that an adequate system of internal controls over accounting activities is in operation and that it is properly functioning.
2. UW-_____ will develop an internal control plan for accounting activities. UWSA will provide guidance on development of the plan, if requested.
3. The internal control plan will be reviewed and updated by UW-_____ at least every three years.
4. Each fiscal year the Chief Business Officer will certify to the UW System Vice President for Finance that the internal accounting controls have been reviewed and any material weaknesses in these controls have been corrected.

B. Accounting, Processing, Reporting and General Activities

1. The Chief Business Officer agrees to accept authority and responsibility for ensuring that processes and procedures are in place to provide reasonable assurances that transactions processed by UW-_____ personnel are in compliance with state statutes and rules, regulations, policies, or procedures established by the State of Wisconsin, Board of Regents, UWSA, and/or granting agencies. This includes, but is not limited to, the following: Chapter 20, Wis. Stats.; UW System Purchasing Card Policy and Procedure Manual; grant agreements; and travel policy and operational procedures.
2. The action, by UW-_____ personnel, of applying an approval to any document certifies that they have reviewed the transaction and believe that the transaction is accurate,

properly documented, properly authorized, and in accordance with applicable statutes and other rules or regulations.

3. The Chief Business Officer accepts responsibility for ensuring the accuracy and propriety of all transactions entered by UW-_____ personnel into the Shared Financial System, HRS, and the Student Information System. This includes, but is not limited to, activity posted to revenue, expenditure, balance sheet, budgetary, and encumbrance account types.
4. The Chief Business Officer acknowledges that the Shared Financial System is the official record of the UW System's transaction activity and financial position. The Chief Business Officer agrees to ensure that procedures are in place to verify on an ongoing basis the accuracy of amounts recorded for revenues, expenditures, assets, liabilities, encumbrances, and budget balances for each appropriation.
5. The Chief Business Officer shall ensure that payroll information submitted to the HRS Service Center is accurate and as such validates the certification of payroll as required under s. 16.415(1) and s. 16.53(1)(b) *Wis. Stats.*
6. The Chief Business Officer agrees to ensure that timely and accurate financial information and reports are submitted to UWSA as required by UWSA policy or Wisconsin Statute, including but not limited to, information required to prepare the UW System Annual Financial Report, requests to write off accounts receivable, Board of Regent reporting of gifts and grants, and other accounting information as requested.
7. The Chief Business Officer accepts responsibility for ensuring that UW-_____ completes all activities on the year end closing checklist by the dates shown and that all balances, including balance sheet accounts, are reviewed for appropriateness and required reconciliations are completed.
8. The Chief Business Officer agrees to ensure that all clearing appropriations or clearing accounts, if any, are properly cleared or reconciled at the end of the fiscal year. All balances in clearing accounts at year end will be substantiated.
9. The Chief Business Officer agrees to ensure that outstanding employee travel advances are regularly reviewed for appropriateness of the balance and timeliness of repayment.
10. The Chief Business Officer agrees to help ensure that bequests and gifts where the gifting document does not name UW-_____ affiliated foundation are directed to the UWSA Office of Trust Funds for the sole benefit of UW-_____.
11. The Chief Business Officer shall agree to administer the zero balance checkwriting process in accordance with the provisions outlined in Appendix A.

C. Preauditing

1. The Chief Business Officer agrees to accept delegation of preaudit, and UW-_____ personnel will be responsible for auditing payment transactions in accordance s. 16.53 *Wis. Stats.* and other applicable statutes, and policies of the UW System to ensure:
 - Safeguarding of assets
 - Accuracy and reliability of the accounting records
 - Promotes operational efficiencies
2. With respect to preaudit, the Chief Business Officer further agrees that:

- The preaudit sampling plan shall be described in the institution's internal control plan. The internal control plan shall also document controls over disbursement transactions such as procurement card purchases where traditional pre-audit of a payment voucher does not apply.
- The Chief Business Officer shall designate, in writing, those individuals who have been delegated preaudit approval authority. The designation document should specify the types of transactions each employee is authorized to approve.
- The person or persons responsible for approving or preauditing payments shall have the authority to determine that the disbursement is legal, accurate, properly authorized, properly coded, and adequately documented. This person or persons shall have access to all documentation or information needed to determine the appropriateness of the disbursement.
- All transactions that are pre-audited should be supported by evidence of that preaudit by the authorized pre-auditor. This evidence can be endorsed directly on the transaction or annexed to the transaction, such as on a voucher summary listing.
- The Chief Business Officer will ensure that the preaudit function is adequately monitored.

D. Other Responsibilities Under This Agreement

1. The Chief Business Officer agrees to provide UWSA personnel with access to all necessary documentation, within a reasonable time period, to enable the UWSA staff to evaluate compliance with the terms of this agreement.

UWSA agrees to comply with the following conditions.

1. UWSA will provide consultation and assistance on accounting related activities. This includes, but is not limited to, assistance in the preparation of an institutional internal accounting control plan, assistance in evaluating balance sheet accounts, training in the use of SFS, training in year end procedures, and other accounting and auditing related activities as needed.
2. UWSA agrees to provide UW-_____ with timely information on changes that affect the processing of accounting transactions.
3. UWSA agrees to provide UW-_____ with interpretations on accounting policies, statutes, travel policy and operational procedures, contracts, and other rules and regulations.
4. UWSA agrees to advocate on the System's and institutions' behalf on matters involving external parties, such as the Department of Administration, Legislative Audit Bureau, and granting agencies.
5. For all bequests, gifts, and grants held at UWSA Office of Trust Funds for the sole benefit of UW-_____, UWSA agrees to process all revenue and investment related transactions; provide for the custody and investment management of assets; maintain an investment account recordkeeping system; open and close investment accounts; and maintain all relevant records and documentation for UW-_____ trust funds, which are defined as bequests and gifts where UW-_____ is named and not its affiliated foundation and where longer term gifts, grants, and contracts require investment. UWSA is not responsible for pre-payment reviews for UW-_____ trust funds, but will conduct post payment reviews, as centrally conducted by the UWSA Office of Trust Funds.
6. UWSA agrees to maintain the Shared Financial System to provide the UW System with accounting information, reports, and budgetary control over agency appropriations.
7. UWSA agrees to promptly provide UW-_____ with a copy of an explanation of any transaction made by UWSA staff that affects UW-_____ financial records.

By:

XXXX
Chief Business Officer

UW-_____

Date:

By:

Sean Nelson
Vice President
Finance
University of Wisconsin System

Date:

By:

XXXX
Controller

UW-

Date:

By:

Julie Gordon
Sr. Associate Vice President
Finance
University of Wisconsin System

Date:

Zero Balance Accounts

The following summarizes the responsibilities of UW- and of UWSA for the management of the zero balance accounts checkwriting account (ZBAs):

- A control parent account has been established at UW System's working bank for which UWSA is responsible; a zero balance sub account has been established in the name of UW- .
- UW- will continue to make deposits to respective institutional bank accounts and not to the ZBA sub accounts. US Bank automatically transfers funds from the control parent account to cover checks written against sub accounts.
- To the extent possible, all disbursements should be made through the ZBA. Contingent funds should be used solely for petty cash and change funds.
- UW- will be responsible for preparing, signing, and disbursing checks written against its zero balance account or authorizing and monitoring electronic disbursements from this account. On the day after the ZBA checks are generated by the institutions or electronic disbursements are initiated, UWSA will forward to DOA accounting transactions that support these disbursements.
- Upon receipt of the accounting transactions, DOA will transfer funds from the state's working account to the UW parent account. These funds are expected to be available in the parent account prior to presentation for payment of the checks written against the institutional ZBA accounts.
- UWSA will be responsible for monitoring the balance in the parent account on a daily basis.
- UWSA will be responsible for confirming that the daily new issue amount match deposits in the parent account.
- UW- will, on a monthly basis, confirm that the newly issued amount reported by the bank agrees with the total of the daily issues recorded in SFS campuses for the same period.
- UW- will, on a monthly basis, confirm the listing of outstanding checks provided by the bank by comparing to a SFS campuses generated listing of outstanding checks as of the same date.
- UW- is responsible for notifying the UWSA ZBA accountant when miscellaneous debits or credits, such as interest earnings, appear on the monthly bank statement.
- UW- is responsible for holding checks over \$500,000 for three business days to allow the parent account reimbursement to happen before the check is presented for payment.
- UW- is responsible for establishing either a block or a filter on their institutional ZBA account to protect against unauthorized debits to the account.
- UW- will comply with the canceled draft requirement contained in s. 20.912, *Wis. Stats.*

(14) “University of Wisconsin Colleges” means the college campuses as a whole.

History: 1973 c. 335; 1985 a. 332 s. 251 (3); 1989 a. 31, 67; 1991 a. 39; 1995 a. 27; 1997 a. 237.

36.07 Corporate title, officers, meetings, records.

(1) **CORPORATE STATUS AND TITLE.** The board and their successors in office shall constitute a body corporate by the name of “Board of Regents of the University of Wisconsin System”.

(2) **SECRETARY.** The board shall appoint a secretary of the board who shall keep a faithful record of all its transactions.

(3) **TREASURER.** The state treasurer shall be the treasurer of the board, but the board may appoint other persons to receive other moneys that may be due or remitted from any source.

(4) **MEETINGS, TIMES, NOTICE.** The times for holding the regular annual meeting and such other meetings as are required, and the manner of providing notice for such meetings, shall be determined by the board’s bylaws.

(5) **ACCESS TO THE BOARD.** The board shall provide in its operating policies for access to the board by the public, faculty, students and chancellors.

(6) **MEETINGS AND RECORDS PUBLIC.** The board meetings shall be open and all records of such meetings and of all proceedings of the board shall be open to inspection in accordance with subchs. II and V of ch. 19.

History: 1973 c. 335; 1975 c. 426 s. 3; 1981 c. 335 s. 26; 1991 a. 39.

36.09 Responsibilities.

(1) **THE BOARD OF REGENTS.** (a) The primary responsibility for governance of the system shall be vested in the board which shall enact policies and promulgate rules for governing the system, plan for the future needs of the state for university education, ensure the diversity of quality undergraduate programs while preserving the strength of the state’s graduate training and research centers and promote the widest degree of institutional autonomy within the controlling limits of system-wide policies and priorities established by the board.

Cross-reference: See also UWS, Wis. adm. code.

(am) The board, in consultation with the Wisconsin Economic Development Corporation, shall do all of the following for each economic development program, as defined in s. 36.11 (29r) (a), administered by the board:

1. Establish clear and measurable goals for the program that are tied to statutory policy objectives.

2. Establish at least one quantifiable benchmark for each program goal described in subd. 1.

3. Require that each recipient of a grant or loan under the program submit a report to the board. Each contract with a recipient of a grant or loan under the program shall specify the frequency and format of the report to be submitted to the board and the performance measures to be included in the report.

4. Establish a method for evaluating the projected results of the program with actual outcomes as determined by evaluating the information described in subds. 1. and 2.

5. Annually and independently verify, from a sample of grants and loans, the accuracy of the information required to be reported under subd. 3.

6. Establish by rule a requirement that the recipient of a grant or loan under the program of at least \$100,000 submit to the board a verified statement signed by both an independent certified public accountant licensed or certified under ch. 442 and the director or principal officer of the recipient to attest to the accuracy of the verified statement, and make available for inspection the documents supporting the verified statement. The board shall include the requirement established by rule under this subdivision in the contract entered into by a grant or loan recipient.

7. Establish by rule policies and procedures permitting the board to do all of the following if a recipient of a grant or loan or tax benefits under the program submits false or misleading information to the board or fails to comply with the terms of a contract

entered into with the board under the program and fails to provide to the satisfaction of the board an explanation for the noncompliance:

- a. Recoup payments made to the recipient.
- b. Withhold payments to be made to the recipient.
- c. Impose a forfeiture on the recipient.

(b) The board, after public hearing at each institution, shall establish for each institution a mission statement delineating specific program responsibilities and types of degrees to be granted.

(c) The board shall determine the educational programs to be offered in the system and may discontinue educational programs as it deems necessary.

(d) The board shall establish policies to guide program activities to ensure that they will be compatible with the missions of the institutions of the system. To this end, the board shall make all reasonable effort to provide night courses.

(e) The board shall appoint a president of the system; a chancellor for each institution; a dean for each college campus; the state geologist; the director of the laboratory of hygiene; the director of the psychiatric institute; the state cartographer; and the requisite number of officers, other than the vice presidents, associate vice presidents, and assistant vice presidents of the system; faculty; academic staff; and other employees and fix the salaries, subject to the limitations under par. (j) and ss. 20.923 (4g) and 230.12 (3) (e), the duties and the term of office for each. The board shall fix the salaries, subject to the limitations under par. (j) and ss. 20.923 (4g) and 230.12 (3) (e), and the duties for each chancellor, vice president, associate vice president, and assistant vice president of the system. No sectarian or partisan tests or any tests based upon race, religion, national origin, or sex shall ever be allowed or exercised in the appointment of the employees of the system.

NOTE: Par. (e) is amended eff. 7–1–13 by 2011 Wis. Act 32 to read:

(e) The board shall appoint a president of the system; a chancellor for each institution; a dean for each college campus; the state geologist; the director of the laboratory of hygiene; the director of the psychiatric institute; the state cartographer; and the requisite number of officers, other than the vice presidents, associate vice presidents, and assistant vice presidents of the system; faculty; academic staff; and other employees and fix the salaries, subject to the limitations under par. (j) and s. 230.12 (3) (e), the duties and the term of office for each. The board shall fix the salaries, subject to the limitations under par. (j) and s. 230.12 (3) (e), and the duties for each chancellor, vice president, associate vice president, and assistant vice president of the system. No sectarian or partisan tests or any tests based upon race, religion, national origin, or sex shall ever be allowed or exercised in the appointment of the employees of the system.

(f) The board shall delegate to each chancellor the necessary authority for the administration and operation of the institution within the policies and guidelines established by the board. The board may also delegate or rescind other authority to chancellors, committees of the board, administrative officers, members of the faculty and students or such other groups as it deems appropriate.

(gm) The board shall not create, except as specifically authorized by the legislature in each instance, any new college, school or its functional equivalent if such college, school or functional equivalent has academic programs at the graduate or professional, post-baccalaureate level.

1. For the purposes of this paragraph, college or school means an academic unit below the institutional level but above the departmental level, including but not limited to a graduate school, law school, medical school, social work school, architecture school, business school and a public administration school.

2. For the purposes of this paragraph, a new college or school shall be deemed to have been created if an administrative position of dean or its functional equivalent is established and if a new instructional program, separate and distinct from the programs currently available at that institution, is established.

3. This paragraph does not apply to the redesignation or reorganization of existing colleges or schools if accomplished through the reclassification of existing positions or the restructuring of existing organizational entities.

(h) The board shall allocate funds and adopt budgets for the respective institutions giving consideration to the principles of

Conversion of SFS Coding to DOA STAR Coding

An example when this would be used is when entering into a Master Lease with DOA.

DOA STAR Fields

Fund	Fund 15000 except for UW Seg Funds. If using a Seg fund refer to Appropriation Structure.
Agency	Always 28500
Department	285X000000 with X the alpha equivalent of Business Unit (see Table 1 below)
Appropriation	See Appropriation Structure use State Appropriation (ex. UW Fund 101 use 11100, 128 use 12100, 159 use 19600)
Program	not required
Account	Refer to Account Cross walk table (https://www.wisconsin.edu/financial-administration/download/chart_of_accounts/xwalk18.xlsx)
Major Line	Refer to Table 2 below

Table 1

Business Unit	DOA STAR Department
UWMSN	285A000000
UWMIL	285B000000
UWEAU	285C000000
UWGBY	285D000000
UWLAC	285E000000
UWOSH	285F000000
UWPKS	285G000000
UWPLT	285H000000
UWRVF	285J000000
UWSTP	285K000000
UWSTO	285S000000
UWSUP	285M000000
UWWTW	285N000000
UWCOL	285R000000
UWEXT	285T000000
UWSYS	285Y000000
UWADM	285W000000
UWDPD	285Q000000
UWSPI	285P101000
UWSPP	285P102000
UWSPQ	285P104000
UWSPS	285P103000

Table 2

DOA STAR Major Line	SFS Equivalent
A000001	Permanent Salaries
A000002	LTE/Student Salaries
A000003	Fringes
A000004	S&E and Capital
A000005	Debt Service (accounts 5705 and 5706)
A000006	Financial Aid
A000007	Special Purpose

**University of Wisconsin System
SFS Accounting Manual**

Category: General Ledger - Allocations		Effective Date: July 1, 2017 (updated as needed)	
Task or Process: Terminal Leave Allocations		Revision Date: Issued Date: May 2016	
Contact Information: Name: Bryan Peters	Email: bpeters@uwsa.edu		Phone: 608 262-7957

Background

See Appendix 1

Allocations

All Salary expenditures are posted to the ledger during the month.

At month end, institutions will run the allocation steps that start with TL (Terminal Leave). Because the rates for University Staff (Classified) and Faculty/Academic Staff/ Limited Staff (Unclassified) may be different, there are different allocation steps based on employee type.

The allocations for terminal leave on gifts and grants funding, both University Staff and Faculty/Academic Staff/Limited Staff, charge the fringe pool using accounts 1979 and 1975. The credit is posted to the institution's terminal leave pool using fund 136 account 3960.

The allocations for terminal leave on funding other than gifts and grants, both University Staff and Faculty/Academic Staff/Limited Staff, charge the departments that have salary expenditures using account 3960. The credit is posted to the institution's terminal leave pool using fund 136 account 3960.

See Appendix 2 for T Accounts.

Terminal Leave Payments

As employees leave and lump sum terminal leave payments are made, the service center will change the salary and related fringes to the institutions terminal leave pool department. The instructions for processing the payroll are provided on KB document 18173.

<https://kb.wisc.edu/hrs/page.php?id=18173>

Year End Procedures

At Year End, a tool will be provided similar to the Fringe tool to help calculate the next year's terminal leave rates for both University Staff and Faculty/Academic Staff/Limited Staff. The tool will take into consideration the institutions pool balance and the average expenditure of the 3 previous years.

Source of Funding for Termination (e.g., ALRA) Payouts

PROPOSAL

Develop a methodology that will:

1. Reduce reluctance on hiring an employee with ALRA balances increasing employee mobility;
2. Spread terminal leave costs over multiple accounting periods to reduce the financial burden on one budgetary period;
3. Better utilize financial resources within an institution;
4. Apply to all funding sources; and
5. Be implemented for FY17.

CURRENT STATE

Vacation Leave Benefit

Eligible employees are granted vacation according to their appointment type and/or years of service in an annual vacation allotment. If vacation is not used within the year it is earned, it may be banked or carried over into the following year. If vacation is not used by the end of the carryover period, it is lost.

Employees can bank (save) unused vacation in an Annual Leave Reserve Account (ALRA) for use at a later date. Banked leave does not expire and accumulates from year to year without limit. Banked leave can be used like any other paid leave. Banked vacation is also referred to as sabbatical.

At retirement or termination of employment, any remaining unused vacation or banked vacation can be paid out as a lump sum on the final check, or used to extend time on payroll (with supervisor approval). The last employing department is responsible for these pay outs.

In addition, when an employee changes positions, the hiring department has discretion on whether they will accept the employees ALRA balances or require that they be paid out from the previous employing department.

Financial Reporting/GAAP

The ACTUALS ledger does not contain accrual entries for unused vacation or ALRA balances. However, the FY14 Annual Financial Report reported a total compensated absences liability of \$131,184,984.

Federal Regulations

The UW's current practice of using the cash basis of accounting for fringe benefits is compliant with the Uniform Guidance as indicated in 2 CFR §200.431(b)(3).

§200.431 Compensation—fringe benefits.

(b) *Leave*. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.

Appendix 1

(i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.

(ii) The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-Federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

However, the draft Uniform Guidance would have required terminal leave to be accounted for on an accrual basis. Based on feedback received, the draft was revised to allow for cash basis. Those close to the rule setting process have indicated this change will likely be revisited in future federal rules.

Budget Cuts

Recent budget cuts have increased the challenges departments face in covering costs with diminishing resources, especially general purpose revenue (GPR) and grant funding. Departments with no excess budget lack the flexibility needed to manage substantial payout requests, some of which are requested with little notice. In addition, although payouts are an allowable cost, they put a substantial strain on grant and sponsored project resources and bring into question the use of short term funds to cover long term costs.

DISCUSSION POINTS

When the draft Uniform Guidance was released and would have required accrual accounting, a workgroup was established that included RSP and Business Services from UW-Madison, Controllers from UW-Parkside and UW-Platteville, and System Administration's Finance, Budget, and Service Center offices.

PAYOUTS, LUMP SUM AND/OR EXTENDED TIME ON PAYROLL

At retirement or termination of employment, any remaining unused vacation or banked vacation is paid out as a lump sum on the final check, unless the supervisor approves using it to extend time on payroll. The lump sum payouts are charged for social security and medicare taxes. However, the extended time on payroll payouts are charged for all the fringe benefit components including health, life, retirement, and social security and medicare taxes resulting in higher costs.

The workgroup recommended that only banked (ALRA/Sabbatical) lump sum payouts would be covered by the new methodology.

Based on this recommendation, HRS would utilize the following payout codes:

- TSB/TS8 – Term Sabbatical Payout – Mapped to 1545 – University Staff – Lump Sum – Terminal Leave
- TAL – Term ALRA Payout – Mapped to 1009 - Faculty - Lump Sum – Terminal Leave or 1056 - Academic Staff - Lump Sum – Terminal Leave

ALL FUNDS

Yes; however, Madison recommended excluding the following stand-alone GPR funds and the respective PR funds:

- State Laboratory of Hygiene (Fund 117) – GPR
- State Laboratory of Hygiene - Drivers (Fund 127) – PR
- State Laboratory of Hygiene (Fund 130) – PR
- Veterinary Diagnostic Laboratory (Fund 126) - GPR
- Veterinary Diagnostic Lab Non State Agency Fees (Fund 165) - PR

Appendix 1

- Veterinary Diagnostic Lab State Agency Fees (Fund 166) – PR
- Veterinary Diagnostic Lab-Federal Aid (Fund 199) – PR-F

SYSTEMWIDE OR INSTITUTION SPECIFIC RATES (Discussion Only)

The following table shows what the rates would have been Systemwide for the respective fiscal years.

Payouts	2012	2013	2014
Classified	\$3,040,720	\$1,019,571	\$995,237
Unclassified	\$3,439,409	\$2,637,138	\$2,276,843
Combined	\$6,480,129	\$3,656,709	\$3,272,080
Rates			
Classified	.73%	.25%	.24%
Unclassified	.27%	.20%	.17%
Combined	.38%	.21%	.18%

The following table shows what the rates would have been for each institution for the 2014 fiscal year.

Rates	MSN	MIL	EAU	GBY	LAC	OSH
Classified	.29%	.28%	.48%	.08%	.11%	.24%
Unclassified	.21%	.13%	.04%	.06%	.08%	.11%
Combined	.23%	.16%	.15%	.06%	.09%	.14%

Rates	PKS	PLT	RVF	STP	STO	SUP
Classified	.04%	.23%	.03%	.02%	.07%	.06%
Unclassified	.00%	.03%	.11%	.07%	.07%	.23%
Combined	.01%	.08%	.09%	.06%	.07%	.19%

Rates	WTW	COL	EXT	ADM	SYS	TOTAL
Classified	.07%	.36%	.01%	.00%	.05%	.24%
Unclassified	.04%	.12%	.30%	2.83%	.46%	.17%
Combined	.05%	.16%	.25%	1.90%	.17%	.18%

The workgroup recommended that institution specific *classified* and *unclassified* rates would be developed and applied, respectively.

Example of calculation:

	Classified	Unclassified	Combined
FY 2014	FYE 6/30/14	FYE 6/30/14	FYE 6/30/14
[A] Actual Salary & Wage Expenses	\$451,854,123	\$1,461,044,328	\$1,912,898,451
Actual Leave payouts	\$995,237	\$2,276,843	\$3,272,080
Plus: Social Security @ 6.20%	\$61,705	\$141,164	\$202,869
Plus: Medicare @ 1.45%	\$14,431	\$33,014	\$47,445
[B] Total Actual Leave Payout Expenses	\$1,071,373	\$2,451,021	\$3,522,394
[C] Leave Payout Rate in Year 1 [B]/[A]	0.24%	0.17%	0.18%

Institution specific Fund 136 departments will be established to account for cash from monthly SFS allocation process and actual payouts. Any positive or negative cash balances in this Fund 136 department will be factored into the next year's calculation.

Appendix 2

All Funds, except 133, 144, 161, 233															
		Salary Expense		Fringe Expense (Actual 50%)		3960 Expense		Cash							
		Debit	Credit			Debit	Credit			Debit	Credit				
A	Regular Payroll	A	50000			A	25000				75000	A			
C	Terminal Allocation							C	500		500	C			
Fund 136 Terminal Leave Pool for All Funds															
		Salary Expense		Fringe Expense (7.65%)		3960 Expense		Cash		Terminal Allocation Rate					
		Debit	Credit			Debit	Credit			Debit	Credit				
C	Terminal Allocation							500	C	C	500	1% Terminal Leave			
D	Grant Terminal Allocation							500	D	D	500	1% Total X Total Salary Expense			
E	Lump Sum Payout	E	1500			E	114.75				1614.75	E			
Funds 133 and 144 (MSN, MIL, & EXT include 161 and 233)															
		Salary Expense		Fringe Expense 1975-1979		3960 Expense		Cash		Fringe Allocation Rate					
		Debit	Credit			Debit	Credit			Debit	Credit				
A	Regular Payroll	A	50000							50000	A	45% Regular			
B	Fringe Allocation			B	23000					23000	B	1% Terminal Leave			
Fringe Pool for Funds 133 and 144 (MSN, MIL, & EXT include 161 and 233)															
				Fringe Expense (Actual 50%)		3960 Expense		Cash							
				Debit	Credit	Debit	Credit			Debit	Credit				
A	Regular Payroll			A	25000					25000	A				
B	Fringe Allocation				23000	B				23000					
D	Grant Terminal Allocation			D	500					500	D				
		Salary Expense		Fringe Expense		3960 Expense		Cash							
		Debit	Credit			Debit	Credit			Debit	Credit				
Totals		101500		50614.75		500				151614.8	0				

**Refund of Expenditures
Accounting Treatment**

<u>Fund Type</u>	<u>Same Fiscal Year as Expenditure</u>	<u>Different Fiscal Year than Expenditure</u>
"Pure" GPR (not part of a pool)		
Funds 117, 126, 301	Credit to fund and code of original expenditure	Credit to fund 100 as a RECEIPT, use revenue code 9209
GPR/FEE pool (Block Grant Appr 111)		
Funds 101, 102, 103, 106, 109, 139, 171, 402, 403, 406, 601	Credit to fund and code of original expenditure	Credit to fund 131 as a RECEIPT, use revenue code 9209
Fund 104 (Activity 2)	Credit to fund and code of original expenditure	Credit to fund 189 as a RECEIPT, use revenue code 9209
Fund 104 (non-Activity 2)	Credit to fund and code of original expenditure	Credit to fund 132 as a RECEIPT, use revenue code 9209
GPR - Sum Sufficient		
Funds 110	Credit to fund and code of original expenditure	Credit to fund and code of original expenditure
Program Revenue - Continuing (Block Grant Apprs 121, 153, 196)		
Funds 125, 128, 131, 132, 133, 134, 135, 136, 137, 156, 157, 159, 181, 183, 184, 185, 187, 189, 195, 228, 233, 533, 620	Credit to fund and code of original expenditure	Credit to fund and code of original expenditure
Program Revenue - Continuing (Non Block Grant)		
Funds 127, 130, 165, 166, 199	Credit to fund and code of original expenditure	Credit to fund and code of original expenditure
Program Revenue - Sum Sufficient (Block Grant Appr 124)		
Funds 123	Credit to fund and code of original expenditure	Credit to fund and code of original expenditure
PR Federal - Continuing (Block Grant Appr 154)		
Funds 140 through 152	Credit to fund and code of original expenditure	Credit to fund and code of original expenditure
SEG - Annual, Biennial		
Funds 163, 164, 167, 168, 169, 172, 188, 190, 191	Credit to fund and code of original expenditure	Contact UW System Controller's Office
SEG - Continuing		
Funds 160, 161, 162, 170	Credit to fund and code of original expenditure	Credit to fund and code of original expenditure



GPO Pooling

Reasons for Pooling & GPO Shift

- Ease of coding (No need for split coding)
- Carryover (GPR funds lapse while fees carryover. This is why we can carryover funds.)
- Ensure maximum use of GPR funds (GPO shift is used to ensure spending of GPR Funds)

Block Grant Methodology

Block Grant GPO Shift

1) 1 Pool

a) 1A Pool

- Doctoral Pool
- Comprehensive Pool
- Colleges Pool
- Extension Pool

2) Transfers were made on “Dummy Unit”

- a) UWSPI Doctoral Pool
- b) UWSPP Comprehensive Pool
- c) UWSPQ Colleges Pool
- d) UWSPS Extension Pool

3) The GPO Shift is done to allocate the expenditures to the appropriate appropriations at DOA



		<u>Doctoral</u>	<u>Comprehensive</u>	<u>Colleges</u>	<u>Extension</u>	<u>Systemwide</u>	<u>Total</u>
Appr (1)(a) (111)	101, 102, 103, 104, 106						
	105	319,450,243	192,458,328	25,452,629	76,763,245	54,606,281	668,730,726
	107	14,971,506	14,904,378	-	127,870	500	30,004,254
	108	636,090	678,786	5,906	-	13,118	1,333,900
		1,092,755	-	-	-	-	1,092,755
	109	82,327,493	29,531,719	3,701,707	282,318	5,956,763	121,800,000
	114	1,817,496	1,895,353	101,917	-	-	3,814,766
	115	1,105,189	3,381,602	152,799	191,028	1,828,972	6,659,590
	116	10,033,992	-	-	-	-	10,033,992
	118	940,773	-	-	363,341	476,902	1,781,016
	119	523,405	91,159	-	-	270,586	885,150
	139	-	-	-	-	-	-
	158	-	-	-	95,390	-	95,390
	171	-	-	-	71,900	-	71,900
	173	326,700	647,460	15,840	-	-	990,000
	174	-	-	-	19,200	-	19,200
	175	-	-	-	-	29,700	29,700
	176	-	-	-	373,181	-	373,181
	177	1,457,689	273,580	-	-	-	1,731,269
	178	77,370	-	-	-	-	77,370
	179	-	-	-	-	125,000	125,000
	180	-	-	-	-	-	-
	402	5,496,516	4,805,099	394,262	257,421	831,659	11,784,957
	403	7,002,835	1,319,965	-	-	-	8,322,800
	406	3,611,362	2,974,638	171,900	-	-	6,757,900
	601	4,650,400	-	-	-	-	4,650,400
Total Appr (1)(a) (111)							
		455,521,814	252,962,067	29,996,960	78,544,894	64,139,481	881,165,216
	122	2,099,284	2,189,198	117,718	-	-	4,406,200
	131	562,582,214	441,403,785	38,858,674	1,501,000	6,496,565	1,050,842,238
	132				42,098,893		42,098,893
	136	6,659,859					6,659,859
	150	55,507,739			263,900		55,771,639
	186	511,922	96,078	-	-	-	608,000
	189				46,256,306		46,256,306
Total		1,082,882,832	696,651,128	68,973,352	168,664,993	70,636,046	2,087,808,351

GPO POOL

Non-Pooled Fees	\$627,361,018	\$455,521,814	Doctoral Pool
	\$443,369,061	\$252,962,067	Comprehensive Pool
	\$38,858,674	\$29,996,960	Colleges Pool
	\$90,120,099	\$78,544,894	Extension Pool

Dark Gray Box = Fees (122, 131, 132, 136, 150, 186, and 189 depending on the Pool)

Gray Box = True GPR (Appropriation 111) (1a) (see previous slide)

Dashed Line Box = GPO Pool = Total of the institutional budgets for Appropriation 111

Comprehensive Pool

Fund	Amount	Percent of Pool
Appr 111	252,962,067	36.31%
Appr 121 (122, 131, 186)	443,689,061	63.69%
Total	696,651,128	

During the year, a transfer is processed monthly to move 63.69% of the total monthly Appr. 111 expenditures to Appr. 121 (See fund consolidation spreadsheet) . This is done on Business Unit UWSPP to avoid altering institutional accounting records.

Year End

- 1) No longer use budget percentages to process the transfers
- 2) WisMart (DOA) allotment amounts are used
- 3) WisMart allotment numbers differ from budget, as WisMart can not handle negative allotments. Also, Redbook includes pay plan, if applicable, and WisMart allotments do not.
- 4) Transfers are still done in the pools, but 1A (Appropriation 111, all GPR funds except 117, 126 and 301) are looked at as a whole not just each pool.
- 5) The objective at year end is to spend the entire 1A allotment, leaving the campus carryover funds on the fee side of your budgets. (131, 132, 136, 150, and 189)