Journal Voucher Guidelines for Balance Forward, Allocation and Transfer Entries

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in collaboration with:
HSC Budget Office
Main Campus Budget Office
Main Campus General Accounting
HSC Unrestricted Accounting & Reporting
Balance Forward—What it is

- Amount remaining (or in deficit) at fiscal year end
- Finance System Management (FSM) rolls surplus or deficit account 1900
- Must be budgeted to be spent
- Unrestricted indices only
- Similar to Starting Balance in your checkbook
Balance Forward Accounts

- 1900 – Used only by FSM
- 1901 – Used to Budget Balance Forward amounts to be spent in current fiscal year
- 1903 – Used to move Balance Forward (1900) amount to another index
Balance Forward entries

☐ From one index to another to cover a deficit or fund another index

☐ To zero out an index that only contains a Balance Forward.

☐ Correct prior year entries
Correcting Prior Year Entries

- May be used with UNRESTRICTED indices only
- Used after the year end accounting records are closed
- Use 1903 on both sides of the entry
- Must net to zero
Example: To Change Balances Between Current and Prior Year:

Mary Smith found a $14,000 equipment purchase error in one of her unrestricted indices. It was made to the wrong unrestricted index [34xxxx] in the prior year. She wants to correct both indices involved by moving the expense to the correct unrestricted index, 21xxxx. Both indices are in the same Fund level 2 and Program level 2.
Thinking Through the Entry:

☐ Figure out which index has too much money.

hint: it is always the index that was *not* charged the money, but should have been

☐ Calculate what remains in the Balance Forward account of the index that must give up the funds [has too much money]
### Current Balances in 21xxxx:

<table>
<thead>
<tr>
<th>Index</th>
<th>Rule</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Code</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21xxxx</td>
<td>JE2</td>
<td>1900</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>21xxxx</td>
<td>JE2</td>
<td>1903</td>
<td>8,000</td>
<td></td>
</tr>
</tbody>
</table>

Net of the two accounts: **12,000**
You need to move $14,000

This is $2,000 more than the Balance forward account has in it.

Always look at the NET balance in the Balance forward accounts, 1900 and 1903.
First move what you have:

<table>
<thead>
<tr>
<th>Index</th>
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<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>21xxxx</td>
<td>JE2</td>
<td>1903</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>34xxxx</td>
<td>JE2</td>
<td>1903</td>
<td></td>
<td>12,000</td>
</tr>
</tbody>
</table>

Effect of entry on the indices: 0

Note that the debit and credit for this entry in 1903 results in “zero” dollars being moved into or out of the account. **This must always be true of all balance forward, allocation, and 8045 entries.**
## Effect on Index 21xxxx:

<table>
<thead>
<tr>
<th>Index</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>21xxxxx</td>
<td>1900</td>
<td></td>
<td>20,000 [existing]</td>
</tr>
<tr>
<td>21xxxxx</td>
<td>1903</td>
<td>8,000</td>
<td>[existing]</td>
</tr>
<tr>
<td>21xxxxx</td>
<td>1903</td>
<td>12,000</td>
<td>[this entry]</td>
</tr>
</tbody>
</table>

Amount remaining in 1900: $0
Effect on Index 34xxxx:

<table>
<thead>
<tr>
<th>Index</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>34xxxx</td>
<td>1900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34xxxx</td>
<td>1903</td>
<td></td>
<td>12,000</td>
</tr>
</tbody>
</table>

Amount of funding moved to 34xxxx: $12,000
Allocation Entries

- moves actual revenue or funding [including budget] between indices.
- Used to move non-clinical revenue to departments
- Special account codes should be used to move clinical revenue between departmental indices
  FOM Revenue - 0311
  UH Revenue - 0341
Allocation Entries (cont.)

- Revenue associated with the same fund level 2 and program level 2.
- Unrestricted Revenue
- Generally use 1660-Allocations Other General as both the debit and credit for this entry (not true of clinical allocations)
- If not budgeted, budget entry must accompany allocation entry
Allocating the remaining $2,000

<table>
<thead>
<tr>
<th>Index</th>
<th>Rule</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>21xxxx</td>
<td>JE2</td>
<td>1660</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>34xxxx</td>
<td>JE2</td>
<td>1660</td>
<td></td>
<td>2,000</td>
</tr>
</tbody>
</table>

Effect of entry on the account: 0

☐ Your entry will ALWAYS cause the total activity for the account to be zero. This is true of balance forward, allocation, and 8045 entries, any account used.
Effect of both entries on 34xxxx

<table>
<thead>
<tr>
<th>Index</th>
<th>Rule</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>34xxxx</td>
<td>JE2</td>
<td>1903</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>34xxxx</td>
<td>JE2</td>
<td>1660</td>
<td></td>
<td>2,000</td>
</tr>
</tbody>
</table>

Total Revenue Received from 21xxxx: $14,000

- unless there is at least $2,000 in budgeted but unexpended funds in index 21xxxx, the allocation portion of this entry cannot be made
- Note also that NO EXPENSE ACCOUNTS were affected, even though this is an expense correction from the prior year.
Transfer Versus Allocation

- Movement of funding between programs, for example between Research and Instruction and General (I&G) programs is a transfer.
- Movement of funding between campuses is considered a transfer, for example between Gallup and Main Campus.
- Movement from unrestricted to restricted is a transfer, for example cost share.
- Movements within programs, such as moving I&G funds from the Nursing program at HSC to the Pharmacy I&G program at HSC, is an allocation.
Allocations

- An allocation occurs when funding is moved from one program to a similar program:
  - F&A School -> Department = allocations
  - RAC -> Tobacco Settlement = allocations
  - Department -> Division = allocations

- Allocation entries are approved by Financial Services

- Must be included in budget
Transfers

Transfers occur when funding is moved from its original source to support another program of the University.

- Cost share required by Contract or Grant
- Clinical funds used to support research initiatives
- Clinical funds used to support educational initiatives

Transfer entries are approved by the Budget Office.

Transfers are not appropriate to cover expenditures recorded in the wrong program. Move the expenditures to the correct program.
Transfers (cont.)

- A transfer entry is used when an allocation entry is not allowed

- Used to move funding between Banner Programs [i.e., I&G, Public Service, etc.] or between campuses

- Allows movement of funding from one Banner Fund Level 2 or Program Level 2 to another
Transfers (cont.)

- A budget entry is also required
- Uses account codes 1100-12T0
- Departmental Transferor Security required
- The 2006 Transfer presentation found at this site will help with more details: http://www.unm.edu/~fiscal/docs/TransferPresentation.pdf
Transfer or Allocation Decision Tree

START HERE

Run F Index Lookup Hyperion Report. Note the Fund and Program Level Data for indices.

ALLOCATION

Do you know the Fund and Program Codes For both indices?

Yes

Are both fund Codes in the same Level 2 fund?

Yes

Is the program Code the same For both indices?

Yes

TRANSFER

No

No

No

No

Yes

Are the level 2 program codes within instruction & General?

No

TRANSFER

Yes

ALLOCATE
# Allocation/Transfer Aide

## Program Level 2 Codes

| I&G Funds (3U0044): P09, P10, P11, P12, P13, P14 | Treat all these as THE SAME CODE | ALLOCATE between I&G Program level 2 codes |
| All other funds: P15, P16, P17, P18, P19, P20, P21, P22, P50, P501, P502, P503, P504 | Treat each of these as a DIFFERENT CODE | TRANSFER between any of these codes, or one of these codes and an I&G code |

## Useful Tools

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Type</th>
<th>Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyperion Report FORH008</td>
<td>Hyperion</td>
<td>Provides a report that will tell you what type of allocation/transfer entry you have, and what to debit/credit</td>
<td>Brio/Finance Reports/F Dept_School_College/FHSC/Forh008 hsc transfers allocation</td>
</tr>
<tr>
<td>F Index Lookup Report</td>
<td>Hyperion</td>
<td>Allows you to determine fund and program codes for any index</td>
<td>Brio/Finance Reports/Finance Production Reports/F Index Lookup</td>
</tr>
</tbody>
</table>
Example – need to move:

☐ Funds from index 851039 to index 85103D

☐ Funds from index 258000 to index 975001
Assistance and Tools

- Hyperion report Forh008-HSC Transfers Allocation Report can assist in determining type of entry necessary. The report also provides guidance on actual and budget entry preparation.

- Hyperion report F Index Lookup allows you to determine fund and program codes for any index.
HSC Transfers Allocation Report
## Transaction Type: Transfer

### Index Funds Are Coming From
- **Index-Title:** 851038: Cardio FOM-Osborn
- **FOPA:** 3U0032-8E1C06-P222-CNACTV
- **Fund Type Level 2:** 03: CU HSC
- **Fund Level 2:** 3U41: HU UPA
- **Org Level 2:** AF: VP Health Sciences Center
- **Program Level 2:** P17: Non Sponsored Pub Svc Unrestri Ex 17

### Index Funds Are Going To
- **Index-Title:** 85103D: OCA HEP-C ECHO Project-Arora
- **FOPA:** 3U0303-851B10-P168-851038
- **Fund Type Level 2:** 03: CU HSC
- **Fund Level 2:** 3U56: HU General Clinical Service
- **Org Level 2:** AF: VP Health Sciences Center
- **Program Level 2:** P16: Research Unrestri Ex 16

### Budget Entry
- **Rule Class Code:** BDT
  - **Index-Title:** 851038: Cardio FOM-Osborn
  - **Account Code:** 11A0: Trsfr To Research Gen
  - **Description:** 8060: Other Operating Costs Gen

### Journal Entry
- **Rule Class Code:** JET
  - **Index-Title:** 851038: Cardio FOM-Osborn
  - **Debit:** 11A0: Trsfr To Research Gen
  - **Account Code:** 85103D 11F0 (Short Description)

### Budget Entry
- **Rule Class Code:** BDT
  - **Index-Title:** 85103D: OCA HEP-C ECHO Project-Arora
  - **Credit:** 11F0: Trsfr From Public Service Gen
  - **Account Code:** 851039 11A0 (Short Description)
An Allocation:

University Of New Mexico Finance Reports

FORH008A: HSC TRANSFER/ALLOCATION ENTRY DETAIL

HSC Transfer/Allocation Entry

INDEX COMPARISION FOR TRANSFER/ALLOCATION ENTRY

PLEASE ENTER INDEXES BELOW

Index funds are coming from:
- 258000
- 975001

Index funds are going to:

Compare
Additional Information Required

FORH008B: HSC TRANSFER/ALLOCATION ENTRY DETAIL

HSC Allocation Entry

PLEASE SELECT ALLOCATION TYPE

- 1600: Allocate revenue from school/college to department
- 1600: Allocate from department to secondary or faculty index
- 1601: Allocate F&A revenue from school/college to department
- 1610: Allocate dean’s funding revenue
- 1620: Allocate revenue from subsidy to department
- 1660: General purpose allocation

View Report
## Sample Report - Allocation

### Transaction Type: Allocation

#### Index Funds Are Coming From
- **Index-Title:** 258000: HSC GENERAL AC-General Activ
- **FOPA:** 3U0044-258B-P131-GNACTV
- **Fund Type Level 2:** 03: CU HSC
- **Fund Level 2:** 3U1G: HU General I and G
- **Org Level 2:** AF: VP Health Sciences Center
- **Program Level 2:** P13: Institutional Support Ex 13

#### Index Funds Are Going To
- **Index-Title:** 975001: HSC Fin1 Svc-Sponsored Prog Acctg
- **FOPA:** 3U0044-975A-P131-975A02
- **Fund Type Level 2:** 03: CU HSC
- **Fund Level 2:** 3U1G: HU General I and G
- **Org Level 2:** AF: VP Health Sciences Center
- **Program Level 2:** P13: Institutional Support Ex 13

### Budget Entry
- **Rule Class Code:** BD4
- **Index-Title:** 258000: HSC GENERAL AC-General Activ
- **Account Code:**
  - 1660: General purpose allocation
  - 8060: Other Operating Costs Gen

### Journal Entry
- **Rule Class Code:** JG2
- **Index-Title:** 258000: HSC GENERAL AC-General Activ
- **Account Code:**
  - **Debit 1660: General purpose allocation**
  - 975001 1660 (Short Description)
Watch out for:

- Don’t use the word “allocate” in a transfer entry
- Don’t use the word “transfer” in an allocation entry.
- Item text that contradicts the type of Journal Voucher you are making
- Item text that does not explain where the funds originally came from
- Submitting the actual dollar entry when no budget exists
Budget Entry:

☐ To budget balance forward, use account code 1901

☐ Only that portion of the actual Balance Forward that you are anticipating spending in the current fiscal year is budgeted

☐ You may not use accounts 1900 or 1903 in budget entries

☐ Negative balance forwards must also be addressed in the budget using 1901

☐ This will reduce the total budgeted revenue and expense
Budget Example:

- A Department has an actual balance forward in a Public Service index of $25,000
- They intend to spend $15,000 of the balance in the current fiscal year.
The budget entry, using the BD4 Rule Class Code, would be completed as follows:

<table>
<thead>
<tr>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-XXXXX 1901</td>
<td>+15,000</td>
</tr>
<tr>
<td>3-XXXXX 3100</td>
<td>+ 5,000</td>
</tr>
<tr>
<td>3-XXXXX 3820</td>
<td>+ 2,000</td>
</tr>
<tr>
<td>3-XXXXX 8060</td>
<td>+ 8,000</td>
</tr>
</tbody>
</table>

= revenue

=$15,000 of expense
Budget Example 2 (cont.)

- Department has a negative actual balance forward in a Public Service index of -$15,000
- They plan on making up $5,000 of that deficit during the current fiscal year.
Budget Example 2 (cont.)

- The budget entry, using the BD4 Rule Class Code, would be completed as follows:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-XXXXX 1901</td>
<td>Decrease in revenue</td>
<td>$5,000</td>
</tr>
<tr>
<td>3-XXXXX 3100</td>
<td>Expense reduction</td>
<td>$4,000</td>
</tr>
<tr>
<td>3-XXXXX 3820</td>
<td>Expense reduction</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

= decrease in revenue

=$5,000
Budget Entry Summary

- The money must be budgeted in order for a balance forward, an allocation, or a transfer to be approved.

- Budget entries must be prepared at the same time as allocation and transfer entries if the amount has not been previously budgeted.

- Use rule class code BD4 for balance forward and allocation entries.
Budget Entry Summary (cont.)

- Use rule class code BDT for transfer entries
- Use report FORH008 to determine the correct budget entry for transfers or allocations
- Note that expense account 8060 is a report default. Replace this account with the appropriate account when applicable
- When changing balance forward, only the amount expected to be spend during the year should be budgeted
Budget Entry Summary (cont.)

- Budget entries must be done in whole dollars; no cents.
- The giving index cannot have a budget decrease that lowers the budget below what has already been spent.
- The deadline for all budget entries related to transfers is March 31st.
Questions?