FINANCIAL INFORMATION SYSTEM

Identifying & Correcting Negative Balances
Course Agenda

• What is a “Negative Balance”?

• How do Negative Balances occur?
  o Sources of Negative Balances

• Identifying Negative Balances
  o Funds Center / Fund Balance Listing Report

• Determine Source of Negative Balance
  o Funding: Funds Center or Fund Report

• Correcting Negative Balance
What is a Negative Balance?

“Negative Balance” means:

1. spent more than budget in the current fiscal year

or

2. spent more in a previous fiscal year and the negative amount was “carried forward”

Example:

\[
\text{Budget} - (\text{Commitments} + \text{Actuals}) = \text{Balance}
\]

1. 3,000.00 - 4,500.00 = 1,500.00-
2. 195.00- - 0.00 = 195.00-
How do Negative Balances occur?

Common belief:
There is funds availability checking at U of T, it’s impossible to have a negative balance.

In most cases (e.g., manually entered transactions) this is true, but there are some exceptions.

The most notable exception and source of over 95% of negative balances is:

** Payroll Transactions **
Sources of Negative Balances

1. Payroll transactions are part of a "batch" process and are posted regardless of available funds.

For Funds Centers and FC/Fund:
- If budget exceeded -
  - payroll actuals will still be posted
  - the account is placed in a deficit position

For Research FC/Fund:
- If Fund End Date is in the past or has a “NoPo” status -
  - the Fund will be removed
  - the payroll actuals will be posted directly to the HRIS default Funds Center (i.e., PI or Operating FC)
  - the FC may be placed in a deficit position

Training Documentation: Research Funds - Automated Fund Closeouts, Payroll Redirects and “NoPos”
Sources of Negative Balances

2. **Negative Carryforward:** When a shortfall in revenue actuals vs. revenue budget results in a negative budget entry.

   For example, a department budgeted for more revenue than was actually collected, resulting in a deficit.

3. **Incorrect combination of Funds Center/Fund** when Fund has a budget tolerance.

4. **Budget Tolerance exists (FC or FC/Fund):**
   - **ensure not a data entry error:** If not a data entry error – correction is NOT required
   - However, if budget is not expected in upcoming FY:
     - best practice – do a budget transfer to cover the negative balance or process a journal entry to move the expense to a different funding source
Identifying Negative Balances

Menu Path:
Accounting >> Funds Management >> Information System >> Funds Management Section (UofT Reports) >> Financial Summary Reports >> Funds Center/Fund Balance Listing report

Transaction Code: ZFTR017F

Funds Center/Fund Balance Listing Report
Report is run in FIS to find your current budget, commitments, funds available as well as accounts that are in deficit.

Characteristics:

• Report displays all Funds Centers and Funds that have a negative balance status

• Selection criteria enables you to narrow report output to FC’s and Funds that have a negative balance by selecting the “Negative balances only” checkbox

QRG: FC and Fund Balance Listing Report
Funds Center/Funds Balance Listing Report – Selection Screen

Enter department's top Funds Center & select “Include Funds Center Hierarchy”

To include funds, select “Include funds” (can also restrict to “Active funds only”)

IMPORTANT! Select “Negative balances only”

<table>
<thead>
<tr>
<th>Funds Center/Fund Balance Listing Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>FM Area: UOFT</td>
</tr>
<tr>
<td>Funds Center:</td>
</tr>
<tr>
<td>Include Funds Center Hierarchy:</td>
</tr>
<tr>
<td>Hierarchy variant: 0000</td>
</tr>
<tr>
<td>Fund(s):</td>
</tr>
<tr>
<td>Include Fund:</td>
</tr>
<tr>
<td>Active Fund Only:</td>
</tr>
<tr>
<td>Fiscal Year:</td>
</tr>
<tr>
<td>Negative balances only:</td>
</tr>
<tr>
<td>FBS (Budget data processed up to and including October 2006 month end)</td>
</tr>
<tr>
<td>BCS</td>
</tr>
</tbody>
</table>

- **FBS** = Budget totals for FY2006 and earlier
- **BCS** = Budget totals for FY2007 and after

**QRG:** FBS-BCS Radio Buttons
The report lists all FCs and FC/Fund combinations with negative balances at the **commitment item level** with the corresponding Tolerance limit.
Determine Source of Negative Balances

Begin investigating by running report “Funding: Funds Center or Fund”

Menu Path:
Accounting >> Funds Management >> Information System >> Funds Management Reports (UofT) >> Financial Summary Reports >> Funding: Funds Center or Fund report

Transaction Code: ZFM1

NOTE: If the source of the Negative Balance cannot be identified, contact your FAST Team representative for assistance.

FAST Team Representatives – Contact Info
• http://finance.utoronto.ca/fast/fast-team-contacts-and-faculty-representatives/

QRG: Funding by Funds Center or Fund Report
Funding: Funds Center or Fund Report

**Menu Path:** Accounting >> Funds Management >> Information System >> Funds Management Section (UofT Reports) >> Financial Summary Reports >> Funding: Funds Center or Fund

**Transaction Code:** ZFM1

**Enter Fund (if applicable)**
- Provides overall picture (ONLY applicable for FUNDS)
- Displays sum of total revenues & expenditures
  - (For FCs only & Conference Accounts)
  - Defaults to BCS

**Enter FC (required)**
- Defaults to “0” (current budget)
- Use if run for PI Funds Center

**Enter Fiscal Year**
- (Defaults to current FY if left blank)

**QRG:** Funding by Fund Center or Fund Report

**QRG:** FBS – BCS Radio Buttons

**GTFM Policy:** Conference Accounts
**Scenario 1:**
Current fiscal year budget = 0.00, Actuals = 62.92, Negative Balance = 62.92-

Drill down on the “Actuals” to source the negative balance.

<table>
<thead>
<tr>
<th>Commitment item</th>
<th>Released Budget</th>
<th>Total Commitments</th>
<th>Revenue variance/ Funds available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures</td>
<td>0.00</td>
<td>62.92</td>
<td>62.92</td>
</tr>
</tbody>
</table>

“Actuals” were posted against a Funds Center that had 0.00 budget. This would appear to be payroll related.
From Commitment Items and G/L accts, charges were posted through payroll. (G/L accounts that start with 801XXX are payroll related.)

<table>
<thead>
<tr>
<th>Commitment item</th>
<th>Expenditure</th>
<th>Account No.</th>
<th>Purch orders and salary reserves</th>
<th>Other reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>assignments</td>
<td></td>
<td>Expenditures</td>
<td></td>
</tr>
<tr>
<td>EXPENSE-S</td>
<td>62.92</td>
<td>801140</td>
<td>57.20</td>
<td>0.00</td>
</tr>
<tr>
<td>Pay:Casual Admin.</td>
<td></td>
<td>801140</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay:Benefits No Apprentices</td>
<td>801920</td>
<td>5.72</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further drilldown will display the actual document(s) & posting date(s).
Those with payroll access can drill down to the payroll details.
Those with payroll access can drilldown to determine where the expense should have been posted:

- to check the HR data to see who entered it
- contact that person and verify the funding source

If the correct funding source **can** be entered in HRIS:
- the system will retroactively post the corrections to the next month's statement of accounts

If the correct funding source **cannot** be entered in HRIS, (i.e. posted salary was for a prior calendar year):
- transfer the expense to the correct accounts via a journal entry
SCENARIO 2:
Current fiscal year budget = 640.64-, Actuals = 0.00, Negative Balance = 640.64-

Since “Actuals” were NOT posted in the current fiscal year, look at prior years to see when the **negative balance originated**.

Run the **Funding: Funds Centers or Fund** report for each fiscal year, in descending order from the current year to pinpoint the negative balance.
In FY 2010, Actuals are part of the Negative Balance that has carried forward to the current fiscal year.

Drilldown on the Actuals to source the Negative Balance.
From Commitment Items and G/L accts, charges were posted through payroll (G/L accounts that start with 801xxx are payroll related)

<table>
<thead>
<tr>
<th>Commitment item</th>
<th>Expenditure assignments</th>
<th>Account No.</th>
<th>Expenditures</th>
<th>Purch orders and salary reserves</th>
<th>Other reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPENSE-8</td>
<td>606.32</td>
<td>606.32</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Pay:Casual Admin</td>
<td>801140</td>
<td>551.20</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Pay:CDN-Post Doc Fel</td>
<td>801330</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Pay:Benefits No Appt</td>
<td>801920</td>
<td>551.20</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Further Drilldown

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Posting Date</th>
<th>Document No.</th>
<th>Expenditures</th>
<th>Purch orders and salary reserves</th>
<th>Other reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>801140</td>
<td>19.06.2009</td>
<td>6100348558</td>
<td>551.20</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Funding: Funds Center or Fund – Scenario 2

Payroll transactions that are older than 18 months users will have to run the Payroll Distribution Report for Archived Data.

Note Fiscal year & Fiscal Period
Payroll Distribution Report – Scenario 2

Menu Path:
Accounting >> Funds Management >> Information System >> Funds Management Reports (UofT) >> Month-End Reports >> Payroll Distribution Report for archived data

Transaction Code: ZHJR_ZHJR004A

Enter Funds Center Or Funds Center & Fund
Enter Fiscal year & Fiscal Period

QRG: Payroll Distribution Report for archived data
- [link to PDF]

[Diagram showing the steps to input funds center, fiscal year, fiscal period, and other details]
Run the Payroll Distribution Report to determine where the expense should have been posted:
  • check the HR data to see who entered it
  • contact that person and verify the funding source

posted salary was for a prior calendar year:
  • transfer the expense to the correct accounts via a journal entry
Drilldown on the “COMPENS-S” CI if there are Payroll transactions causing a negative balance.

Detailed budget presentation enables you to see the budget to actual spending variances.

Net Totals

### Funds Center Report

<table>
<thead>
<tr>
<th>Fiscal Year: 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Center: 106447 Fin: FC_ORIGINAL BDGT</td>
</tr>
<tr>
<td>Include FC Hierarchy: 0006</td>
</tr>
<tr>
<td>Include PI Fcs: X</td>
</tr>
</tbody>
</table>

#### Revenues

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Commitments</th>
<th>Actuals</th>
<th>Revenue Variance/Funds Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE-S</td>
<td>159,698.88</td>
<td>158,688.00</td>
<td>6.89</td>
<td>97,914.89</td>
<td>97,914.89</td>
</tr>
<tr>
<td>EXTERN-INC</td>
<td>150,000.00</td>
<td>150,000.00</td>
<td>0.00</td>
<td>92,284.09</td>
<td>92,284.09</td>
</tr>
<tr>
<td>RECOVERY</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>5,630.00</td>
<td>5,630.00</td>
</tr>
</tbody>
</table>

**Total Revenues**: 150,000.00

#### Expenditures

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Commitments</th>
<th>Actuals</th>
<th>Revenue Variance/Funds Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPENSE-S</td>
<td>1,459,493.00</td>
<td>1,850,493.00</td>
<td>6.00</td>
<td>1,311,368.90</td>
<td>1,311,368.90</td>
</tr>
<tr>
<td>EXPENSE-S</td>
<td>0.00</td>
<td>150,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>CARRYFUND</td>
<td>0.00</td>
<td>50,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>COMPENS-S</td>
<td>1,318,421.88</td>
<td>1,316,421.88</td>
<td>6.00</td>
<td>1,986,744.46</td>
<td>1,986,744.46</td>
</tr>
<tr>
<td>EXPENSE-S</td>
<td>13,680.00</td>
<td>13,680.00</td>
<td>0.00</td>
<td>8,629.00</td>
<td>8,629.00</td>
</tr>
<tr>
<td>FURNIT-S</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td>118,062.00</td>
<td>118,062.00</td>
<td>0.00</td>
<td>105,411.26</td>
<td>105,411.26</td>
</tr>
<tr>
<td>TRAVELS</td>
<td>7,000.00</td>
<td>7,000.00</td>
<td>0.00</td>
<td>20,370.23</td>
<td>20,370.23</td>
</tr>
<tr>
<td>TRAV-EMPL</td>
<td>7,000.00</td>
<td>7,000.00</td>
<td>0.00</td>
<td>7,570.23</td>
<td>7,570.23</td>
</tr>
<tr>
<td>TRAV-SIDNT</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3,000.00</td>
<td>3,000.00</td>
</tr>
<tr>
<td>TRAVEL</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Total Expenditures**: 1,459,493.00

**Net Totals**: 1,389,483.80
Correcting Negative Balances

Negative Balances should be cleared prior to year-end (before April 30th, actual date changes each year).

**Negative Balances in Funds Centers** are:
- carried forward to the next fiscal year
- first thing to be deducted from the new fiscal year’s budget

**Two methods to clear a Negative Balance:**

1. **Increase budget in FC or FC/Fund** to cover amount of Negative Balance.
   - The appropriate area/person to contact regarding the budget increase depends on the funding source (i.e., operating, research) & the departmental ability to process budget transfers

2. Process a Journal Entry to re-allocate the charges to another account that has sufficient funds.

**Appropriate correction will depend on source of Negative Balance.**

**GTFM: Fiscal Year-end Closing**
Correcting Negative Balances

**Suggested action:**

**Cause**
- Budget exceeded due to payroll posting
- Incorrect FC or FC/Fund combination *(non-payroll related)*
- Negative Carryforward *(operating funds only)*

**Action**

- **a.** Increase budget to cover deficit
- **b.** If correction of FIS accounts in HRIS is needed back to a retroactive date in the same calendar year, enter the correct funding source in HRIS back to that date and the system will do the corrections.
- **c.** If the error was an isolated incident or for a previous calendar year, process a journal entry and, if needed, update HRIS with the correct account for any future payments.

Process a journal entry to move charges to the correct funding source.

Budget transfer to cover the Negative Balance
NEED HELP?

https://easi.its.utoronto.ca/ams-help-form/

Help is a facility for all AMS subsystems:

- Use the WEB form found at the above address
- Select the appropriate AMS module (e.g., FIS: FAST Team)
- Complete all the information required on the form
- Click on the **Send it!** button

Mail box is monitored Monday to Friday
9:00 a.m. - 5:00 p.m.
# FAST Team Contacts

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>Chris Dimitriadis</td>
<td>946-3153</td>
<td><a href="mailto:chris.dimitriadis@utoronto.ca">chris.dimitriadis@utoronto.ca</a></td>
</tr>
<tr>
<td>Senior Business Analyst</td>
<td>Maryanne McCormick</td>
<td>946-3291</td>
<td><a href="mailto:m.mccormick@utoronto.ca">m.mccormick@utoronto.ca</a></td>
</tr>
<tr>
<td>Business Analyst</td>
<td>Nusrath Mohiuddin</td>
<td>978-4042</td>
<td><a href="mailto:nusrath.mohiuddin@utoronto.ca">nusrath.mohiuddin@utoronto.ca</a></td>
</tr>
<tr>
<td>Business Analyst</td>
<td>Wah-Ming Wong</td>
<td>978-1151</td>
<td><a href="mailto:wahming.wong@utoronto.ca">wahming.wong@utoronto.ca</a></td>
</tr>
<tr>
<td>Senior Business Analyst</td>
<td>Rames Paramsothy</td>
<td>978-4675</td>
<td><a href="mailto:rames.paramsothy@utoronto.ca">rames.paramsothy@utoronto.ca</a></td>
</tr>
<tr>
<td>(Training)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Analyst</td>
<td>Tasleem Hudani</td>
<td>978-1229</td>
<td><a href="mailto:tas.hudani@utoronto.ca">tas.hudani@utoronto.ca</a></td>
</tr>
<tr>
<td>(Training)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Evaluation:**

http://finance.utoronto.ca/fast/fis-training/course-evaluation-fis-training/

**FAST website:**

http://finance.utoronto.ca/fast/