

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:

	<u>Budget</u>	<u>- (Commitments + Actuals)</u>	<u>= Balance</u>
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 -
 - o payroll actuals will still be posted
 - o 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 -
 - o the Fund will be removed
 - o the payroll actuals will be posted directly to the HRIS default Funds Center (i.e., PI or Operating FC)
 - o the FC *may* be placed in a deficit position

Training Documentation: Research Funds - Automated Fund Closeouts, Payroll Redirects and "NoPos"

- <http://www.research.utoronto.ca/wp-content/uploads/2011/04/Research-Funds-Management-Course-Notes.ppt>

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:
 - o 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

- <http://finance.utoronto.ca/wp-content/uploads/2015/11/FC-and-Fund-Balance-Listing-Report-Converted.pdf>

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"

Funds Center/Fund Balance Listing Report

FM Area Funds Center ☒ to

☒ Include Funds Center Hierarchy Hierarchy variant

Fund(s) to

☒ Include Fund ☒ Active Fund Only
(exclude Funds with classification FUND_INACTIVE)

Fiscal Year ☒ Enter current fiscal year

☒ Negative balances only

☐ FBS (Budget data processed up to and including October 2006 month end)
☒ BCS

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

QRG: FBS-BCS Radio Buttons

- <http://finance.utoronto.ca/wp-content/uploads/2015/10/fbsbcsradio1.pdf>

Funds Center/Funds Balance Listing Report - Report Output



The report lists all FCs and FC/Fund combinations with negative balances at the **commitment item level** with the corresponding Tolerance limit.

Funds Center/Fund Balance Listing Report

PrintDownload

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Time : 16:41:28

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CFC/Fund balance listing report

University of Toronto
CFC/Fund balance listing report

Funds Center	Fund	Commitment Item	Budget	Assignments	Balance	Tolerance Limit
(3) 102226		EXPENSE-S	186.61-	0.00	186.61-	10.00
(3) 103081		EXPENSE-S	117,364,526.39-	7,845,834.28	125,210,360.67-	10.00
(3) 103775		EXPENSE-S	0.47-	0.00	0.47-	10.00
(3) 104524	440286	EXPENSE-S	508,777.00	508,777.20	0.20-	10.00
(3) 105327		EXPENSE-S	2,162,200.94-	628,438.97	2,790,639.91-	10.00
(3) 106166		EXPENSE-S	249,535.70-	225,802.40	475,338.10-	10.00
(4) 100409	409744	EXPENSE-S	52,219.50	52,267.76	48.26-	10,000.00
(4) 100413		EXPENSE-S	1,240.59-	0.00	1,240.59-	10.00
	302022	EXPENSE-S	407.74	430.70	22.96-	10,000.00
	400837	EXPENSE-S	250,688.64	250,982.60	293.96-	10.00
		FEE-REIMB	0.00	350.00	350.00-	10,000.00
	401519	EXPENSE-S	6,300.00	7,300.00	1,000.00-	10,000.00
	401520	EXPENSE-S	4,900.00	5,700.00	800.00-	10,000.00
	401523	EXPENSE-S	3,400.00	3,600.00	200.00-	10,000.00
	407642	EXPENSE-S	2,750.00	3,000.00	250.00-	10,000.00
	408928	EXPENSE-S	7,000.00	7,500.00	500.00-	10,000.00
	409458	EXPENSE-S	4,500.00	5,000.00	500.00-	10,000.00
	409459	EXPENSE-S	4,500.00	5,000.00	500.00-	10,000.00
(4) 100417	401970	EXPENSE-S	18,000.00	19,000.00	1,000.00-	10,000.00
	401978	EXPENSE-S	17,000.00	18,000.00	1,000.00-	10,000.00
	401999	EXPENSE-S	8,500.00	9,000.00	500.00-	10,000.00
	402001	EXPENSE-S	9,600.00	10,100.00	500.00-	10,000.00
	470216	EXPENSE-S	8,000.00	10,000.00	2,000.00-	10.00
(4) 100453	401890	EXPENSE-S	8,911.70	8,912.00	0.30-	10,000.00
	470471	EXPENSE-S	18,990.90	19,561.21	570.31-	10.00
	471011	EXPENSE-S	1,000.00	1,645.00	645.00-	10.00
(4) 100454		EXPENSE-S	92,000.22	104,487.34	12,487.12-	10.00
(4) 100481		EXPENSE-S	256.34-	0.00	256.34-	10.00
(4) 100675	490362	EXPENSE-S	0.00	6,508.70	6,508.70-	10.00
	491628	EXPENSE-S	0.00	47,457.37	47,457.37-	10.00
	470250	EXPENSE-S	149,987.73	152,149.12	2,161.39-	10.00
(4) 100911		EXPENSE-S	0.02-	0.00	0.02-	10.00
(4) 100932		EXPENSE-S	610,744.49-	0.00	610,744.49-	10.00
(4) 100941		EXPENSE-S	31,742.11	32,261.23	519.12-	10.00
(4) 101055	471034	EXPENSE-S	58,926.00	58,927.00	1.00-	10.00
(4) 101111	489304	EXPENSE-S	22,539.58	24,538.97	1,999.39-	10,000.00
(4) 101126	401723	EXPENSE-S	0.00	0.01	0.01-	10.00
(4) 101131		EXPENSE-S	3.13-	0.00	3.13-	10.00
(4) 101158		EQUIP-S	2,434.36	30,000.00	27,565.64-	10.00
(4) 101167	402647	EXPENSE-S	0.01-	0.00	0.01-	10.00
(4) 101268		EXPENSE-S	25,000.00	30,000.00	5,000.00-	10.00
(4) 101297	470091	EXPENSE-S	0.00	4,705.40	4,705.40-	10.00
(4) 101931		EXPENSE-S	0.00	9,476,785.40	9,476,785.40-	10.00
(4) 101966		EXPENSE-S	155,000.02	162,076.74	7,076.72-	10.00
(4) 102127		EXPENSE-S	0.02-	0.00	0.02-	10.00
(4) 102147		EXPENSE-S	125,000.00	0.00	125,000.00-	10.00
(4) 102198		EXPENSE-S	43.93-	0.00	43.93-	10.00
(4) 102309		EXPENSE-S	0.00	8.63	8.63-	10.00
(4) 102572	404638	EXPENSE-S	677,552,998.00-	206,729,998.00-	468,823,000.00-	10.00
(4) 102784		EXPENSE-S	1,229,511,499.91-	106,215,116.76-	1,121,296,383.15-	10.00
(4) 102785		EXPENSE-S	14,973,349.10-	0.00	14,973,349.10-	10.00
(4) 102816		EXPENSE-S				

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

- <http://finance.utoronto.ca/wp-content/uploads/2015/10/ffcorfundrpt.pdf>

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**

Funding: Funds Center or Fund

FM area: UOFT

Funds Center:

Fund:

Budget Version: 0

Fiscal year:

☐ Total Fund (Recommendation: Select 'Total Fund' when reporting on a Fund)

☐ Include net totals

☒ FBS (Budget data processed up to and including October 2006 month end)

☐ BCS

☐ Old Report Format

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

<http://finance.utoronto.ca/wp-content/uploads/2015/10/ffcorfundrpt.pdf>

QRG: FBS – BCS Radio Buttons

<http://finance.utoronto.ca/wp-content/uploads/2015/10/fbsbcsradio1.pdf>

GTFM Policy: Conference Accounts

<http://finance.utoronto.ca/policies/gtfm/financial-management/fis-accounts-establishing-changing-and-deactivating/conference-accounts/>

Funding: Funds Center or Fund – Output (PI FC or FC/Fund)



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.

Commitment item	Released Budget	Commitments	Actuals	Total Commitments/ Actuals	Revenue variance/ Funds available
Expenditures					
EXPENSE-S	0.00	0.00	62.92	62.92	62.92-

“Actuals” were posted against a Funds Center that had 0.00 budget.
This would appear to be payroll related.

Funding: Funds Center or Fund – Drilldown



From Commitment Items and G/L accts, charges were posted through payroll. (G/L accounts that start with 801XXX are payroll related.)

Commitment item	Expenditure assignments	Account No.	Expenditures	Purch orders and salary reserves	Other reserves
Expenditures					
EXPENSE-S	62.92		62.92	0.00	0.00
Pay:Casual Admin.		801140	57.20	0.00	0.00
Pay:Benefits No Appt		801920	5.72	0.00	0.00

Further drilldown will display the actual document(s) & posting date(s).

Those with payroll access can drill down to the payroll details.

Account No.	Posting Date	Document No.	Expenditure	Purch orders and salary reserves	Other reserves
801140		.	57.20	0.00	0.00
04.05.2012	6100349695		57.20	0.00	0.00

Funding: Funds Center or Fund – Drilldown



Payroll/Employees data				
Personnel no.	Last name	First name	Amount	Position description
00077777	Dimitriadis	Chris	57.20	No position description
Total:			57.20	
=====				

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

Funding: Funds Center or Fund – Scenario 2



SCENARIO 2:

Current fiscal year budget = 640.64- , Actuals = 0.00, Negative Balance = 640.64-

Funding:Funds Center or Fund

Periods

Select

Print

Excel Overview

New Format

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BCS Funding:Funds Center or Fund

Page : 1 of 1

Program : ZFTR001 /TNG

User : MACINSUZ

Date : 25/03/13

Time : 10:32

FM area: UOFT

Budget-version: 0

Funds Center: 202427

Fund:

Fiscal year: 2013

JONER JENNIFER

Commitment item	Budget	Commitments	Actuals	Total Commitments/ Actuals	Revenue variance/ Funds available
Expenditures					
EXP-UTFA	12,249.49	0.00	0.00	0.00	12,249.49
CARRYFWD	640.64-	0.00	0.00	0.00	640.64-
Total Expenditure :	11,608.85	0.00	0.00	0.00	11,608.85

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.



Funding: Funds Center or Fund – Scenario 2

In FY 2010, Actuals are part of the Negative Balance that has carried forward to the current fiscal year.

Funding:Funds Center or Fund

Periods Select Print Excel Overview New Format

University of Toronto

BCS Funding:Funds Center or Fund

Page
Prog
User
Date
Time

FM area: UOFT
Budget-version: 0
Funds Center: 202427
Fund: JONER JENNIFER

Fiscal year: 2010

Commitment item	Budget	Commitments	Actuals	Total Commitments/ Actuals	Revenue variance/ Funds available
Expenditures					
EXP-UTFA	7,550.00	0.00	50.51	50.51	7,499.49
EXPENSE-S	0.00	0.00	606.32	606.32	606.32-
Total Expenditure :	7,550.00	0.00	656.83	656.83	6,893.17

Drilldown on the **Actuals** to source the Negative Balance

Funding: Funds Center or Fund – Drilldown



From Commitment Items and G/L accts, charges were posted through payroll (G/L accounts that start with 801xxx are payroll related)

Commitment item	Expenditure assignments	Account No.	Expenditures	Purch orders and salary reserves	Other reserves
Expenditures					
EXPENSE-S	606.32		606.32	0.00	0.00
Pay:Casual Admin.		801140	551.20	0.00	0.00
Pay:CDN-Post Doc Fel		801330	0.00	0.00	0.00
Pay:Benefits No Appt		801920	55.12	0.00	0.00

Further Drilldown

Account No.	Posting Date	Document No.	Expenditures	Purch orders and salary reserves	Other reserves
801140			551.20	0.00	0.00
	19.06.2009	6100348858	551.20	0.00	0.00

Funding: Funds Center or Fund – Scenario 2



FM: Display Payroll/Employees Data

FM area: UOFT
Funds Center: 202427
Fund:
Document number: 6100348858
Posting date: 19.06.2009
G/L Account: 801140
Amount from doc. #: 551.20
Fiscal year: 2010
Commitment-item name: EXPENSE-S
Period: 2
Name of Fund:
Name of CF center: JONER JENNIFER
Account name: Pay:Casual Admin.
Company code: UOFT
Cost center: 202427
Order #:

Information

The payroll distribution information you are seeking may have been archived. Please use the Payroll Distribution Report for Archived Data to access archived information. Thank you.

Note Fiscal year
& Fiscal Period

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

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

Payroll Distribution Report for archived data

FM Area: UOFT
Funds Center: ☒ to
Fund:

Fiscal Year:
Fiscal Period:

☐ Include Funds Center Hierarchy
Hierarchy variant: 0000
☐ Include G/L Summary Totals
☐ Include only FCs with payments redirected from an FC/Fund (April 2012 or later)

Please use this report to access information older than 18 months - back to fiscal year 2002, period 8. To report on the most recent 18 months of data, please use the standard Payroll Distribution Report.

Please be aware that response time for this report is slower than for the standard report. The Payroll Distribution Report for archived data is retrieving data from outside of the standard system.

Enter Funds Center **Or**
Funds Center & Fund

Enter Fiscal year &
Fiscal Period

QRG: Payroll Distribution Report for archived data

- http://finance.utoronto.ca/wp-content/uploads/2015/11/Payrol_Distribution.pdf

Payroll Distribution Report – Scenario 2



Payroll Distribution Report for archived data

<< >> Download

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Payroll Distribution Report for Archived Data
Period: Jun-2009

JONER JENNIFER Funds center 202427 JONER JENNIFER

Pers. Number	Last Name	Init	Pay	Current Month Sal/Ben Temp Recurring *incl pay redirect	Fiscal Sal/Ben	Intended Sal/Ben Reserve	Reserve End Date	SBR Rate	Total Amount of Sal/Ben
COST CENTER: 202427 JENKINS JENNIFER M P									
COMMITMENT ITEM: HR-NAPP-AD G/L NAME: 801140 Pay:Casual Admin.									
00077777	Dimitriadis	S	F13	551.20 55.12	551.20 55.12	0.00 0.00		0.1000	551.20 55.12
G/L Total:				551.20	551.20	0.00			551.20
CI Total:				551.20	551.20	0.00			551.20
COMMITMENT ITEM: HR-BEN-NAP G/L NAME: 801920 Pay:Benefits No Appt									
				55.12	55.12	0.00			55.12
CI Total:				0.00	55.12	0.00			55.12
Cost Center	202427	TOTAL		606.32	606.32	0.00			606.32

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

Funding: Funds Center or Fund Report – Funds Center (with Original Budget)



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

Show all Commitment Items with hierarchy

Switch to spreadsheet view

Show all Commitment Items w/o hierarchy

Open next level

Fiscal Year

2015

Report

ZFTR111

Funds Center

100647 Fin:FC_ORIGINAL BDGT

Instance

TNG

Include FC Hierarchy

User

PARAMRAM

FC Hierarchy variant

0000

Date/Time

25.04.2014 09:20:26

Include PI FCs

X

Commitment Items	Original Budget	Revised Budget	Commitments	Actuals	Commitments+ Actuals	Revenue	Variance/ Funds Available
Revenues							
- REVENUE-S	150,000.00-	150,000.00-	0.00	97,914.09-	97,914.09-		52,085.91-
EXTERN-INC	150,000.00-	150,000.00-	0.00	92,284.09-	92,284.09-		57,715.91-
+ RECOVERY	0.00	0.00	0.00	5,630.00-	5,630.00-		5,630.00
Total Revenues	150,000.00-	150,000.00-	0.00	97,914.09-	97,914.09-		52,085.91-
Expenditures							
- EXPENSE-S	1,450,483.00	1,650,483.00	0.00	1,311,366.90	1,311,366.90		339,116.10
^ EXPENSE-S	0.00	150,000.00	0.00	0.00	0.00		150,000.00
CARRYFWD	0.00	50,000.00	0.00	0.00	0.00		50,000.00
+ COMPENS-S	1,310,421.00	1,310,421.00	0.00	1,086,755.45	1,086,755.45		223,665.55
+ EQUIP-S	13,000.00	13,000.00	0.00	8,829.96	8,829.96		4,170.04
+ FURNIT-S	1,000.00	1,000.00	0.00	0.00	0.00		1,000.00
+ SUPPL-S	119,062.00	119,062.00	0.00	195,411.26	195,411.26		76,349.26-
- TRAVEL-S	7,000.00	7,000.00	0.00	20,370.23	20,370.23		13,370.23-
TRAV-EMPL	7,000.00	7,000.00	0.00	17,370.23	17,370.23		10,370.23-
TRAV-STDNT	0.00	0.00	0.00	3,000.00	3,000.00		3,000.00-
TRAVEL	0.00	0.00	0.00	0.00	0.00		0.00
Total Expenditures	1,450,483.00	1,650,483.00	0.00	1,311,366.90	1,311,366.90		339,116.10
Net	1,300,483.00	1,500,483.00	0.00	1,213,452.81	1,213,452.81		287,030.19

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.
 - o 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

- <http://finance.utoronto.ca/policies/gtfm/financial-management/reporting/fiscal-year-end-closing-procedures/>

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



Manager	Chris Dimitriadis chris.dimitriadis@utoronto.ca	946-3153
Senior Business Analyst	Maryanne McCormick m.mccormick@utoronto.ca	946-3291
Business Analyst	Nusrath Mohiuddin nusrath.mohiuddin@utoronto.ca	978-4042
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Business Analyst (Training)	Tasleem Hudani tas.hudani@utoronto.ca	978-1229

Evaluation:

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

FAST website:

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