	Journal Entries for Expense Reimbursements Over 60 Days SOP	SOP 07.15.05
BROWN		Effective Date: December 29, 2022

1.0 Standard Operating Procedure (SOP) Purpose

The purpose of this SOP is to provide instructions for submitting a journal entry to reallocate expenses that have hit a department's cost center as a taxable expense as a result of a reimbursement request that was more than 60 days old.

2.0 SOP

The accounting for the taxable expense defaults to the reimbursed student's or employee's home cost center in Workday. The gross expense will be recorded as follows, dependent upon the student's or employee's full-time or part-time status.

- **Full-Time** – Spend category: Taxable Payroll Expense – Full Time (5201), ledger account 52010: Payroll Taxable Expense-Full Time OR
- **Part-Time** - Spend category: Taxable Payroll Expense – Part Time (5202), ledger account 52020: Payroll Taxable Expense-Part Time

Regardless of the student's or employee's full- or part-time status, the part-time fringe rate will be applied to the gross expenditure and will be recorded as follows:

- **Fringe** – Spend category: Taxable Payroll Expense – Fringe (5203), ledger account 52030: Taxable Payroll-Fringe

These spend categories appear in the "Travel and Business" expense category within most Manager Workday Reports.

The best practice is to reallocate the over 60-day charge to the spend category and worktags used in the original expense report and reference the report number (ER-XXXXXX).

Note: Only expenditures in spend category 5201 (Taxable Payroll Expense – Full Time) or 5202 (Taxable Payroll Expense – Part Time) can be reallocated to a different spend category. The Fringe expenditures must remain in spend category 5203 (Taxable Payroll Expense – Fringe), but can be reallocated to a different, non-grant, driver worktag if needed.

2.1 Initiating the Journal Entry

1. Open Salesforce in Workday by going to the 'Menu' in the top left corner of your landing page. Selecting the 'Links to Other Applications' worklet and then 'Create Journal.' If you need access to Salesforce, email accounting@brown.edu to take the journal entry training and obtain access.
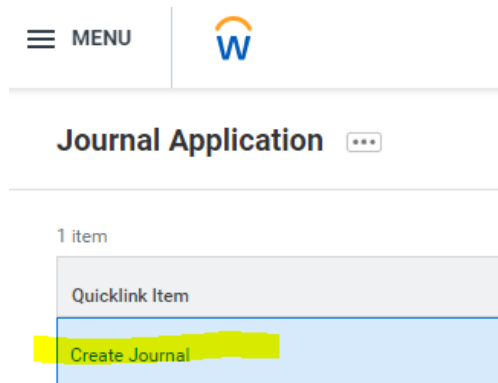

In Workday, go to the 'Menu' in the top left corner.
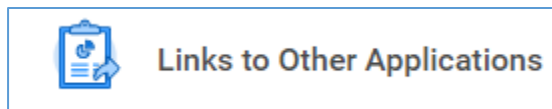
From the Menu, select "Links to Other Applications"
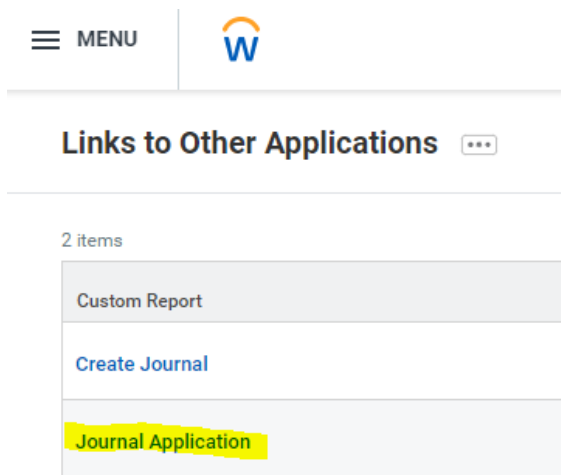
In Workday, select "Journal Application" from the list of Custom Report options.

Then, select "Create Journal" from the Quicklink Item list.

2. Select the journal source 'Accounting Manual Journal – Online Application' from the drop-down menu.

General Information

**Be sure to select an Accounting Date appropriate for the Journal's fiscal period!

Accounting Date	9/6/2022 [9/6/2022]
Journal Source	Accounting Manual Journal - Online Application
Total Debits	$0.00
Total Credits	$0.00

3. Include the language "Over 60-day ER-XXXXXX" in the 'Journal Description' field.

Journal Status:	Needs Validation
Journal Description	
Preparer:	Sarah Peri

4. Allocate the expense, using the spend category(s) and respective amount(s) from the original expense report. Note: Expenditures in spend category Taxable Payroll Expense – Fringe (5203) CANNOT be reallocated to a sponsored project.

2.1.1 Grant-Related Transactions (Sponsored Projects)

In addition to completing the steps in Section 2.1 above, you will need to complete a Cost Transfer Form and email it to your OSP post award accountant with the journal # SF00000xxxxx in the subject line. You will also need to include a copy of a Workday report showing the accounting date of the Payroll Taxable Expense transactions on the cost center.

- **Question 1:** Include the following statement as the justification for the reallocation: "Transferring expense(s) that were approved on ER-XXXXXX to appropriate grant(s). Because these expenses were not substantiated within 60 days they were required to be processed through payroll. This journal transfers the direct expenses onto the appropriate grant(s)."
- **Question 2:** Not required, as the expense report includes the business purpose or justification.
- **Questions 3 and 4:** Required if the cost transfer is more than 90 days after the fifth business day of the following month after the original expense posted. Use the Cost Transfer Calculator Tool to calculate 90 days.

2.2 Summary of Allowable Reallocations for Both Grant- and Non-Grant-Related Transactions

May I?	Spend: Taxable Payroll Expense – Full Time (5201)	Spend: Taxable Payroll Expense – Part Time (5202)	Spend: Taxable Payroll Expense – Fringe (5203)
Non-Grant-Related Transactions			
Reallocate the spend for non-grant -related expenses?	Yes	Yes	**No**
Reallocate the organizational worktags for non-grant -related expenses?	Yes	Yes	Yes
Grant-Related Transactions			
Reallocate the spend for grant -related expenses?	Yes, but you must reallocate the expense to the spend category used in the original expense report and you must use the exact dollar amounts of the original charge	Yes, but you must reallocate the expense to the spend category used in the original expense report and you must use the exact dollar amounts of the original charge	**No, taxable payroll fringe is unallowable on grants.**
Reallocate the organizational worktags for grant -related expenses?	Yes, but you must reallocate the expense to the spend category used in the original expense report and you must use the exact dollar amounts of the original charge	Yes, but you must reallocate the expense to the spend category used in the original expense report and you must use the exact dollar amounts of the original charge	**No, taxable payroll fringe is unallowable on grants.**

3.0 Definitions

For the purpose of this SOP, the term below has the following definition:

Business Purpose: A statement that adequately describes a business expense as necessary, reasonable and appropriate for the University. All expenses must support or advance the goals, objectives and mission of the University.

4.0 Responsibilities

All individuals to whom this SOP applies are responsible for becoming familiar with and following this SOP. University supervisors are responsible for promoting the understanding of this SOP and for taking appropriate steps to help ensure compliance with it.

5.0   Related Information

The following information complements and supplements this document. The information is intended to help explain this SOP and is not an all-inclusive list of policies, procedures, laws and requirements.

   5.1   Related University Policies:
   - Expense Reimbursement Policy
   5.2   Related SOPs: N/A
   5.3   Related Forms:
   - Cost Transfer Request Form
   5.4   Frequently Asked Questions: N/A
   5.5   Other Related Information:
   - Cost Transfer Calculator Tool

6.0   SOP Owner and Contact(s)

   6.1   SOP Owners: Associate Vice President and University Controller
   6.2   SOP Approved by: Vice President for Finance and Chief Financial Officer
   6.3   Contact Information: Associate Director of Accounting
   - Accounting@brown.edu

7.0   SOP History

   7.1   SOP Issue Date: October 19, 2021
   7.2   SOP Effective Date: December 29, 2022
   7.3   SOP Update/Review Summary: N/A