



University of Pittsburgh

Office of the Controller – General Accounting Department

SUBJECT: PRISM SUBCODE GUIDELINES

The PRISM General Ledger Subcode Listing provides the four-digit codes used to record financial transactions in their “natural classification” and serves as the University’s “Chart of Accounts.” The listing is available at <http://www.cfo.pitt.edu/ga/accountno.html>. The University’s Account structure for the PRISM General Ledger can aid in the understanding and accuracy of the accounting for University revenue and expenses. Refer to the *PRISM Account Structure and Attributes* at <http://www.cfo.pitt.edu/ga/asas.html> for an overview.

REVENUE

Revenue subcodes 4500 – 4580 should be used to record revenue only from sources external to the University. General Accounting must authorize exceptions. For example, the Theatre Arts Department may use the revenue subcode to charge other departments for show tickets.

Sales and Services of educational departments includes revenue incidentally related to the result of instruction, research and public service and revenues of activities that exist to provide instruction and lab experience for students that create goods and services that may be sold to students, faculty, staff and the general public.

Subcode 45XX Examples include sales of scientific and literary publications, testing services, health clinics, specialized service facilities, athletic events, and theaters.

Other Revenue (subcode 4910) is revenue from an external source that does not fall into the classification of tuition, housing, sales and services (auxiliary and non-auxiliary), rental revenue or patent revenue. Gifts received from outside sources should be credited to 4400 – Gifts and not 4910 – Other Revenue.

Subcode 4910 Examples include University Times advertising and subscription sales, residence fees, and Heinz Chapel event fees.

EXPENSES

Expenses are recorded in the University General Ledger by authorized transactions for initial payments e.g., invoices, payrolls, recharges from University administrative and service units, and adjustments of expenditures (cost transfers).

Compensation Expense

Compensation expense subcodes – 5XXX are restricted for usage by the Office of the Chief Financial Officer with the following exceptions:

Subcodes for FICA expenses related to student workers are broken into two categories.

Subcode 5700 Represents students who are FICA paying employees since they carry less than a full-time credit load.

Subcode 5750 Represents students who are not FICA paying employees because they are not required by law to pay FICA taxes. They must be enrolled as full-time students.

NOTE: Subcodes 5700 and 5750 are for usage on Budget Modification Requests (BMRs), Supplemental Salary Personnel Activity Reports (SPARs), and Salary Wage Cost Transfers (SWCTs) ONLY.

Subcode 5880 Compensation Cost Recovery

NOTE: This subcode is not used by the Payroll department. Therefore it may be used in a NSCT entry.

Fixed Assets are non-expendable, tangible, personal property with a useful life of more than **two years** and an acquisition cost of **\$5,000 or more per unit**. For the University to properly record the acquisition of capital assets and to recognize the related depreciation, amounts to be expended for capital assets must be budgeted and recorded in subcodes 6100 – 6105, Fixed Assets.

Equipment and Space Rental Subcodes

Subcodes 6200 and 7300, equipment and space rental respectively, should be used to record expenses resulting from lease agreements made with **external** (non-University) parties and **may not** be used for one-time rentals. Financial reporting standards require the disclosure of certain lease information in the University's audited financial statements each year. Therefore, the space and equipment rental expenses in the PRISM General Ledger must accurately represent the rental amounts according to the lease documents. The appropriate subcode usage for lease/rental expense is as follows:

Subcode 6200 Equipment rental (leases)

Subcode 629X Equipment rental from University sources (Ex: Central Business Services)

Subcode 7300 Space rental (leases)

Subcode 739X Rental and leases of offices, laboratories, garages, etc. owned by the University. Note: Subcode 739X – interdepartmental space rental, must be used on both the debit and credit side of the entry.

Equipment and Space Rental Subcodes Cont.

One-time rentals include equipment and space rentals for which an executed agreement of one year or more **does not** exist. All departments are required to use subcodes 6208 and 7308 for one-time equipment and space rentals respectively as these items do not meet the criteria for financial statement disclosure.

Subcode 6208 One-time equipment rentals (Ex: furniture, gas cylinders, equipment rentals, All Occasions and United rentals, and delivery charges associated with one-time rentals)

Subcode 7308 One-time space rentals (Ex. Off-site classrooms, fields, and courts)

NOTE: Subcodes 6208 and 7308 **may not be used** for rentals for which there is a terminated or pending lease agreement.

Storage, coffee service and water cooler rental and supplies should not be charged to rental subcodes. The following subcodes are available for this purpose.

Subcode 6070 Unallowable supplies from external sources that are processed through purchase orders or disbursement requests.

Examples include coffee service, polar water, candy, and flowers.

Subcode 6085 Interdepartmental (internal sources) unallowable supplies purchased from non-book centers.

Subcode 6097 Interdepartmental unallowable supplies purchased from the Book Center.

Subcode 7304 Storage - (Ex: Mobile and self-storage, e.g. Guardian Self Storage and Marodi Transfer and Storage.)

Note: Payments to vendors that provide shredding, records management, and document storage, e.g. BRM and Iron Mountain should be charged to subcode 6400, Professional Services.

Relocation of Faculty & Staff should be charged to:

Subcode 6310 Relocation of Faculty & Staff

Subcode 6397 Interdepartmental Relocation of Faculty & Staff

Travel and Business expenses of education departments includes cost of transportation, meals, lodging and other travel and meeting related expenses of employees, guests, and visitors in relation to University Business.

Subcode 6300 Includes travel within the U.S. and Canada.

Subcode 6370 Travel to any country other than the U.S. and Canada.

Travel and Business Cont.

Subcode 639X Interdepartmental conference and registration for faculty and staff training and professional development. Also includes parking permits and faculty recruitment expenses.

Library Acquisitions must be recorded in subcodes 6500 – 6511. Only certain departments may use these subcodes. Refer to the PRISM General Ledger Subcode Listing for the Department restrictions on these subcodes.

Miscellaneous Expense subcodes are used for expenses that cannot be categorized using the natural expense class arising out of the ordinary course of business.

Subcode 8100 Examples include return check handling fees, petty cash purchases, merchant Panther Central (PC), NSF checks and immaterial adjustments needed to reconcile cash, revenue or expenses. Subcode 8100 is also used in place of 826X for transfers between Entity 09 and other entities.

Unallowable Miscellaneous Expense subcodes are used for expenses that cannot be categorized using the natural expense class arising out of the ordinary course of business.

Subcode 8170 Other Unallowable Miscellaneous Expense – excludes donations and prizes.

Subcode 8171 Donations (Unallowable) – Examples include donations or gifts to non-profit institutions. **NOTE:** *Send all tax receipt that you receive from these organizations to the Tax Department, 116 Attwood Street, Suite 201.*

Subcode 8172 Prizes (Unallowable) – Examples include prizes to students, faculty, and staff unless part of a University-wide employee recognition program.

Other Transfers Subcodes (8260-8264) should be used to transfer funds between accounts (limited to entities 02, 03, 04, 06, 08, 24, 47 and 48). The same transfer subcode must be used on both the debit and credit side of the transaction to ensure that the net effect of the transfer is zero for financial statement purposes. There is **no instance** where it is acceptable to use a transfer subcode on only one side of a fund transfer.

NOTE: Subcode 8100 is used instead of 826X for transfers between Entity 09 and other entities.

INTERDEPARTMENTAL CHARGES (IDCs)

There are two types of IDCs, cost center charges and cost redistributions.

Cost Center Charges are for materials or services that originate within the University and whose price components span multiple expense categories. When recording charges (debit), use an interdepartmental subcode that reflects the nature of the material or service. For cost recovery (credit), use subcodes 8400-8409. Cost recovery subcodes should only be used by departments authorized to charge others internally for goods and services provided and should not be recorded in revenue subcodes.

NOTE: External cost recovery of compensation should be recorded in subcode 5880.

Interdepartmental subcodes 608X and XX9X have been established for many services provided to RCs by other University departments e.g., purchases from the book centers; interdepartmental equipment rental, interdepartmental professional services and consulting; and interdepartmental photocopying from the University Copy Center and Vend-a-Card.

Interdepartmental Subcode List

6080-6097	Interdepartmental Supplies
6098	Interdepartmental Cost Recovery - Supplies
6290-6293	Interdepartmental Equipment Rental
6390-6395	Interdepartmental Travel & Business
6396	Interdepartmental Vehicle Leases
6397	Interdepartmental Relocation of Faculty/Staff
6398	Interdepartmental Cost Recovery – Travel & Business
6490-6495	Interdepartmental Professional Services & Consulting
6498	Interdepartmental Cost Recovery – Professional Services
6690-6696	Interdepartmental Telephone Expense
6698	Interdepartmental Cost Recovery - Telephone
6890-6895	Interdepartmental Printing & Publications
6898	Interdepartmental Cost Recovery – Printing & Publication
7105	Interdepartmental Equipment Repairs & Maintenance
7290-7292	Interdepartmental Delivery & Moving
7390-7395	Interdepartmental Operating Lease Space Rental – 739X must be used on both the debit and credit side of the entry.
8400-8409	Interdepartmental Cost Recovery – Examples include monthly telephone cost recovery (credits) for Telecommunications services provided to the departments
8598	Interdepartmental Cost Recovery – Network Fee

Cost Redistributions are materials or services purchased initially from external vendors and then redistributed by the department to the end user of the materials or services. The subcode used resulting from the initial purchase should be from the natural expense classification. Upon redistribution to the end user, the inter-departmental subcodes are used.

For example, Department A purchases scientific supplies from Fisher Scientific and charges subcode 6012 (Scientific & Clinical Supplies). Department B, which is outside of Department A's area of responsibility, regularly consumes a portion of Department A's scientific supplies and agrees to be charged based on their actual usage. Department A should process an IDC debiting subcode 6086 (Interdepartmental Scientific and Clinical Supplies) on one of Department B's accounts and crediting subcode 6086 on Department A's account.

Federal Regulations require the University to separately identify and account for those costs which the Federal government has deemed non-recoverable for indirect cost reimbursement. These costs will be denoted as "Unallowable" as they are not to be included in the allocation of indirect costs to federally sponsored awards. No account is exempt from this treatment. Refer to the PRISM Subcode listing available at <http://www.cfo.pitt.edu/ga/accountno.html> for further information. Questions regarding the types of costs to be identified as unallocable for federal indirect cost calculations should be directed to Research and Cost Accounting.

Subcode 6081 should be used for site licenses.

Subcodes 7210 (Relocation of Faculty & Staff) and 7293 (Interdepartmental Relocation of Faculty & Staff) have been disabled. Instead, use subcodes 6310 and 6397 respectively.

For "interdepartmental space rentals" (739x) and "distributed costs" (8300 – 8311), the same subcode must be used for both the debit and the credit side of the transaction.

COMMON MISUAGE OF SUBCODE – CAPITAL TRANSFERS

The same transfer subcodes must be used on both the debit and credit side of the transaction. There is no instance where usage of the transfer subcode on one side of the transaction is acceptable. There should be no P & L impact when using transfer subcodes. The following is an example using transfer subcodes:

Example: Let's assume that Parking & Transportation wants to establish funding for a project to renovate the campus parking garages. The funding is to come from one of the Parking & Transportation unrestricted accounts, 03.22XXX. The following entry is processed to "Transfer" funds from the Entity 03 account to a newly created Entity 06 - Plant account.

INCORRECT

Dr.	03.88XXX.7136	10,000
Cr.	06.XXXXX.8220.65XXX	10,000

COMMON MISUAGE OF SUBCODE – CAPITAL TRANSFERS Cont.

By processing the above entry, the transfer rule from above is being violated. The net affect in subcode 8220 and 7136 is \$10,000.

8220	7136
10,000	10,000
10,000	10,000

CORRECT

The correct way to transfer the funding for the renovations is to use subcode 8220 on both sides of the entry. This way, the net effect on the transfer subcode will be zero.

Dr.	03.88XXX.8220	10,000	
	Cr. 06.XXXXX.8220.65XXX	10,000	

8220	
10,000	10,000
10,000	10,000
	- Net

COMMON MISUAGE OF SUBCODE – OTHER TRANSFERS

The same transfer subcodes must be used on both the debit and credit side of the transaction. There is no instance where usage of the transfer subcode on one side of the transaction is acceptable. There should be no P & L impact when using transfer subcodes.

There has been some confusion between the usage of transfer subcodes and non-salary cost transfers.

A NSCT is a correction of a previously recorded entry.

Transfer subcodes should be used to send actual funds to another account to cover incurred expenses. Transfer subcode 8260 should be used when actual funds are being transferred between accounts.

COMMON MISUAGE OF SUBCODE – OTHER TRANSFERS Cont.

The following are examples of the appropriate usage of non-salary cost transfers and actual transfers:

Example of Non-salary Cost Transfer: Let’s assume you work in the Education Department 22XXX and are reconciling your level reports. You notice a charge (debit) of \$100 on your levels that you do not recognize in subcode 6600 - telephone charges. When investigating the charge, you find that the charge should have been applied to KGSB Department 21XXX and a data entry error had occurred. To move the charge to KGSB the following non-salary cost transfer would have been recorded.

Dr.	02.21XXX.6600	100.00	
	Cr.	02.22XXX.6600	100.00

Note: In the non-salary cost transfer entry example above regular expense subcodes were debited and credited, not transfer subcodes.

Example of Transfer: Let’s assume that the Athletic department wants to fund the cost of purchasing a new scoreboard. To cover the cost, athletics wants to transfer funds from one of their Entity 04 *Restricted* accounts to one of their Entity 02 *Unrestricted* accounts. The following entry would be processed to transfer funds from the Athletic Entity 04 *Restricted* account to the Athletic Entity 02 *Unrestricted* account.

Dr.	04.87XXX.826X	10,000	
	Cr.	02.87XXX.826X	10,000

8260	
10,000	10,000
10,000	10,000
	- Net

By booking the entry this way, the net effect on the transfer subcode will be zero and the transfer rule is not violated.