Inter Departmental Billing (IDB) Process

Responsibility:	Financial Reporting
Approver:	Associate Vice-President Finance
Scope:	Compliance with the University IDB process extends to all departments/projects processing IDBs
Enquiries/assistance:	finance@ucalgary.ca ; phone U Service (403)210-9300
Responsibility for updating guideline:	frglje@ucalgary.ca

Overview

Inter Departmental Billings (IDBs) are used for processing internal charges where the initiating department/service unit is charging one or more department(s) and/or project(s) for supplies and/or services. Materials and/or services may be bought or sold directly between University departments/projects without involving the buyers in Supply Chain Management (SCM). Examples include work requests for departments/projects by Facilities Management, departments/projects purchasing supplies from the Engineering stores or Chemstores, etc.

IDB journals require appropriate controls and are therefore reviewed and posted through finance instead of individual faculty/units. These internal billings must not increase total University revenue or expenses nor misstate the operating results of any University unit. Adhering to accounting guidelines will facilitate consistency in reporting across the University.

All IDB journals are to be sent to finance@ucalgary.ca with the IDB journal request form and IDB journal template.

Purpose

To outline the process for Inter Departmental Billing journal entries and promote consistent accounting treatment across the University. To ensure operating results of the University are not misstated as a result of internal billing transactions.

For All Departments/Units Processing IDB's

- For non-project transactions, departments and service units will not be required to verify the purchasing authority of the IDB requestor for transactions under $250 (departments and service units should maintain evidence of who requested the goods/services in case budget owner wishes to review the expense at a later date).

- For transactions impacting projects, departments and services units are required to verify the purchasing authority for all transactions regardless of dollar value.

- IDB's are to be submitted using the IDB Journal form with relevant backup documentation to finance@ucalgary.ca

- Standard accounting entries for IDBs:
    - IDBs for Operating departments & non-capital projects
        - DR account 69xxx (Internal Expenditures)
        - CR account 48xxx (Internal Revenue)

    - IDBs for Capital Projects – required for projects to be capitalized & amortized in Asset Management
        - DR account 189x1 (Capital Expenditure)
        - CR account 5xxxx or 6xxxx (salary/other expenditure)

IDB journal restrictions:

- IDBs are only used for internal charges for goods and/or services to another department/project, which have already been incurred. These are internal buy and sell transactions where the charging department or unit is normally engaged in the activity of providing such goods and/services i.e. revenue generated by ancillary units from the sale of goods and/or services to university departments/projects. It can also be a reallocation of expenses such as materials and supplies where there is an agreement to cost share.
- IDBs are NOT to be used for the following:
    - transferring funds or moving of expenditures where the charging department or unit is not normally engaged in activity of providing such goods/services
    - salary transfers

- o cost/salary recovery arrangements where the administrative support is provided by a staff paid out of the operating fund or project
- o correction of expense coding errors
- IDB revenue (credits) are not externally restricted funds

Certified IDB Centres - High Volume IDB Department and Service Units

- Your department or service unit process over 50 IDB transaction lines per month relating to the provision of goods or services or allocation of costs to departments and projects and must be approved by Research Accounting and Financial Reporting to be a certified IDB centre. Please contact U Service at finance@ucalgary.ca.
- Your department or service unit must have a defined process and/or system used to capture requests for goods and services, budget owner approval and preparation and retention of adequate support documentation.
- Supporting documentation and evidence of approval will not be required to be attached to the IDB entry. However, department and services units are required to keep and maintain supporting documentation such as an internal invoice and evidence of approval of the IDB transaction.
- Finance will review the IDB entries on a sample and periodic basis. The focus of these reviews will be on ensuring there is evidence of process compliance and appropriate supporting documentation or evidence of approval.

Adhoc IDB Centres - Low Volume IDB Department and Service Units

- Your department or service unit process less than 50 transactions a month or process IDB journals on an adhoc basis as required.
- Supporting documentation and evidence of approval is required to be attached to the IDB journal entry
- If transactions do not impact projects, department and service units are not required to verify purchasing authority for transactions under $250, nor submit evidence of approval for these transactions.

Annual Authorization Process (AAP)

1. **Annual Authorization Process (AAP) Form – IDB Journals**:
   - used for recurring IDBs – pre-authorization at the commencement of a standardized one year period
   - submitted annually at the beginning of the fiscal year as evidence of the correct Budget Owner approval. This copy will be saved on a shared network drive (with Finance) for audit and review purposes.
   - form must include the following information:
     - The Department ID (Dept) or Project # for pre-authorization
     - The Dept ID or Project owner/budget approver's name, signature, and email address
     - The effective period July 1 – June 30 (academic year), April 1 to March 31 (fiscal year) or project end date
     - The IDB Service Unit name, location, and contact information (phone and email)
     - Detailed description and price list for all goods or services
     - Budget Owners signature and declaration:
       By signing this authorization form, I declare that I have reviewed the schedule of fees as stated herein and agree to be charged for the actual use or consumption of these goods/services for the duration of this agreement, and that sufficient funds have been budgeted to cover these expenses. Where applicable, I am attesting to the eligibility of these goods/services under the grant agreement or contract, for the above named Project.

2. **Retention:**
   - Financial records and supporting documentation must be retained for a period of 7 years (6 previous years plus the current year) for audit verification and review per federal and provincial retention legislation

Authorization/Approval
   - Given the impacts to the accuracy of financial reports issued by the University, internal controls for journal entries must be correctly designed, implemented and operate effectively to mitigate risk of error. Therefore, effective October 1, 2018, approval from the Vice-President, Research Accounting and Financial Reporting is required for IDB transactions related to the prior fiscal year.

Type of Transaction	Prior Fiscal Period (April 1 to March 31)	Current Fiscal Year (April 1 to March 31)
IDBs	Vice President Financial Reporting Research Accounting	Per AAP – Budget Owner /Delegate

Roles and Responsibilities:

1. Requestor (prepared by):

➢ Any person who is responsible for preparing and submitting IDB entries. They are confirming that the journal is correct, complete, valid, appropriate, etc. This applies even if someone else has asked the requestor to complete the request process on their behalf. Therefore, the Requestor must fully understand the transactions and is responsible to prepare and submit all supporting documentation.
➢ Journal Entry Correction/Transfer - completes Correction/Transfer Form, and compiles all relevant supporting documentation
➢ Ensure that appropriate Dept ID or Project Approvers/delegates have provided their approval
  o Approvals may be in the form of an email or signed documents (approving the accounting chartfields and amounts of the journal entry) if an Annual Authorization Form is not on file
➢ Forwards signed Journal Correction/Transfer Request form along with all supporting documentation and approvals to finance@ucalgary.ca where a ticket # is assigned and emailed back to the requestor.

2. Initiator (Finance):

➢ The initiator receives the completed/approved IDB request form from the requestor through finance@ucalgary.ca and has a PeopleSoft security role permitting them to create, edit and submit journal entries for approval & posting.
➢ The initiator will review the IDB request and supporting documentation for appropriate accounting, back-up documentation, validation that the entry is balanced, transaction eligibility per agreements (if required) and that appropriate authorizations have been provided.
➢ Updates Master List for requests requiring VP Approval

➢ Once the initiator is satisfied that the IDB request is complete with all the appropriate approvals and should be processed, the entry should be submitted in PeopleSoft for combo edit and budget checks. If successful, the journal will be submitted for review and posting. Journal entries which do not pass either the combo edit or the budget check will be sent back to the requestor to identify the correct solution

3. Financial Reporting: Review and Posting:

➢ Reviews, approves and posts all IDB requests in accordance with University policies, procedures and guidelines
➢ Updates master list for requests requiring VP approval and forwards approval requests to appropriate VP (i.e.: fund transfers from operating to IRNA & prior period corrections)
   ▪ **The requester and reviewer/poster cannot be the same individual.**

4. Budget owner (Dept ID owner/Project holder):

➢ An employee identified as a budget owner due to holding an operating or ancillary (fund 10/15) department (Dept ID) or a project (fund 5/11-19/50/60/70) in the financial system and therefore has signing authority to approve expenditures within the amounts and scope of his/her budget and within maximum limits.

5. Delegate:

➢ An employee/contingent worker who has been assigned to act on the budget owner's behalf/acting capacity.

Documentation

Journal Correction/Transfer Request Form: The journal correction/transfer request form must be completed and submitted in one email with all approvals and related backup to: finance@ucalgary.ca (General Ledger Journal Entry template is not required)
3. **IDB spreadsheet Journal Template** – Excel
4. **Internal document outlining goods/services sold**
5. **Approvals– required for Adhoc IDB Centres: Department ID Owner/Project Holder/Delegate (when appropriate)**

Processing timelines:

Processing Period	Timelines
Monthly – Journal Request	See month end timelines on the Finance website
Year-end – Journal Request	See year end deadlines on the Finance website

Contact

Name	Email	Phone
U Service	finance@ucalgary.ca	(403)210-9300