Business Process for Salary Advance, Short-Term Advances & Long-Term Advances

Salary Advance – Non-PO Invoice (Fiori Tile: Park Vendor Invoice)

Financial Officer or delegate will request a Salary Advance by Adding a Non-PO Invoice for an Employee. The transaction will DEBIT the **Salary Advance Clearing general ledger account 15010050**. Because this is a balance sheet GL, you will need to enter

- Business Area = area submitting the advance
- Fund = 1100000001
- Grant = NOTRELEVANT

When entering this transaction, the Vendor Number/PERNR of the employee receiving the advance should be recorded in the Assignment field as a mechanism to reconcile the balance. See Figure 1. - Enter PERNR in Vendor field and Assignment field on the line item. The Salary Advance Clearing account will be Open Item Managed which will allow a reconciliation to clear these transactions from the account. Payroll is notified that a salary advance was initiated.
SETTLEMENT: When the employee is paid, a deduction for the salary advance is recorded by Payroll on the next pay. This will post as a credit to the Salary Advance Clearing account. The PERNR and amount can be used to clear these transactions from the Open Item Managed account. Payroll will be monitoring and reconciling the account to make sure that the advances are reversed on the payroll and the account can be cleared. There is no action needed by the unit UNLESS the individual is no longer employed, and the advance cannot be settled by Payroll. In that case, Payroll will reach out to the Financial Officer.

Short Term Advance – Non-PO Invoice (Fiori Tile: Park Vendor Invoice)

Financial Officer or delegate will request a Short-Term Advance to an employee. The transaction will Debit (DR) the **Short-Term Advance general ledger account, 13010300**. Because this is a balance sheet GL, you will need to enter:
- Business Area= area submitting the advance
- Fund = 1100000001
- Grant = NOTRELEVANT

When entering this transaction, the Vendor Number/PERNR of the employee receiving the advance should be recorded as a mechanism to reconcile the balance. See Figure 1 - Enter PERNR in Vendor field and Assignment field on the line item.   The Short-Term Advance account will be Open Item Managed which will allow a reconciliation to clear these transactions from the account. This account will represent an accounts receivable from the employee.

SETTLEMENT: The employee is required to present the FO with cash, receipts and/or documentation that totals the amount of the advance to settle the accounts receivable. This will be recorded by using a Journal entry:

> DR – Cash (if the individual is returning cash)
> - Deposit the cash to the appropriate bank account. This should not be done through the cash journal – but done through this Journal Entry only. A separate deposit should be made.
>
> DR - Cost Objects for the expenses incurred.
> - If Research Participant payments, the debit would be to 52601500   SVC-Research Participants
>
> CR - Short-Term Advance general ledger account, 13010300
> > See above for more detail. You must enter the PERNR number in the reference field

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Petty Cash Financial Officer (Formerly Long-Term Advance) – Non-PO Invoice
> (Fiori Tile: Park Vendor Invoice)

The Long-Term Advance account has been renamed to reflect the nature of the account – it is named Petty Cash Financial Officer. When a new Financial Officer takes over or a new advance is needed, a check will be issued to the financial officer via a Non-PO invoice. The transaction will Debit (DR) the **Long-Term Advance general ledger account, 13010800**. Because this is a balance sheet GL, you will need to enter:

- Business Area= area submitting the advance
- Fund = 1100000001 and
- Grant = NOTRELEVANT

When entering this transaction, the Vendor Number/PERNR of the employee receiving the advance should be recorded as a mechanism to reconcile the balance. See Figure 1 – Enter PERNR in Vendor field and Assignment field on the line item. The Long-Term Advance account will be Open Item Managed which will allow a reconciliation to clear these transactions from the account. This account will represent an accounts receivable from the employee.

> NOTE: If you wish to have a CHECK issued and not an ACH, follow the directions below.

When the FO needs to replenish this account, they will do so using **SAP Concur.** They will enter an Expense report with the receipts to reflect the amount that needs replenished in their Petty Cash account. The payment will be issued through SAP Concur to the Employee for this reimbursement. If a check is desired instead of an ACH deposit, the FO should use a non-employee report for the reimbursement. Use of the non-employee report should be limited to only the petty cash replenishment because the payment is not associated with the FO vendor number.

SETTLEMENT: These advances may not be transferred. They must be closed and a new one opened upon changes in personnel. The employee is responsible for returning the funds when no longer needed or when leaving Penn State. Closing an advance is done through a journal entry:

DR – Cash
- Deposit the cash to the appropriate bank account. Do not use the cash journal – use a journal entry and process as a separate deposit.

CR - Long-Term Advance general ledger account, 13010800
- See above for more detail. You must enter the PERNR number in the reference field.
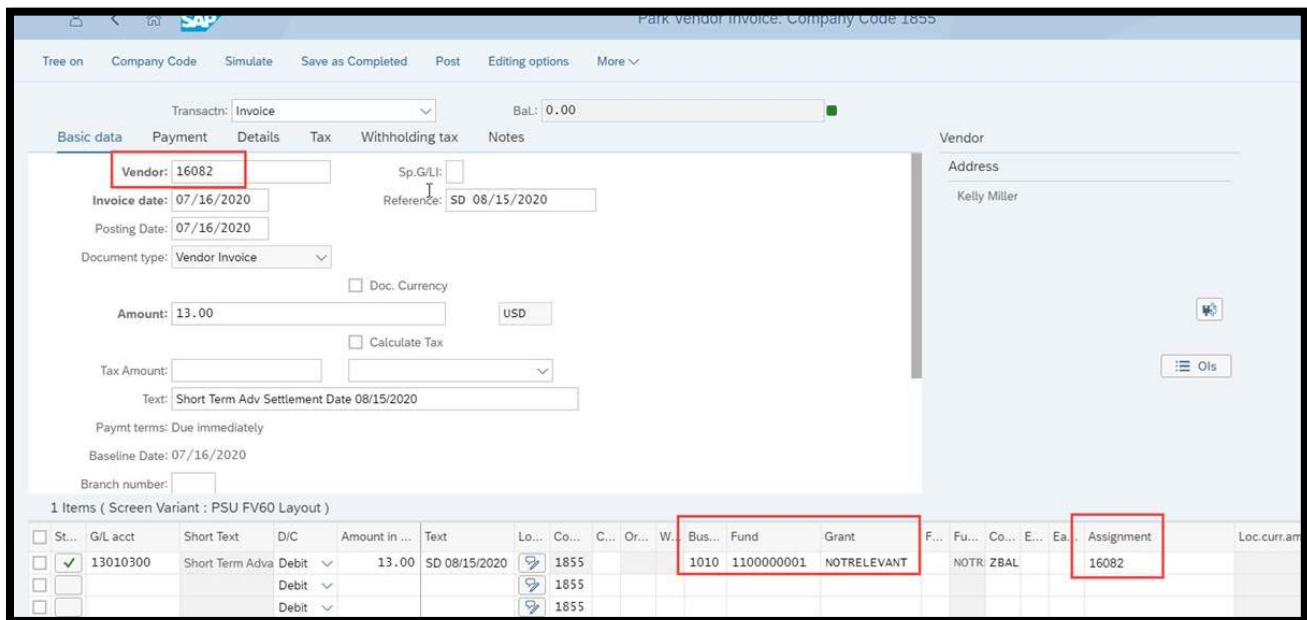

Figure 1. Completed Cash Advance Fields in Non-PO Invoice

Using the Business Area of the unit submitting the advance will route the non-PO invoice to the Financial Office of that area for approval prior to Accounting Operations.

Non-PO Invoices (Park Vendor Invoice) – to Issue Check, not ACH

On the Payment tab, put in Payt Meth: C With that you have the option of using one of the Payment method supplements if you would like. Any time you use a payment supplement, be sure to put any relevant information in the Notes tab of the document. There is a simulation already in Resources about overriding the payment method to be C: FV60_Park Vendor Invoice-Payment Method Check: Hands-on Guide.
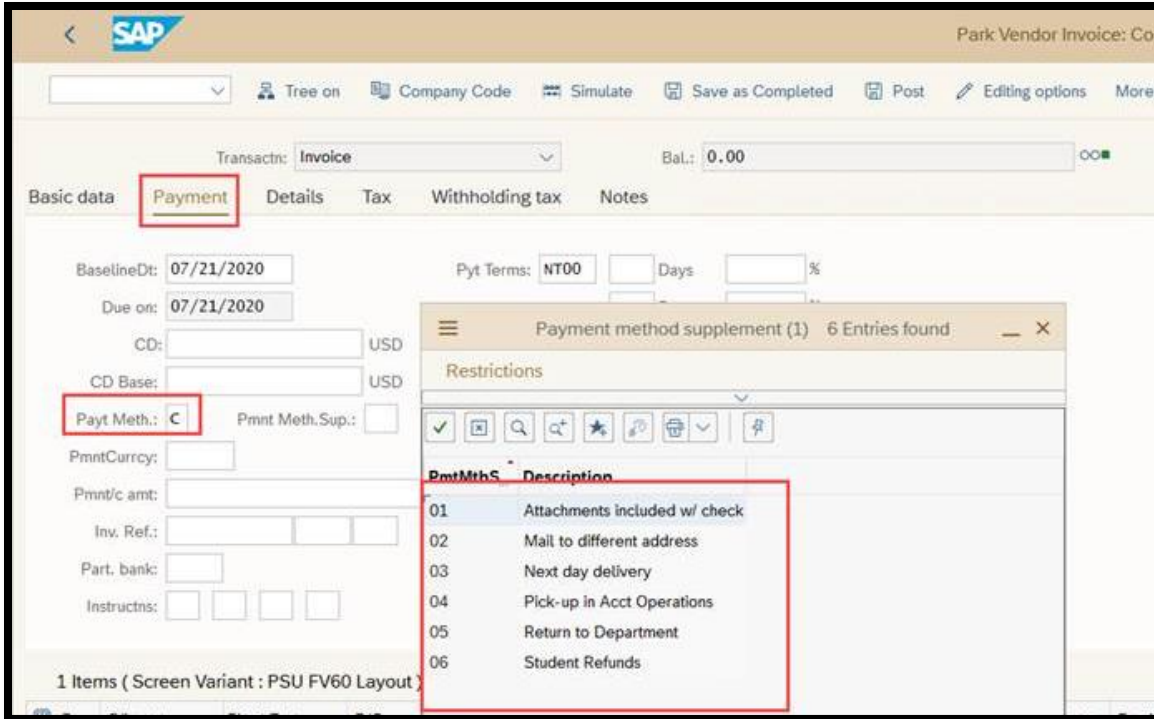
Travel Advance – SAP Concur

Travel Advances are issued to the employee through SAP Concur via the travel request. These transactions are recorded as a Debit to 15010070, Travel Advance. This transaction will be associated with the employee who requests the advance and the PERNR will be recorded on this transaction. This account is Open Item Managed which will allow the account to be reconciled and the transactions to be cleared. The employee who receives the cash advance is responsible for the total amount of the advance. The total amount can be returned by cash and/or receipts and documentation of the expenses.

SETTLEMENT: When Employee Returns from Trip, the travel advance is applied to the expense report with a Credit to 15010070 and Debits against expense. In the case that there is a Travel Advance return, the report will post a Debit to the Travel Advance Return general ledger 13010310. The area will need to process the returned amount:

> DR – Cash
> - Deposit the cash to the appropriate bank account.
>
> CR – Travel Advance Return general ledger account, 13010310

There is a video on how to Create A Travel Request with a Cash Advance and to settle a cash advance. View the video Concur Expense Report with Approved Travel Request. https://sapconcur.psu.edu/how-videos

Petty Cash Travel Advance managed in SAP Concur (Athletics Only)

For areas issuing petty cash travel advances and recording the advance in SAP Concur, replenishment of the Petty Cash is done via the Non-PO invoice. The transaction will Debit (DR) the **Long-Term Advance general ledger account, 13010800**. Because this is a balance sheet GL account, you will need to enter:

- Business Area= area submitting the advance
- Fund = 1100000001 and
- Grant = NOTRELEVANT

When entering this transaction, the Vendor Number/PERNR of the employee receiving the advance should be recorded as a mechanism to reconcile the balance. See Figure 1 – Enter into vendor field as well as assignment field on the line item.