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## Guidelines for the Administration of PDA/MPDA Entitlements and Expenses

May 1, 2017

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### Purpose:

The purpose of this guide is to assist department administrators, faculty members and TMG staff regarding the administration of expenses on individual's PDA (faculty members) or MPDA (TMG staff) account. This guide acts as a companion to the following policies, which outline employee eligibility and allowable expenses –

<http://www.mcmaster.ca/policy/faculty/Financial/PDAPolicy.pdf>

<http://www.workingatmcmaster.ca/med/document/MPDA-for-TMG-1-46.pdf>

### Scope:

This guide applies to the management of PDA/MPDA including current fiscal year entitlements, carry forwards, accounting of expenses and reporting. For processing expenses please refer to [AP-01 Policy - Reimbursements to Individuals for University Business](#) and [AP-01 Guide](#). Although the procedure is similar for LPDA (Librarians) and CPDA (Clinical Faculty PDA) they are not covered in this guide, however, here are links to their PDA policies:

<http://www.mcmaster.ca/policy/faculty/Financial/PDAPolicy-ClinicalFaculty-2011.pdf>

<http://www.mcmaster.ca/policy/ProfLib/LPDA%20Policy.pdf>

### PDA/MPDA entitlements:

PDA: The annual PDA entitlement amount is specified in the current Joint Committee Agreement. A supplement to the annual entitlement may apply when on paid research leaves (see PDA policy).

MPDA: The annual MPDA entitlement amount is specified in the MPDA policy, currently \$2,500.

### Calculation of prorated PDA/MPDA entitlements:

For both, entitlements will be prorated based on start date, end date or less than full-time appointment. Prorating PDA entitlements for faculty members occurs:

- 1) If continuing faculty member is on a reduced workload. Amount would be calculated based on the percentage of time they are working.

- 2) For new faculty appointed after July 1<sup>st</sup> (July 1<sup>st</sup> start date is full entitlement). Amount would be calculated based on the number of months they are employed in that fiscal year (the university's fiscal year is May to April). Eg: if January 1<sup>st</sup> start date, prorate to receive 4 months of entitlement.

Prorating MPDA entitlements for TMG staff occurs:

- 1) If start date is after May 1st.
- 2) If end date is sometime during the fiscal year\*.
- 3) If on leave for all or part of the fiscal year.
- 4) If appointment is less than full-time.

For new TMG, the MPDA entitlement amount for the fiscal year in which they were hired appears in their employment agreement. For information, it is calculated as follows:

- 1) Whatever month the TMG member starts or ends their appointment, calculate the number of working days in that month.
- 2) Based on their start or end date calculate the number of days they worked in that month.
- 3) Add the monthly amount for number of full months worked in the year.

**Calculation of Prorated MPDA Entitlement**

For this example using January 16, 2017 as a start date which has 22 working days in the month. January 16 -31 would be 12 days worked.

Annual Entitlement	Monthly Entitlement \$2,500 divided by 12 months	Daily Entitlement Monthly entitlement divided by # of working days in month	Prorated Monthly Entitlement Daily entitlement multiplied by # of days worked in start month
\$2,500.00	\$208.33	\$208.33/22 days in month = \$9.47 per day	\$9.47 x 12 days worked = \$113.64 for January entitlement

January entitlement is \$113.64 plus February, March and April (\$208.33 x 3 months) \$624.99 = **\$738.63 prorated entitlement for fiscal year 2016/17**

**Accounting for PDA/MPDA:**

An individual employee's account is tracked by an Open Item Key within PeopleSoft. Basically, the Open Item Key is the employee's id#, and is used in conjunction with various PDA accounts listed here, as well as the chartfields for the individual's fund, department, and program.

- 590000 for faculty PDA
- 590010 for TMG MPDA
- 590020 for Librarian LPDA
- 590050 for clinical faculty PDA

PDA is tracked under Program Code 30001 and Fund Code 20 in almost all cases.

MPDA is tracked under Program Code 30000 (in almost all cases), and Fund Code 20 for Operating Fund, Fund Code 30 for Ancillary Fund and Fund Code 45 for Specifically Externally Funded, as well as the Faculty of Health Sciences Fund Codes 72 for Cost of Practice and 78 for Clinical Trust.

Consult your department administrator to confirm the specific codes to be used. The Open Item accounts above should not be used on any other Fund Code.

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\* End date is defined as the last day of paid employment, which may be later than the last day worked if the employee uses vacation time prior to terminating.

### **Distribution of PDA/MPDA entitlements:**

Entitlements are credited against employee id# on the Open Item accounts with the offsetting debit account being 590099 in all cases.

PDA: Annual entitlements are calculated by the department administrator, approved by the Faculty Dean's office and a journal entry is processed by Budgeting Services (in Faculty of Health Sciences by FHS Finance office). Entitlements are processed by journal entry any time between June and November of each fiscal year. However, faculty members may expense against their PDA entitlement as soon as they have an employee id#.

MPDA: Annual entitlements are calculated jointly by the department manager and Budgeting Services. Entitlements are processed by journal entry (done by Budgeting Services) anytime between June and November of each fiscal year. However, TMG may expense against their MPDA entitlement as soon as they have an employee id#.

### **When an employee leaves the university:**

If an employee leaves the university any balance left in their Open Item account is cleared and reverts back to the department using account 590099. This will make the current year actual department entitlement expense less than originally budgeted.

For all departments excluding those in the Faculty of Health Sciences please notify Budgeting Services (Chris Sylvester) when an employee leaves the university to have a journal entry done for this event.

### **When an employee transfers departments:**

This happens most often with TMG staff, however, it is the same procedure for faculty and staff. For all departments excluding those in the Faculty of Health Sciences please notify Budgeting Services (Chris Sylvester) when an employee transfers from one department to another within the university. Budgeting Services will prepare the journal entry for this event. The journal entry consists of two parts:

1. The balance in the employee's Open Item account needs to be moved from departing department to the new department.
2. The entitlement for the current fiscal year needs to be split between both departments. The calculation for this is the same as done when prorating an entitlement (see above).

### **Carry Forward of unspent PDA/MPDA entitlements:**

Faculty and TMG may carry forward any unspent PDA/MPDA balance to a maximum of 2 years' PDA/MPDA entitlement (see PDA & MPDA policies). Eg: MPDA annual entitlement is \$2,500, therefore, 2 years' carry forward would be \$5,000. So, in any given year TMG could have \$5,000 carry forward plus the current fiscal year entitlement of \$2,500 for a maximum balance in their MPDA Open Item account of \$7,500.

Any amount over the 2 year maximum carry forward will be clawed back from the faculty or TMG Open Item account and revert back to the department. This will show in account 590099, making the current year actual department entitlement less than originally budgeted.

Note: To carry forward more than the policy amount, permission may be granted by the appropriate authority as defined within the envelope.

### **Reporting for PDA/MPDA:**

There are various reports and queries available to users to help manage PDA and MPDA costs and to look up balances.

#### **Open Item Listing Report**

**Use:** Primarily used to get a balance by employee id#, however, does list transactions and balances by employee id#. No drill down to transaction available. Run as PDF or CSV (Excel).

**Access:** Finance > General Ledger > Open Items > Open Item Listing Report

Search by chartfield string

#### **On-Line Screen Query**

**Use:** Primarily used to see transactions and detail by employee id#. Summarizes by employee id# (may be more than one line per employee) but no drill down to line detail. May be downloaded to Excel.

**Access:** Finance > General Ledger > Open Items > Review Status Online

Search by chartfield string or employee id#

#### **Details on PDA\_MPDA Query**

**Use:** Provides transactions and detail by employee name and id# with drill down to detailed transactions including description, journal id and amounts.

**Access:** Finance > General Ledger > GL Work Center

Under "Reports/Queries", click on "Details on PDA\_MPDA Query". Fill in prompts and click on the "View Results" box.

**Sample PDA/MPDA entries:**

Chartfield	Open Item Key	Transaction amount	Account Balance
<b>Annual funding allocation for PDA/MPDA as budgeted</b> (debit central revenue)			
20-480000-Dept-Prog		(\$5,000)	(\$5,000)
<b>Distribute annual individual employee entitlements</b>			
20-590000-Dept-Prog	Empl ID #1	(\$2,500)	(\$2,500)
20-590000-Dept-Prog	Empl ID #2	(\$2,500)	(\$2,500)
20-590099-Dept-Prog		\$5,000	\$5,000
<b>Employees spend against entitlement</b> (credit accounts payable/cash)			
20-590000-Dept-Prog	Empl ID #1	\$100	(\$2,400)
20-590000-Dept-Prog	Empl ID #2	\$600	(\$1,900)
<b>Employee #2 leaves the university</b>			
20-590000-Dept-Prog	Empl ID #2	\$1,900	\$0
20-590099-Dept-Prog		(\$1,900)	\$3,100
<b>Year-end PDA/MPDA offset entry</b>			
- Entry amount cancels the open item amount outstanding (Employee #1)			
- Amount remaining in 590099 equals total employee spending for the year			
20-590088-Dept-Prog		\$2,400	\$2,400
20-590099-Dept-Prog		(\$2,400)	\$700
<b>Year-end balances</b>			
- Closing balance of \$4,300 carried forward to appropriations account 320100			
20-480000-Dept-Prog			(\$5,000)
20-590000-Dept-Prog			(\$2,400)
20-590088-Dept-Prog			\$2,400
20-590099-Dept-Prog			\$700
			<u>(\$4,300)</u>
<b>After close: PDA/MPDA appropriation entry records open item balance carried forward</b>			
- Balance in appropriations account 320100 is the balance of Employee #2 entitlement funded but not used			
- Balance in appropriations account 320110 (PDA) or 320120 (MPDA) is the total of open items			
20-320100-Dept-Prog		\$2,400	(\$1,900)
20-320110-Dept-Prog		(\$2,400)	(\$2,400)
			<u>(\$4,300)</u>
- Open item account and offset are not closed at year-end but carry forward to the new year			
20-590000-Dept-Prog			(\$2,400)
20-590088-Dept-Prog			\$2,400