Topics

- Welcome
  - Susan Lin, Director of Financial Management and Controller
- Fiscal Year 2015 Year End Close Calendar and Procedures
  - Karen Morimoto, Director of General Accounting and Student Loan Collections
- Highlights of the Revised AP for Treasury Functions
  - Wendall Ho, Treasury Officer
- eTravel Enhancements FAQs
  - James Kashiwamura, Director, Disbursing and Payroll
- Additional Tools for Tax Treatment of Non-Service Financial Assistance for Individual
  - Ken Lum, Director of Tax Services
Financial Management Office

Fiscal Year 2015 Year End Close Calendar and Procedures

Karen Morimoto
Director of General Accounting and Loan Collections
Agenda

• 2015 Required financial reporting
• 2015 What’s new
• 2015 Year end close key milestones
• 2015 Year end close specifics:
  ▫ Procurement
  ▫ Payments (e.g. DAGS, UH and RCUH Accounts Payable)
  ▫ Deposits
  ▫ Accruals and others
2015 Required Financial Reports

- Final Reporting and Reconciliation with State of Hawaii
- UH Audited Consolidated Financial Statements and Supplemental Schedules
- OMB Circular A-133 Federal Compliance audit
- Manoa Athletics Audited Financial Statements and NCAA Agreed Upon Procedures
What’s New for 2015?

• No manual Accounts Payable (AP) accrual worksheets for most UH paid invoices
  ▫ UH AP accrual will be based the service dates prior to 6/30/2015 and paid through 8/7/2015
  ▫ Construction and Bookstore MIT will be manually accrued similar to 2014

  ➢ Benefits:
    ❖ Reduce workloads for FAs to submit accrual worksheets to GALC
    ❖ Enhance completeness of AP accruals
    ❖ Streamline AP accrual process by GALC

  ➢ Actions to take:
    ❖ Ask vendors and subcontractors to submit outstanding invoices
    ❖ Review outstanding encumbrances for unbilled 2015 transactions
What’s New for 2015?

• **Service Date field will be a required field as of July 7, 2015**
  ▫ Service date information is required for audit purposes
  ▫ Provides useful financial information

• **PCDO Processing**
  ▫ Unprocessed PCDO will be system approved as follows:
    • Pcard transactions prior to 5/15/2015 will be super-user approved if it is enroute on 5/31/2015.
    • Pcard transactions between 5/15/2015 and 6/14/2015 will be super-user approved if it is enroute on 6/21/2015.
    • Pcard transactions for 6/15 and on will be accrued centrally in Period 13
2015 Year End Close Key Milestones

• Reminder
  ▫ Funds for fiscal year 2016 must not be encumbered or expended prior to 7/2/2015
  ▫ No General fund encumbrances
  ▫ No Payroll encumbrances

• Year-end accruals will be recorded via YE JV worksheet which will be provided by GALC

• New fiscal year will open in KFS on July 7, 2015
  ▫ KFS will not be available from 7/2 to 7/6 during the balance roll forward process
Procurement

- **Deadline – May 1, 2015**
  - Exempt procurement including P.O.s for short term leases
  - Small purchase procurements above FA purchasing authority where the competitive solicitation has been completed
  - Contract modifications
  - For Bookstore only – Interdepartmental orders exceeding FA authority
- **Deadline – June 26, 2015**
  - Non-payroll purchase orders and pre-encumbrances within FA authority
Payments to be Included in FY 2015

• DAGS Payment Request
  ▫ 6/5/2015 - Last day to submit to Disbursing

• PREQs
  ▫ 6/12/2015 - Last day for FAs to approve PREQ invoices for G funds and equipment object codes
  ▫ 6/19/2015 – Last day for FAs to approve PREQ invoices for non-G funds

• DVs
  ▫ 6/12/2015 - Last day for FAs to approve for G funds and equipment object codes
  ▫ 6/19/2015 - Last day for FAs to approve for non-G funds

• RCUH
  ▫ 6/12/2015 - Last day to approve for equipment object codes and advance (7232 accounts)
Deposits to be Included in FY 2015

- **Deposits**
  - **6/12/2015** - Last day to record for G funds and equipment object codes
  - **7/1/2015** - Last day to record for non-G fund deposits.
Encumbrances and Budget Adjustments to be Included in FY 2015

- **Budget Adjustments**
  - **6/23/2015** – Campus budget offices submit A-19’s to UBO
  - **6/24/2015** – Last day to record budget adjustment eDocs for ORS accounts

- **Encumbrances**
  - **6/26/2015** – Last day to record non-payroll purchase orders (PO) and pre-encumbrances within FA authority
  - **6/26/2015** - Last day to record pre-encumbrance eDocs to disencumber IDOs.
Other Deadlines

- Adjustments & Allocations (DIs, GECs, IBs, STs, TFs, SBs)
- Revenue bonds draw requests
- KFS accounts receivable – customer invoices
- FAs to record asset edits, loans, transfers, and retirement, etc.
- Account maintenance eDocs
- Student refunds into Banner
- Last day for FA to record bank debit and credit memos
- Accruals
Other Key Dates

• Payroll paid on 6/19 will be posted in KFS the night of 6/18/2015
• Last check run for FY 2015 will be on 6/30/2015
• Pending eDocs will be automatically disapproved (except for REQs, POAs, POs, account maintenance, and vendor eDocs) on 07/01/2015
Year End Close Calendar to be Posted on FMO Website

- [http://www.fmo.hawaii.edu/general_accounting/index.html#tab1_3](http://www.fmo.hawaii.edu/general_accounting/index.html#tab1_3)
- Same calendar in two different formats plus additional closing information
  - Checklist format
  - Calendar format
Year End Accrual Webinar

• Will collaborate with ORS and RCUH
• Time for the webinar is scheduled to be in May and to be announced
Questions?
Financial Management Office

Revised APs Treasury Office

Wendall Ho
Treasury Officer
Treasury APs revised in March 2015

- AP 8.702 Establishment of Electronic Funds Transfer Agreements & Receipt of Funds
- AP 8.710 Credit Card Program
- AP 8.711 Electronic Payments via University Websites
- AP 8.760 IRS Compliance for Reporting Cash Payments Over $10,000
AP 8.702 Establishment of Electronic Funds Transfer Agreements & Receipt of Funds

- Procedures to establish EFT agreements and to record receipts in KFS.
- If remitter does not provide EFT agreement form, use the form on the website. ACH format must be CTX.
- Completed forms must be sent to Treasury Office for review.
- EFT should be posted in KFS by the next business day after receipt of remittance advice from Treasury Office.
AP 8.710 Credit Card Program

• Procedures to accept and process credit card transactions
• All merchants must comply with Payment Card Industry Data Security Standards (PCI-DSS). Each merchant must complete SAQ annually.
• All credit card batches must be settled and posted daily in KFS. Attach a copy of the batch settlement to the CCR.
• Chargeback notices are faxed to the merchant. It is important that merchant completes a detailed response by the deadline.
• Reconcile and pay your merchant fee and charge back invoices on a monthly basis.
AP 8.711 Electronic Payments via University Websites

- Procedures for processing eCommerce payments through a secure online system.
- UH is licensing the TouchNet Marketplace for eCommerce transactions.
- System is hosted; responsibility for data security is shifted to TouchNet.
- There is no cost to the Merchant to use Marketplace.
AP 8.760 IRS Compliance for Reporting Cash Payments Over $10,000

- Guidelines and responsibilities for recording, tracking, and reporting when payment of more than $10,000 in cash is received in a 12-month period.
- UH is required to report to the IRS whenever it receives more than $10,000 in cash, in a 12-month period.
- The IRS reports this to the Financial Crimes Enforcement Network.
Reminders

- All deposits must be posted daily.
- Pay the merchant fee and charge back invoices.

<table>
<thead>
<tr>
<th>Name</th>
<th>Area of Responsibility</th>
<th>Phone Number</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wendall Ho</td>
<td>Treasury Officer</td>
<td>956-2144</td>
<td><a href="mailto:wendall@hawaii.edu">wendall@hawaii.edu</a></td>
</tr>
<tr>
<td>Julie Montiho</td>
<td>Dishonored checks, bank adjustments</td>
<td>956-8527</td>
<td><a href="mailto:montiho@hawaii.edu">montiho@hawaii.edu</a></td>
</tr>
<tr>
<td>Jan Oshiro</td>
<td>Electronic funds transfers</td>
<td>956-0815</td>
<td><a href="mailto:janys@hawaii.edu">janys@hawaii.edu</a></td>
</tr>
<tr>
<td>Shelby Ozaki</td>
<td>Deposits</td>
<td>956-8526</td>
<td><a href="mailto:shelby@hawaii.edu">shelby@hawaii.edu</a></td>
</tr>
</tbody>
</table>
Financial Management Office

eTravel Enhancements

J.R. Kashiwamura
Director of Disbursing and Payroll
New Releases / Mod List

RELEASE 3.0
Implementing April 1, 2015:

- Enhancements Webinar
- Handout
- Powerpoint Presentation
- Q&A

RELEASE 2.3
Implemented September 6, 2011:

- Added foreign currency converter to the itinerary and expenditure sections on the completion for foreign trips only.
- Resting the details field

Foreign Currency Converter
Recipient: [Field]
Date: [Field]
Amount: [Field]
Currency: [Field]

- For more information, click on the "Help?" icon above the itinerary or expense sections.
Auto-Release Function

• Based on Hawaii Revised Statute 40-1: Authorizes UH to pre-audit samples of the population of the proposed payments less than $10,000, provided the sample size is comprised of at least 5% of the population.
• High risk travel reimbursements
  ▫ Foreign travel
  ▫ Travel completions associated with advances
  ▫ Travel with personal time
Auto-Released Completions

**TRANSACTION LOG (show/hide)**

<table>
<thead>
<tr>
<th>ACTION</th>
<th>TIMESTAMP</th>
<th>USER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awaiting Processing</td>
<td>04/14/2015 12:01:09 AM</td>
<td>System</td>
</tr>
<tr>
<td>Approved</td>
<td>04/13/2015 06:09:18 PM</td>
<td>Irei, Kariann</td>
</tr>
<tr>
<td>Submitted</td>
<td>03/12/2015 12:04:39 PM</td>
<td>Asuncion, Carrie-Ann</td>
</tr>
<tr>
<td>Created</td>
<td>03/12/2015 11:12:24 AM</td>
<td>Asuncion, Carrie-Ann</td>
</tr>
</tbody>
</table>
5% Random Sampling

<table>
<thead>
<tr>
<th>ACTION</th>
<th>TIMESTAMP</th>
<th>USER</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOW RISK AUDIT</td>
<td>04/08/2015 11:55:02 PM</td>
<td>System</td>
</tr>
<tr>
<td>APPROVED</td>
<td>04/08/2015 06:06:35 PM</td>
<td>Oshiro, Shannon</td>
</tr>
</tbody>
</table>
Future Enhancements

- Disallow the initiation of a new travel request, if the traveler has not submitted a travel completion within 60 days after the proposed return date
- Include supervisors on the 45 day and 55 day email reminders on outstanding travel completions
Electronic Approvals

**Supervisor / Executive Authority**
- Approvers pulled from supervisor hierarchy in PeopleSoft based on the traveler’s UH number

**Account supervisors (PIs)**
- Approvers pulled from KFS’ account supervisor field from each account along with their delegates
Questions

For travel procedures and related inquiries:
etra vel-help@lists.hawaii.edu

For technical problems:
etravel-tech@lists.hawaii.edu
Financial Management Office

Additional Tools for Tax Treatment of Non-Service Financial Assistance for Individuals

Ken Lum
Director of Tax Services
Additional Tools for Tax Treatment of Non-Service Financial Assistance for Individuals

- Two-page summary brochure is added onto FMO’s website for easy reference
- Information in FMO website under “Tax Services”
- Enhancement in KFS in DV tab
FAQ

UH is planning to pay for the traveling expenses of a student to present his paper at a conference relating to his field of study at the University. The trip is not an annual recurring situation for the department. Explain the tax treatment of the travel expenses.

A. The travel expenses would be treated as "non-qualified" scholarship for the student based on the fact that the conference is not a normal recurring expense of the University and the student is benefiting from the trip. If the student is a U.S. citizen, permanent resident, or resident alien, the University is not required to report the value of the trip, but the expenses are considered "income" to the student.

Q: A UH program is paying for the overnight lodging costs (i.e., travel costs for middle school students) to visit a UH campus. The event is a non-recurring event, is not a class requirement or part of a course curriculum. Explain the tax treatment of the travel costs for the students.

A. The travel costs are considered non-qualified scholarship expense and constitute a form of financial assistance to the middle school student. However, UH is required to report on Form 1099-MISC for U.S. citizen, permanent resident, or resident alien, the University is not required to report the value of the trip, but the expenses are considered "income" to the student.

Q: UH reimbursed postdoctoral fellow for airfare. Is the airfare taxable? Also, for direct payments to hotel for the same postdoctoral fellow, would such lodging payment be taxable?

A. If the expense of the trip is business related under the IRS Accountable Plan, the airfare is not taxable. Refer to IRS Reg. 1.62-2(c). Similarly, the hotel lodging payments are not taxable. However, if the purpose of the trip is personal enrichment, the lodging is income. If the traveler is a non-resident alien, UH may be required to withhold income taxes, as described in the Tax Treatment Matrix.

Q: We are funded by NSF to host a conference in Maui for doctoral-level graduates selected from a wide applicant pool. The meeting is only open to the invited participants to participate and discuss their PhD thesis research with their peers and is usually held off campus. UH is funded to pay for the airfare, hotel accommodation, and most of the meals.

Specific Questions:
• Are any of these expenses taxable for US resident participants?
• Does the employment status of some of these participiants have any bearing on the taxability?

A. The IRS Accountable Plan rules apply only to travel and living expense reimbursements made to employees and independent contractors. Since these activities are not an employee and are being characterized as a scholarship/fellowship grant recipient, these expenses are taxable. The same rules apply to non-US resident participants.

Q: Can I use PCard to pay vendors for someone’s travel expenses?

A. PCard purchase requests for party vendors, e.g., travel agency, hotel, and car rental are permitted on behalf of UH or non-UH employees, who are doing business with the University. Doing business with the University is defined as performing services on behalf of the University or their employer for a business purpose. PCard usage on behalf of non-resident aliens (NRA) should not be used unless doing business with the University. This is because there is no mechanism in the bank PCard system to capture the data that is used to determine citizenship status, and presence in the US, and the purpose of the trip for income taxability, reporting, and withholding obligations. One should use a purchase order to procure airline tickets or through a local vendor.

Q: For research surveys, should the PI want to provide gift cards to participants but the study requires the anonymity, is the W-1s still required?

A. Yes, only for payment more than $75. UH Form WH-1 or IRS Form W-2 is required to determine if the participant is a US Citizen, Resident Alien, Non-Resident Alien.

For NRA, gift cards are discouraged because it is difficult to withhold 30% of tax from a gift card. Use a cash or check payment.

UH Payment Processing

Scholarship/fellowship Payment to Non-UH Employees

For payment made to an individual:
✓ Process with Disbursement Voucher (DV) in KFS;
✓ Generate purchase order to vendors;
✓ Gross up vendor’s amount due to include any federal tax due.

For payment made to third party (e.g. travel agency):
✓ Submit vendor invoice to Disbursement for Payment Request (PREQ) with required documents:
  1. A list of participants to Disbursement containing Full Name, US TIN (if any), current mailing address, pro rata amount per person
✓ Gross Up Method
  • Use alternative funding source to cover the tax due
  • Department absorbs the cost of the tax withheld
  • Vendor receives only amount due

Example (14%): $1,000.00 x 1.142857 = $1,142.86
Example (30%): $1,000.00 x 1.42857 = $1,428.57

Resources

UH Tax Services Website
http://www.fmo.hawaii.edu/tax-services/index.html

IRS Scholarships, Fellowships, Grants, and Tuition Reductions
http://www.irs.gov/publications/p970/ch01.html

IRS Withholding Federal Income Tax on Scholarships, Fellowships, and Grants Paid to Aliens
University of Hawaii Financial Management Office

Income Type | Income Name | IRS Tax Effect
---|---|---
Compensation (dependent personal service) | Wages, Salary, (stipend for svc) | Taxable or tax treaty exempt
Compensation (dependent personal service) | Travel Reimbursements (e.g. employee’s travel reimbursements) | Accountable Plan.
Compensation (independent) | Ind Personal Svc/Consulting fees | Taxable/Treaty exempt
Compensation (independent) | Honors/ref/guest speaker fee | Taxable/Treaty exempt
Compensation (independent) | Travel Reimbursements | Accountable Plan
Scholarships/fellowships | Tuition/Fees/Books/supplies etc. | Excluded under IRC section 117
Scholarships/fellowships | Room/board | Taxable/Treaty Exempt
Scholarships/fellowships | Travel Reimbursements | Taxable/Treaty Exempt
Scholarships/fellowships | Stipends (no service by payee) | Taxable/Treaty Exempt
Scholarships/fellowships | Royalties | Taxable/Lower Treaty Rate
Prizes or awards | Prizes or awards | Taxable

Non-Service Financial Assistance Payments
- Qualified Scholarships
- Non-Qualified Scholarships and fellowships
- Royalty
- Prizes / Awards

Definition
Non-Service Financial Assistance (NSFA)
NSFA is financial assistance provided to individuals who are not required to perform services in exchange for the financial service they receive, and who are not regularly employed.

Qualified Scholarships
Received by a degree candidate who attends an educational institution for tuition, fees, books, supplies, and equipment required for courses. These items must be required of all students in your course of instruction to be tax-free.

Non-Qualified Scholarships/fellowships
Received for incidental expenses or by a degree or non-degree candidate
- Room, board, living expenses
- Travel including airfare, lodging, transportation, M&IE, and conference registration fees
- Any excess amounts in qualified scholarships
- Tuition exemption (waiver), or any other financial aid paid to or on behalf of NONRESIDENT ALIENS who require the resident to perform services past, present, or future, in exchange for the financial aid are taxable as wages, are reportable to IRS on Form W-2.

Royalty
Royalty is payment for the use of someone’s intellectual property. It could also be payment for the use of intellectual property for so many users (i.e. software).

Prizes / Awards
Defined as payment based on past accomplishment or activity, or is received as the result of entering a contest.

General Program Expenses
Defined in AP 8.561 as expenses incurred by a scholarship or fellowship program that do not benefit a specific individual (such as beverages provided at an informational meeting or a bus transportation service that is open to all participants) and are not considered part of the individual’s scholarship/fellowship. If the expense is to support a specific recipient (such as payments for an airline ticket or lodging), the expense is likely a scholarship/fellowship (provided all other scholarship/fellowship requirements are met) unless the activity resulting in the expense is part of an official UH course curriculum, the activity is specifically described in the class catalog, or UH Chariited Student Organization.

University of Hawaii Reporting Requirement Pursuant to AP 8.561
- U.S. Citizen: No Reporting
- Permanent Resident: No Reporting
- Nonresident Alien: No Reporting

(Note: All payments, except for wages and merit scholarships, are includable as financial aid resources and must be disclosed to the student payer’s home campus Financial Aid Office as required by Title IV regulations.)

Scholarship/Fellowship Object Codes

<table>
<thead>
<tr>
<th>OBJECT CODE</th>
<th>OBJECT CODE NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>5300</td>
<td>G-IN-AID, SCHOLARSHIP/FELLOWSHIP</td>
</tr>
<tr>
<td>5503</td>
<td>G-IN-AID, SCHOLARSHIP/FELLOWSHIP (REPORTABLE)</td>
</tr>
<tr>
<td>5510</td>
<td>TUTOR</td>
</tr>
<tr>
<td>5514</td>
<td>TUTOR (LOAN REPAYMENT)</td>
</tr>
<tr>
<td>5540</td>
<td>G-IN-AID, TRAVEL</td>
</tr>
<tr>
<td>5583</td>
<td>G-IN-AID, TRAVEL (REPORTABLE)</td>
</tr>
</tbody>
</table>

Accountable Plan per IRS Reg. 1.52-2 (2)
- Use to exclude reimbursement for business related expenses from gross income for an individual
- To be qualified, the individual must be employed by University of Hawaii or elsewhere (e.g. other universities), or
- Hired as independent contractor
- The primary purpose of the activity must benefit UH or the individual.
- Reimbursements to postdoctoral fellows, who are not employed by UH, usually don’t qualify under the Accountable Plan.
“Tax Services” in FMO website

- [www.fmo.hawaii.edu](http://www.fmo.hawaii.edu)
- Click on “Tax Services” tab
More info on website

University of Hawaii Tax Services

Systems Access Login

-- Choose a System --

Services

Home
Account Codes
Bond Financing
Capital Assets
Cash Handling and Deposits
Financial Systems
General Accounting
Payment/Reimbursement
Payroll
Student Accounts
Student Loans
Tax Services
Travel

Overview | FAQs | Contact Us | Policies and Guidelines | Forms | Training

FAQs

General Tax

Tax Payments on Purchases

Stipends, Scholarship, Fellowship

In the subsequent Q&As, scholarship/fellowship will be abbreviated as S/F

Q: Who needs to fill out U.H. Form WH-1 when S/F is given?

At Only recipients who are nonresident aliens are required to fill out UH Form WH-1 when receiving non-qualified scholarship or fellowship. However, it is recommended that the Program Office identifies the residency status (i.e. via S/F application) for U.S. citizen, permanent resident, and resident alien, before making a payment. Furthermore, Pacific Islanders (such as residents of Palau, Marshall Island, Federated States of Micronesia, and American Samoa) should also complete U.H. Form WH-1 since they are not U.S. Citizen. For U.S. corporations or U.S. citizen, permanent resident, or resident alien, Form W-9 is also acceptable alternative for initiating payments.

Q: Where should department process non-qualified scholarship or fellowship for U.H. students who are U.S. citizen, permanent resident or resident alien?

At A. If the student receives federal financial aid, it is preferable to process nonqualified scholarship or fellowship by U.H.’s Cashier Office or Financial Aid Office through the Banner student information system, which allows the Banner to capture all scholarship and fellowship payments that need to be disclosed to the student payee’s home campus Financial Aid Office as required by federal Title IV regulations. Alternatively, a disbursement voucher (DV) can be processed through the Kuali Financial Systems.

Q: A community college is planning to provide a culinary school student with an all-expenses-paid trip to

Hours of Operation Monday to Friday
7:45 a.m. to 4:30 p.m.
Excluding State observed holidays.
More info on website

Internal Revenue Code

§117 Qualified Scholarships

§511 Imposition of Tax on Unrelated Business Income of Charitable, etc. Organizations

§513 Unrelated Trade or Business

Hawaii Revised Statutes

§225-2.4(2) Taxation of business income of certain exempt organization

§237 General Excise Tax

§304A-101 Establishment of University of Hawaii

Administrative Procedures

A8.561 - Tax Treatment of Non-Service Financial Assistance for Individual
A8.857 - Scholarship / Grant Payments
A8.868 - Reporting and Withholding on Payment to Nonresident Aliens and Foreign Corporations
Enhancement in KFS- “Grant-In-Aid” tab in DV

<table>
<thead>
<tr>
<th>Grant-In-Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information for Financial Aid</td>
</tr>
<tr>
<td>1. Enter an 8-digit UH ID Number (found on UH ID card):</td>
</tr>
<tr>
<td>2. Enter Semester/Term for Scholarship/Fellowship: (Example: SPRING/20XX, SUMMER/20XX, or FALL/20XX.</td>
</tr>
<tr>
<td>Type of Payment</td>
</tr>
<tr>
<td>1. Qualified Educational Expenses (Includes tuition, fees, books, supplies, etc.):</td>
</tr>
<tr>
<td>2. Non-qualified Educational Expenses (Includes room, board, travel costs, etc.):</td>
</tr>
<tr>
<td>3. Services Performed:</td>
</tr>
<tr>
<td>4. Expense under Accountable Plan (Employment related):</td>
</tr>
</tbody>
</table>
Where will this “Grant-in-Aid” tab be?

- Generated once “S” (for “grant-in-aid” stipends) is selected as choice under payment reason code in Payee Lookup, which is generated by clicking magnifying glass in “Payee ID” under DV.
- Will be in DV tab once S is selected in Payee lookup (this tab is not in KFS yet....SOON)
New DV tab = win win situation for all

1. For users: will be able to enter data on DV and not have to spend time completing a form and attaching it to the DV.
2. For Disbursing Office: will be able to view Grant-in-Aid information in a tab than scrolling towards the bottom of the DV and opening an attachment.
3. For Financial Aid Office: Will be able to extract data from KFS. Will match DV payment information against Banner in order to monitor Financial Aid.
Object Code Clean-up Opportunities

- Reviewed 27 object codes relating to grant-in-kind payments
  - Review Process
    - Do we have other ways to identify resident and non-resident reporting (1099-MISC vs. 1042-S) without using object code?
    - Who needs what level of detail to track types of grant-in-kind payments?
    - What is the difference between stipend, fellowship and scholarship?
  - Determined only 6 object codes to remain
    - Calendar year 2015 will be a transition year. But 1099 reporting will not pick up the expenditures that were coded with the object codes ending as (NR) or (R) for US persons
    - The revised object codes should start to be used.
    - The “old” object codes are still valid but will be deactivated in 7/2/2015 after the balances are brought forward to the new fiscal year 2016.
      - A JV will be processed to move the inception-to-date balances from the “old” to the object codes that will remain.
“New” Object Codes for Grant-in-Kind Payments

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6500</td>
<td>G-in-Aid, Scholarship/Fellowship</td>
</tr>
<tr>
<td>6503</td>
<td>G-in-Aid, Scholarship/Fellowship (Reportable)</td>
</tr>
<tr>
<td>6510</td>
<td>G-in-Aid, Tuition</td>
</tr>
<tr>
<td>6541</td>
<td>G-in-Aid, Tuition (Loan Repayment)</td>
</tr>
<tr>
<td>6540</td>
<td>G-in-Aid, Travel</td>
</tr>
<tr>
<td>6543</td>
<td>G-in-Aid, Travel (Reportable)</td>
</tr>
<tr>
<td>Object Code #</td>
<td>Object Code Name</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------</td>
</tr>
</tbody>
</table>
| 6500         | G-IN-AID, SHSHIP/FELSHIP                 | 1. Payment to a US person for qualified or non-qualified scholarship/fellowship.  
              |                                          | 2. Payment to a non-resident alien for qualified scholarship.  
              |                                          | (See Administrative Procedure AP8.561 for details.) |
| 6503         | G-IN-AID, SHSHIP/FELSHIP (REPORTABLE)    | Payment to a non-resident alien for non-qualified scholarship/fellowship that is reportable to IRS in Form 1099 or 1042.  
              |                                          | (See Administrative Procedure AP8.561 for details.) |
| 6510         | G-IN-AID, TUITION                        | Payment or credit to UH students for scholarship that offsets tuition and fees. |
| 6514         | G-IN-AID, TUITION (LOAN REPAYMENT)       | Payment or credit to UH students for scholarship that offsets student loan.  |
| 6540         | G-IN-AID, TRAVEL                         | Travel related payment to a US person for non-qualified scholarship/fellowship.  
              |                                          | (See Administrative Procedure AP8.561 for details.) |
| 6543         | G-IN-AID, TRAVEL (REPORTABLE)           | Travel related payment to a non-resident alien for non-qualified scholarship/fellowship.  
              |                                          | (See Administrative Procedure AP8.561 for details.) |
Questions?
Financial Management Office

Thank You for attending the Fiscal Administrator Meeting

Susan Lin’s Contact Information:
Email: slin@hawaii.edu
Phone: 808-956-5445