



UNIVERSITY
OF MANITOBA

Financial Services

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DATE: February 29, 2016

TO: University of Manitoba Business Officers

FROM: Carla Buchanan, Manager, Financial Reporting
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RE: Change in CDI Process

In recent years, Financial Services has undertaken an initiative to better align the output of the FAST reporting system to the University's financial statements. In doing so, we intend to eliminate "manual journal entries" to the extent possible that are required in order to produce our financial statements. Our next step in this process is to address the Campus Development Initiative ("CDI") levy.

What is the current process?

The University levies an internal CDI charge of 1.5% against all employment gross salary amounts incurred in the Operating Funds. This process results in thousands of journal entries originating from VIP to thousands of FOAPs used by the faculties and units. Currently, each faculty and unit is allocated a budget for the CDI levy in Account 68080, and the related expense is charged to Account 68070 as a Staff Benefits expense.

The levies collected are accumulated and transferred from the Operating Fund to the Capital Fund to service the University's debt via periodic manual journal entries. In order to do these inter-fund transfers, CDI expense is effectively reduced at the University level by applying a matching negative amount to a "Staff Benefits Contra" account. Because the entries are done at the University level, it results in an overstatement of Staff Benefits expense at the faculty/unit level by the amount of the CDI levy.

How is the current process changing?

Rather than allocating the CDI portion in the Staff Benefits budget to Account 68080 and expense to Account 68070, the CDI budget and expense will now be allocated to an inter-fund transfer account (Account 810128).

As the CDI levy is collected, it will be charged to each faculty and unit via Account 810128. This will result in an automatic inter-fund transfer out, thus eliminating the need for a "Staff Benefits Contra" account and the requirement to do manual journal entries at the University level in order to transfer CDI

from the Operating Fund to the Capital Fund.

Other than the budget allocation and account code changes, **all other processes remain the same**. The CDI levy will also remain at 1.5%.

How does this impact my faculty/unit?

The CDI levy will continue to be allocated to each faculty and unit accordingly, but in the form of an inter-fund transfer out rather than a Staff Benefits expense. The budget for the CDI levy will continue to be allocated to the faculties and units, but will be allocated to Account 810128 as a budgeted transfer out rather than as an expense.

The result will be a more accurate depiction of Staff Benefits expenses at the faculty/unit level.

What are the next steps?

Financial Services is currently working with IST and Millenium (the vendor of the FAST reporting system) to implement the systems changes required in order to reflect the change in process. It should be noted that the change will not impact payroll commitment runs.

The change in CDI process will be effective April 1, 2016. It is expected that the system changes will be completed and implemented in time for the first payroll run of the 2016-17 fiscal year.

Once the 2016-17 budget has been loaded into Banner, Financial Services will do a budget adjustment to move the CDI budget (both base and fiscal) to Account 810128.

For future salary increases, budget for the CDI levy will be allocated to Account 810128 for all eligible salaries.

If you have any questions regarding the above information, please contact the writers.