# Reversal Payroll Fund Transfers Updates

## Notice intended for Higher Education entities only

With the change in Higher Education payroll processing, the proper accounting and reconciling for cancelled warrants becomes more important since agencies must transfer the exact amount required for each payroll claim to the 78900 class-funding as they are processed. The ability to offset future PFT amounts for cancelled warrants is no longer available. Therefore we created a process to allow for PFT reversals to return the funds related to cancelled warrants from the 789 class-funding to the original funding source. Keep in mind that this is for cancelled warrants, not for warrants being reissued through Transaction Processing. We are making some minor changes to this process.

This process will now be used for other purposes including the following:

1. To facilitate the processing of taxes (which were not processed through the normal 500Misc/PFT process) which must be submitted to the IRS through the ACES system. Examples of this would be:
   1. non-cash benefits
   2. 1042 tax payments
   3. items paid outside of the normal payroll system that require W2 reporting and taxes
2. To facilitate the corrections necessary for overpayment refunds.
3. To facilitate the correction of amounts improperly reported or omitted from the original PFT submitted.

The PFT reversal process currently being used is being revised to ensure proper cash balances are maintained. These changes will be covered in the webinar scheduled for February 22. The change primarily relates to the account coding on the 78900 class-funding on the PFT reversal. The changes are minor, but we want to ensure that institutions have time to make necessary changes to their systems before putting the changes into production. We are currently targeting March 1 for putting the new coding in the system.

When loading a PFT that is flagged as a reversal PFT, edits will be put into place to require that the account number used for lines related to the 78900 class-funding begin with a five (585xxx). Currently, the edits require that accounts on the PFT reversal for lines related to the 78900 class-funding begin with a four (485xxx). An example of a PFT reversal is being posted to the website. This example will include a PFT reversal as it is currently being processed and the same PFT reversal with the account number changes noted.