UC Accounting Manual -- What's New?

Revisions to the Accounting Manual issued March 31, 2008

Chapter A-115-2, Accounting Codes: General Ledger, has been revised to include changes to the account codes in Exhibits D through E.

Chapter A-115-3, Accounting Codes: Transaction Codes for Fund Balances Accounts, has been revised to include changes to the account codes in Exhibits A and B.

Chapter C-557-23, Federal Contract and Grant Administration Funds-Allocations for Administrative Costs, has been revised to reflect a new delegation of authority to write-off disallowed sponsored project changes.

Chapter D-371-16, Disbursements: Approvals, has been revised to address reimbursements to University employees for the purchase of goods and services.

Chapter P-196-38, Payroll: Interlocation Transfers and Appointments, has been updated to include changes to the accounting codes associated with benefits processing.

Chapter P-196-76, Payroll: Settlement Payments, has been updated to include the settlement authority for Chancellors and guidelines on the use of the term "emotional distress" in making employee settlement payments.

Chapter P-415-3.2, Plant Accounting: Investment in Plant-Disposals, Write-Offs, and Gains and Losses, is a substantial revision that expands the discussion of the policies and procedures related to Investment in Plant Funds.

Chapter T-182-77, Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance, has been updated to reflect changes to Exhibit B, Form UC W-4NR and instructions.

Revisions to the Accounting Manual issued September 30, 2007

Chapter A-115-2, Accounting Codes: General Ledger, has been revised to include changes to the account codes in Exhibits D through F, including a new List of Valid Object Codes: OPEB Trust, in Exhibit C.

Chapter A-115-3, Accounting Codes: Transaction Codes for Fund Balances Accounts, has been updated to include three new funds in Exhibit A.

Chapter C-173-15, Cash: Check Controls, has been updated to include a new section on testing of check stock.

Chapter P-196-76, Payroll: Settlement Payments, has been revised to include guidance on the use of annuities in making employee settlement payments.

Chapter P-196-777, Payroll: U.S. Savings Bonds, is obsolete and has been deleted.

Chapter T-182-27, Taxes: Federal Taxation of Aliens, has been updated to include changes to Appendix F.

Revisions to the Accounting Manual issued March 31, 2007

Chapter A-115-2, Accounting Codes: General Ledger, has been revised to include changes to the accounting codes in Exhibits A through E, including a new column for the UCRP/LANL account group codes in Exhibit B.

Chapter A-115-3, Accounting Codes: Transaction Codes for Fund Balances Accounts, has been revised to include changes to the transaction codes in both Appendix A and Exhibit A.

Chapter E-821, Senior Management Automobile Policy and Procedures, has been revised to extend eligibility for an auto allowance to an Acting President, Acting Chancellor, or Acting Lab Director, and includes a definition of an American-made automobile (see Appendix A).

Chapter G-327-66, Gifts: Recording of Pledges, has been revised to include changes to the minimum threshold required to record pledges.

Chapter P-196-76, Payroll: Settlement Payments, has been updated to include the Interim Policy on Separation Agreements and Settlement of Employee Claims that was approved by The Regents.

Chapter P-415-10, Capitalization of Property, Plant, and Equipment, is a new chapter that provides a general framework for determining which costs should be capitalized as property, plant, and equipment.

Chapter R-212-2, Receivables Management, has been substantially revised and includes new sections on the tax reporting requirements associated with debt discharges, claims submitted by a Holder-In-Due Course, and the State tax refund offset mechanism.

Chapter R-251-1, Sales and Pledges of Receivables and Future Revenues, is a new chapter implementing the requirements published in GASB Statement No. 47.

Chapter T-182-27, Taxes: Federal Taxation of Aliens, has been updated to include the revised Form UC W-4NR for nonresident alien scholarship and fellowship recipients.

Revisions to the Accounting Manual issued June 30, 2006

Chapter A-115-2, Accounting Codes: General Ledger, has been revised to include changes to Exhibits A through E.

Chapter A-115-3, Accounting Codes: Transaction Codes for Fund Balances Accounts, has been revised to include changes to Exhibit A.

Chapter C-173-78, Cash: Unclaimed and Uncashed Checks, has been updated to clarify the definition of escheat property and the University's exemption from the escheat statute.

Chapter G-327, Gifts: Financial Reporting of Gifts of Tangible and Intangible Property, has been updated to include the requirements for depositing gifts payable to or intended for The Regents.

Chapter H-576-60, Medical Centers: Patient Accounts Receivables, has been updated to include the procedures on credit balance refunds.

Chapter P-196-13, Payroll: Attendance, Time Reporting, and Leave Accrual Records, has been revised to include the effort reporting requirements for academic and staff personnel.

Chapter P-196-16.5, Payroll: Official Pay Dates, has been updated to include the official pay dates through 2017.

Chapter P-196-30, Payroll: OASDI and Medicare Contributions, has been updated to include the revised student FICA withholding procedures.

Chapter P-196-80, Payroll: Termination Benefits, is a new chapter implementing the requirements published in GASB Statement No. 47.

Chapter P-415-6, Plant Accounting: Stop Notices, Assignments, and Tax Liens, has been updated to include changes to the Stop Notice Procedures, and the addition of Exhibits G-3 and G-4, concerning Release of Stop Notices.

Chapter R-265, Reports, has been updated to reflect the current reporting timetables, report contents, and distribution.

Chapter T-182-27, Taxes: Federal Taxation of Aliens, has been updated to include recent tax changes applicable to nonresident aliens from South Korea.

Chapter T-182-73, Taxes: Sales and Use Taxes, has been revised to include controls concerning the proper issuance of sales and use tax exemption certificates.

Chapter T-182-78, Taxes: Tax Withholding for States Outside of California, has been updated to include new registrations with out-of-state taxing authorities.

Chapter U-167-1, University of California Retirement Savings Programs, is a new chapter detailing the accounting entries for the UCRSP Defined Contribution Plans.

Revisions to the Accounting Manual issued June 30, 2005

Chapter A-115-2, Accounting Codes: General Ledger, has been revised to include changes to Exhibits A through E, and the addition of Exhibit B.1., Subsidiary Reporting by Fund for 403(b), DCP, and 457(b).

Chapter A-115-3, Accounting Codes: Transaction Codes for Fund Balances Accounts, has been revised to include changes to Exhibit A.

Chapter A-557-67, Evaluation of Legally Separate Entities for Financial Reporting Purposes, has been renamed. This new chapter includes an outline of GASB Statement No. 14, and procedures for determining the proper financial reporting entity.

Chapter D-371-12.1, Disbursements: Accounting for and Tax Reporting of Payments Made through the Vendor System, has been updated to include the Box on Form 1099-MISC in which certain payments should be reported. In addition, several new payment types have been addressed.

Chapter D-371-35, Disbursements: Honorarium Payments, has been revised to include a model form for determining the employment status of an honorarium recipient.

Chapter F-351, Financial Control Accounts, has been revised to include changes to the recording of transactions involving inter-campus transfers and transfers between campuses and accounts at E-UCOP.

Chapter L-316-11, Libraries and Collections: Capitalization, has been revised to update the policy on methods to use for ascertaining the capitalized value of libraries and collections.

Chapter P-196-30, Payroll: OASDI and Medicare Contributions, has been revised to clarify the procedures for correcting FICA underpayments for periods within and outsidet the statute.

Chapter P-415-4, Plant Accounting: Investment in Plant-Impairment of Capital Assets and Insurance Recoveries, is a new chapter that provides a broad outline of GASB 42 and its impact on asset impairment and insurance recoveries.

Chapter T-182-73, Sales and Use Taxes, has been updated to include a new section that addresses the California Electronic Waste Recycling Fee.

Chapter T-182-77, Taxation of Scholarship and Fellowship Grants and Educational Assistance, has been updated to include a new section on the taxability of health benefits provided to postdoctoral scholars. In addition, two sample letters have been included informing students and postdoctoral scholars about the taxability of their awards.

Revisions to the Accounting Manual issued December 31, 2004

Chapter A-115-2, *Accounting Codes: General Ledger,* has been revised to include changes to Exhibits A through E.

Chapter A-115-3, *Accounting Codes: Transaction Codes for Fund Balances Accounts,* has been revised to include changes to Exhibit A: List of Valid Transaction Codes.

Chapter D-371-12.1, *Disbursements: Accounting for and Tax Reporting of Payments Made through the Vendor System,* has been updated to include procedures on prizes and awards that are transferred to the University upon the request of the recipient.

Chapter D-371-77, *Disbursements: State Tax Withholding from Nonwage Payments to Nonresidents of California,* has been revised to clarify the reporting requirements for scholarship and fellowship grant payments made to nonresidents.

Chapter P-196-76, *Payroll: Settlement Payments,* has been changed to include a new section regarding attorney fees associated with nontaxable awards.

Chapter P-415-2, *Plant Accounting: Costing and Reconciling Inventorial Equipment Acquisitions,* has been updated to include changes to the procedure for reconciling equipment acquisitions.

Chapter P-415-3, *Plant Accounting: Investment in Plant Capitalization and Elimination in Current Funds,* has been updated to include the new capitalization threshold amount.

Chapter S-717, *State: Claims,* has been revised to include changes to supporting documentation for a State claim for reimbursement.

Chapter T-182-25, *Taxes: Local Telecommunication Taxes,* is a new chapter that provides a summarization of the local tax on telecommunication services in various California cities and counties.

Revisions to the Accounting Manual issued June 30, 2004

Chapter A-000-4, *University Accounting Program,* has been revised to include the responsibilities and procedures related to external audit coordination.

Chapter A-115-2, *Accounting Codes: General Ledger,* has been updated to include a description of the electronic file submission requirements for the Corporate Financial System, as well as detailed listings of valid University account group codes, fund group codes, and object codes.

Chapter A-115-3, *Accounting Codes: Transaction Codes for Fund Balances Accounts,* has been updated to include more detailed procedures for recording and reconciling intercampus transfers of Current Funds. The list of transaction codes formerly provided in Section III is now included in Exhibits A and B.

Chapter L-217-11, *Accounting and Reporting for Leases and Installment Purchase Contracts,* has been updated to provide information regarding the reporting of capital leases in accordance with new requirements published by the Governmental Accounting Standards Board (GASB)

Chapter P-196-38, *Payroll: Interlocation Transfers and Appointments,* has been updated to include a new section on benefits processing to ensure that an employee transferring to another University location has continuous coverage.

Chapter P-196-76, *Payroll: Settlement Payments,* has been revised to include information related to COBRA payments made on behalf of former employees.

Chapter P-196-77, *Payroll: State Tax Withholding From Employees,* has been updated to include the current threshold for tax remittance.

Chapter P-196-77.5, *Payroll: Unemployment Insurance,* has been updated to include the Unemployment Insurance Termination Report form, U5602, and further describes the responsibilities for the administration of the program under Section III.

Chapter P-415-3, *Plant Accounting: Investment in Plant-Capitalization and Elimination in Current Funds,* has been completely revised to reflect the implementation of new reporting requirements announced by GASB.

Chapter P-415-3.1, *Plant Account: Investment in Plant-Depreciation,* is a new chapter describing the methodology, calculation, and journal entries required to record annual depreciation expenses in accordance with the new GASB reporting requirements.

Chapter T-182-27, *Federal Taxation of Aliens,* has been revised to include a new section on health insurance describing the requirements for the "J" visa exchange visitor program.

Chapter T-182-735, *Taxes: Taxpayer Identification Numbers,* has been updated to include several new taxpayer identification numbers.

Revisions to the Accounting Manual issued December 31, 2003

Chapter C-173-78, *Cash: Unclaimed and Uncashed Checks,* has been revised to include references to recent advice from the Office of General Counsel regarding the University's exemption from the unclaimed property law.

Chapter D-371-12.1, *Disbursements: Accounting for and Tax Reporting of Payments Made Through the Vendor System,* has been revised to include tax reporting requirements for payments made to buy out an employment contract.

Chapter D-371-76, *Disbursements: Use of Procurement Cards for Low-Value Purchases,* has been deleted. Information on the Procurement Card Program may now be found in Business and Finance Bulletin BUS-43, Part 8.

Chapter P-196-21, *Payroll: Damage Payments for Services Performed Before State Oath of Allegiance Is Signed,* has been updated to include a revised damage payment report form and other technical changes.

Chapter P-196-38, *Payroll: Interlocation Transfers and Appointments,* has been updated to include a revised Form UFIN 301, Permanent Interlocation Transfer Terminating Location - Employee Data Sheet.

Chapter R-212-2, *Receivables Management,* has been revised to include procedures for the recovery of overpayment of severance pay provided to separated employees who are subsequently rehired.

Chapter T-182-27, *Federal Taxation of Aliens,* has been revised to include a new Form UC W-8BEN, Certificate of Foreign Status for Federal Tax Withholding.

Chapter T-182-78, *Taxes: Tax Withholding for States Outside of California,* has been revised to include a revised Form UPAY 830, Out-of-State Income Tax Withholding.

Revisions to the Accounting Manual issued July 31, 2003

Chapter C-173-14, *Cash: Campus Cash Collection Deposits,* has been revised to include procedures relating to the requirement that tax-exempt organizations report to the Internal Revenue Service cash transactions of more than $10,000.

Chapter C-173-15.2, *Cash: Disbursements Processing,* has been revised to include the current procedures for Electronic Fund Transfers and Controlled Disbursements Payments.

Chapter G-327-66, *Gifts: Recording of Pledges,* is a new chapter that outlines procedures for the financial recording of pledges to give cash or other assets to the University.

Chapter P-196-77.5, *Unemployment Insurance,* has been revised to include the Fund Group Codes as associated with the various fund ranges.

Chapter P-196-86, *Workers' Compensation Insurance,* has been revised to incorporate the workers' compensation policy with respect to safety employees.

Revisions to the Accounting Manual issued April 25, 2003

Chapter A-253-27, *Administrative Fund Payments,* has been revised to include changes to Administrative Fund Reporting Procedures, which were revised to recognize numerous changes made to the policies governing travel, entertainment, non-cash awards, gifts presented to non-employees, and membership in organizations. In addition, the Procedures include examples of allowable and unallowable expenditures, elimination of the provision to allow a recipient to carry forward a deficit balance, limitation of the Checking Account Option to the President, Chancellors, and Laboratory Directors, and other revisions to the reporting requirements.

Chapter G-327, *Gifts: Financial Reporting of Gifts of Tangible and Intangible Property,* is a new chapter that outlines procedures for financial reporting of donations of tangible and intangible property to the University.

Chapter T-182-73, *Taxes: Tax Sales and Use Tax,* has been revised to include recent changes in Sales and Use Tax Law. In addition, the chapter has been reorganized to eliminate duplicative passages and to improve clarity.

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* has been revised to include changes to the Employee Educational Assistance Tax Determination Form (Exhibit D).

Chapter T-182-78, *Tax Withholding for States Outside of California,* has been revised to reflect registration for tax withholding purposes with out-of-state taxing authorities for the following campuses: Davis (New York, Utah), Irvine (Virginia), San Francisco (Colorado), and Santa Barbara (Mississippi).

Revisions to the Accounting Manual issued August 2, 2002

Chapter P-196-76, *Payroll: Settlement Payments,* has been revised to clarify the IRS reporting requirements for the payment of legal fees in both court-awarded payments and settlement agreements. The chapter has also been revised to address the tax treatment of front pay awarded as a dismissal payment.

Chapter T-182-735, *Taxes: Taxpayer Identification Numbers,* has been revised to include a letter from the State of California Franchise Tax Board confirming that the University is exempt from California income taxes and that payments made to the University are not required to be reported on information returns.

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* has been revised to include information on the University's Section 127 Educational Assistance Plan. Non-job-related educational assistance provided to an employee under the Plan is not taxable, up to $5,250 per year, for graduate-level courses taken by employees other than RAs, TAs, or equivalent titles.

Chapter T-182-78, *Taxes: Tax Withholding for States Outside of California,* has been revised to reflect registration for tax withholding purposes with out-of-state taxing authorities for the following campuses: Los Angeles (Georgia, Oklahoma) and San Francisco (Georgia).

Revisions to the Accounting Manual issued February 8, 2002

Chapter F-235-45, *Financial Journals,* has been revised to reflect changes made in financial journal procedures resulting from UCLA's assumption of accounting functions for the Office of the President, effective July 1, 2000.

Chapter F-351, *Financial Control Accounts,* has been revised to reflect changes in financial control accounts resulting from UCLA's assumption of accounting functions for the Office of the President, effective July 1, 2000.

Chapter P-196-53, *Payroll: Miscellaneous Payroll Deductions for Employee Organizations, Faculty Clubs, and Credit Unions,* has been revised to reflect the availability of payroll deductions for employee organization sponsored political action contributions subject to the collective bargaining process.

Chapter T-182-27, *Taxes: Federal Taxaion of Aliens,* has been revised to include the latest version of Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, as well as specific instructions for completing Form 8233. The chapter also includes a revised version of the Certification of Academic Activity.

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* has been revised to include an updated version of Form UC-W4, University of California Federal Withholding Allowance.

Revisions to the Accounting Manual issued August 24, 2001

Chapter D-371-16, *Disbursements: Approvals,* has been updated and revised to include information regarding the use of Low Value Purchase Authorizations and procurement cards.

Chapter H-576-57, *Medical Centers: Medi-Cal Supplemental Payments,* is a new chapter describing the Medi-Cal supplemental payment programs and includes procedures for budgeting, accounting for, and reporting Medi-Cal funds.

Chapter P-196-30, *Payroll: OASDI and Medicare Contributions,* has been revised to reflect the procedures for transferring year-to-date OASDI and Medicare balances and taxes paid when an employee transfers either between campuses or between a campus and another University location (per Chapter P-196-38). In addition, the procedures for retroactive membership in UCRP have changed to conform to Plan regulations.

Chapter P-196-38, *Payroll: Interlocation Transfers and Appointments,* has been revised to include the Department of Energy Laboratories and Hastings College of the Law. This change also reflects differences in procedures for employees transferring between campuses and employees transferring between a campus and a Laboratory or Hastings.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been revised to eliminate duplicate publication of Form W8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding. Form W8BEN may now be found in Chapter T-182-77, Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance.

Revisions to the Accounting Manual issued February 15, 2001

Chapter P-196-23, *Payroll: Deduction-Cost Reimbursement,* has been revised to incorporate information about the assessment of one-time set-up costs to establish approved payroll deductions (formerly contained in Chapter P-196-53).

Chapter P-196-37, *Payroll: Health Sciences Compensation,* has been revised to reflect changes in the procedures for payment and benefits authorized under the Health Sciences Compensation Plan, approved by The Regents on July 15, 1999.

Chapter P-196-53, *Payroll: Miscellaneous Payroll Deductions for Employee Organizations, Faculty Clubs, and Credit Unions,* has been updated to include Forms UPAY 666 (Exhibit III), UPAY 669 (Exhibit IV), and UPAY 669A (Exhibit V), to authorize deductions for employee organizations.

Chapter P-196-70, *Payroll: Salary Attachment and Assignment,* has been revised to reflect a change in the number of days within which amounts withheld under a Wage Assignment for child or spousal support must be sent to the assigned payee.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* includes the following revised forms: Statement of Citizenship and Federal Tax Status Form (Exhibit A), Form W8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (Exhibit C), Form W-7, Application for IRS Individual Taxpayer Identification Number (Exhibit G), and the Social Security Administration Application for a Social Security Card (Exhibit H).

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* has been revised to clarify the definition of individuals eligible to receive qualified fee reductions and to explain the tax treatment of University Extension courses provided to employees. The chapter has also been revised to reflect the fact that qualified scholarship amounts granted to non-resident aliens are not reportable beginning in 2001.

Chapter T-182-78, *Taxes: Tax Withholding for States Outside of California,* is a new chapter explaining procedures for withholding of state income taxes for employees who work in another state.

Revisions to the Accounting Manual issued September 7, 2000

Chapter C-173-78, *Cash: Unclaimed and Uncashed Checks,* has been revised to reflect the University's exemption from the provisions of the escheat statutes of the California Code of Civil Procedure for unclaimed cash and negotiable property.

Chapter D-371-36, *Disbursements: Invoice Processing in Response to Purchase Authorizations,* has been revised to include the new ceiling ($5,000) for the special method for paying invoices to vendors.

Chapter D-371-77, *Disbursements: State Tax Withholding From Nonwage Payments to Nonresidents of California,* has been updated to reflect the Franchise Tax Board's requirement that all 592-B information be submitted via magnetic media from withholding agents with 250 or more payees.

Chapter H-576, *Medical Centers* (formerly *Hospitals and Clinics*), has been revised to reflect current University procedures in essential areas (e.g., Risk Management, Personnel, etc.). The new accounting guidelines for transactions between the medical centers and their Schools of Medicine also have been added.

Chapter T-182-22, *Federal Excise Taxes,* has been updated to reflect changes in excise tax exemptions.

Revisions to the Accounting Manual issued February 18, 2000

Chapter C-557-21, *Contracts and Grants: Cash Advance Programs,* has been updated to reflect current procedures related to advance payment arrangements for extramurally sponsored projects.

Chapter D-371-77, *Disbursements: State Tax Withholding from Nonwage Payments to Nonresidents of California,* has been revised to reflect a change in the withholding and reporting requirements for scholarship and fellowship grant payments made to nonresidents of California. Under the new requirements, only the portion of such grants attributable to services is subject to California State tax reporting and withholding.

Chapter P-196-23, *Payroll: Deduction-Cost Reimbursement,* has been updated to reflect the cost reimbursement rates for payroll deductions authorized for certain outside organizations and related entities.

Chapter P-196-36, *Payroll: Individual Retirement Accounts,* rescinded, because the University has cancelled its contract with IDS American Express Financial Services for employee contributions to Individual Retirement Accounts through payroll deductions.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been revised to include information on the tax treatment of immigration-related expenses paid to or on behalf of employees or other individuals.

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* has been revised to include the new Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, which is used to claim exemption from withholding under a tax treaty. This form, which is being phased in during the year 2000, replaces Form 1001, Ownership, Exemption, or Reduced Rate Certificate.

Revisions to the Accounting Manual issued October 22, 1999

Chapter A-000-4, *University Accounting Program,* has been updated to incorporate changes to the organization charts in Appendix I-A through Appendix III-B.

Chapter A-115-1, *Account Classification,* has been updated to include changes in the endowment and similar funds subgroups.

Chapter D-371-36, *Disbursements: Invoice Processing in Response to Purchase Authorizations (formerly Disbursements: Invoice Processing),* has been updated to reflect current procedures.

Chapter E-525, *Endowment and Similar Funds,* has been revised to reflect current procedures, including the following changes approved recently by The Regents for funds invested in the General Endowment Pool: the total return method of calculating the annual payout and the endowment cost recovery fee assessment.

Chapter P-196-16.5, *Payroll: Official Pay Dates,* has been revised to clarify that at some locations the official pay dates listed in the chapter may differ due to local administrative holidays.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been revised to include the new E-visa category, which allows the University to hire the dependents of E-1 visa holders if they have a valid employment authorization. In addition, the following three countries have been added to the Visa Waiver Program: Portugal, Singapore, and Uruguay.

Chapter T-182-75, *Taxes: Transient Occupancy Taxes,* has been updated to include additional items that must be presented with the completed exemption certificate before a University traveler can claim exemption from transient occupancy taxes in Los Angeles County: 1) University identification and 2) documentation to prove that the stay is for official business purposes, e.g., a meeting agenda.

Revisions to the Accounting Manual issued July 26, 1999

Chapter E-227-35, *Education Abroad Program: Intercampus Transactions,* has been updated to reflect current procedures related to fees and financial aid, the allocation of fees for student participants in the Program, etc.

Chapter H-576-12, *Medical Centers: Accounting for Capitated Contracts,* is a new chapter developed to provide procedures for accounting and reporting by providers of prepaid health care services.

Chapter H-576-60, *Medical Centers: Patient Accounts Receivable,* has been updated to reflect a change in payor categories as well as changes in the definitions; a table outlining the report format for this data has also been added to the chapter.

Chapter P-196-11, *Payroll: Accounting for and Tax Reporting of Mandatory Deductions and Insurance Benefit Contributions,* has been revised to clarify that tail insurance premiums for physicians are subject to federal income and FICA taxes.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been revised to include the new L-visa category for intra-company transfers and their dependents.

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* has been revised to clarify the ambiguity in the regulations regarding the definition of the term "candidate for a degree."

Revisions to the Accounting Manual issued April 27, 1999

Chapter A-773-82, *Assignments by Vendors and Construction Contractors,* has been updated to reflect current procedures related to the approval of purchase order contract and construction contract assignments.

Chapter C-557-38, *Contracts and Grants: Indirect Costs Recovered From State Agencies,* has been revised to include year-end journal entries for campus transfer of indirect costs on State agreements to the Office of the President.

Chapter D-371-12.1, *Disbursements: Accounting For and Tax Reporting of Payments Through the Vendor System,* has been revised to transfer information regarding the tax treatment of scholarship and fellowship grants, tuition reductions, and employee assistance to a new chapter (see below).

Chapter P-196-76, *Payroll: Settlement Payments,* has been revised to clarify that both voluntary and involuntary employee severance payments are subject to federal income tax and FICA. In addition, the section on emotional distress has been revised to clarify that damage claims paid for medical care attributable to emotional distress that is based on a claim of employment discrimination or injury to reputation is excludable from income.

Chapter I-582, *Investments and Investment Income,* has been updated to provide current information on the management of the University's investment operations and the fund accounting procedures used in recording investment activity.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been revised to transfer procedures related to the tax treatment of scholarship grants, tuition reductions, and employee assistance to a new chapter (see below). In addition, the chapter has been revised in response to the American Competitiveness and Workforce Improvement Act of 1998, which contains a provision that allows B-1, B-2, WB and WT visa holders, who were formerly prohibited from receiving payments for services, to be paid honoraria and associated incidental expenses. The chapter also provides information on the application procedures for becoming an Acceptance Agent in order to facilitate the issuance of Individual Taxpayer Identification Numbers.

Chapter T-182-77, *Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance,* is a new chapter which provides guidelines on the tax treatment of scholarship and fellowship grant payments, tuition reductions, and employee educational assistance for U.S. citizens, resident aliens, and nonresident aliens.

Revisions to the Accounting Manual issued January 27, 1999

Chapter C-173-61, *Cash: Petty Cash Disbursements,* has been revised to include an alternative procedure for transferring custody of a petty cash fund. Under this procedure, instead of issuing a new check for the amount of the fund, a Petty Cash Change of Custodian form (Exhibit B) may be completed and approved by the department head to document the transfer of the cash and receipts.

Chapter P-196-16.5, *Payroll: Official Pay Dates* (formerly *Payroll: Check Release*), has been updated to reflect current procedures and to include the official pay dates through 2007.

Chapter P-196-78, *Payroll: UCRS Accounting Procedures,* has been revised to include information on the 403(b) Plan maximum annual contribution (MAC) limit calculation, new information related to the refunding of accumulations, and a new section on administrative adjustments.

Chapter P-415-32, *Plant Accounting: Fabricated Property* (formerly *Plant Accounting: Fabricated Equipment*), has been revised to reflect the increase in the acquisition cost of University inventorial equipment from $500 to $1,500 and to clarify the difference between fabricated equipment and fabricated property. The revised chapter also conforms the definition of fabrication in the Accounting Manual to the definition contained in the Contract and Grant Manual and Business and Finance Bulletin BUS 29, Management and Control of Inventorial Equipment.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* contains the revised Form UC W-4, which reflects the 1999 increase in the personal exemption and the standard deduction for nonresident alien scholarship and fellowship recipients who claim reduced withholding.

Chapter T-182-75, *Taxes: Transient Occupancy Taxes,* has been updated to reflect the exemption from transient occupancy taxes granted to University travelers by the city of Oakland.

Revisions to the Accounting Manual issued October 22, 1998

Chapter D-371-12.1, *Disbursements: Accounting for and Tax Reporting of Payments Made Through the Vendor System,* has been revised in response to a new reporting requirement for attorney's fees. Effective for 1998, when the amount of a payment made to an attorney in connection with legal services cannot be determined, the gross proceeds paid to the attorney must be reported on a Form 1099-MISC. In addition, the exemption from reporting payments made to corporations no longer applies to payments for legal services. Therefore, such payments made to corporations also must be reported on a Form 1099.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been updated to reflect the termination of the H-1A visa classification, which was issued to aliens for temporary employment as registered nurses.

Chapter T-182-37, *Taxes: Income Tax Information in the Accounting Manual,* is a new chapter that consolidates the information contained in the following chapters, which have been rescinded: **D-371-37**, *Disbursements: Income Tax Withholding--Where to Find it in the Accounting Manual*; **P-196-38**, *Payroll: Income Tax Withholding--Where to Find it in the Accounting Manual*; and **U-167-37**, *UCRS: Income Tax Withholding--Where to Find it in the Accounting Manual.*

Revisions to the Accounting Manual issued July 28, 1998

Chapter A-000-6, *Listing of Current Policy and Procedure Memoranda,* has been rescinded. The information contained in memo Sections II-A, II-C, VI, VII, VIII, IX-I, and XI that is not obsolete will be incorporated into other Accounting Manual chapters or Business and Finance Bulletins. Some of these memos are now also accessible via the Coordination and Review web site (e.g., Presidential delegation letters, etc.).

Chapter A-253-27, *Administrative Fund Payments,* has been updated to include the web address for the Policy on University Membership in Organizations.

Chapter C-173, *Cash: Cash Controls,* has been revised to transfer procedures related to internal control requirements for check signing, including facsimile signatures, to **Chapter C-173-15**, *Cash: Check Controls* (formerly *Cash: Check Stock Control*), which includes procedures for control of both blank check stock and check processing.

Chapter D-371-12.1, *Disbursements: Accounting For and Tax Reporting of Payments Made through the Vendor System,* has been revised to clarify the tax treatment of employee awards and to include a reference to the new Business and Finance Bulletin G-41, Employee Non-Cash Awards.

Chapter D-371-25, *Disbursements: Entertainment,* has been rescinded and replaced by a new Business and Finance Bulletin BUS-79, Entertainment, effective July 1, 1998.

Chapter P-196-30, *Payroll: OASDI and Medicare Contributions,* has been updated in response to IRS Revenue Procedure 98-16, which eliminated the work hours requirement for determining a student employee's exemption from FICA taxes. The chapter also includes the new student FICA withholding procedures as an appendix.

Chapter T-182-27, *Taxes: Federal Taxation of Aliens,* has been updated to add new visa classifications, citizenship codes, and visa waiver countries. In addition, IRS Revenue Procedures 87-8 and 87-9 in Exhibit F have been deleted; the treaty information contained in these Revenue Procedures is now available on the Payroll Coordination and Tax Services web site.

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