

## Payroll Suspense Cost Objects and End-of-Fiscal-Year

### 1. What are suspense accounts?

Suspense accounts are internal order accounts—temporary holding places for salary expenses that do not have a valid cost object at the time of posting. The most common reason for a missing valid cost object is when an individual starts working on a new research project before the accounting structure has been set up. Another reason is when retroactive changes are made to salary payments after an account has been closed with a term date.

Internal order charges remain in an account and do not zero-out at the end of the fiscal year, so the suspense account must be cleared to the appropriate cost center in a timely manner and should be cleared to a zero balance at the end of the fiscal year.

Each department should have a salary suspense cost object. When needed, SAP will use the suspense cost object of the HR org unit attached to any given appointment, in order to pay the employee.

VPF payroll has default salary suspense accounts, as well, that are used for department charges when the department suspense account is not available.

### 2. How does a department clear suspense accounts?

VPF provides a reconciliation service to departments by generating and sending a monthly suspense report. The password-protected report containing the detail of the balance is emailed to the Supervisor/Addressee of each Suspense account. It is the department's responsibility to clear the reconciling items.

The items within the report are color coordinated in green, yellow, and red. The department should clear red items immediately and yellow/green items within 60 days of the end of the quarter in which the suspense postings were made.

- Green: Current month's charges, which can be cleared using eSDS.
- Yellow: Charges less than 90 days old, which can be cleared using eSDS.
- Red: Charges more than 90 days old. To clear red items, the department must submit a Late Change Request form available at this link:  
<https://adminappsts.mit.edu/vpfforms/latechangeform.jsp>

### 3. What happens to uncleared items at the end of the fiscal year?

VPF pays special attention to VPF-owned suspense accounts, and if a department's charges are not cleared within 90 days, VPF will transfer uncleared charges to the department's discretionary account on file.

If a department suspense account *is not cleared by the end of the current fiscal year*, VPF will move all charges from previous fiscal years to the department's discretionary accounts on file. The financial administrator will be notified at the beginning of June—after the May reconciliation has been completed—about which charges will be moved. If you do not know what the discretionary cost center is, or would like to change it, submit your request to change the cost center used for the write-off to [payroll-suspense@mit.edu](mailto:payroll-suspense@mit.edu).

If you have any suspense account questions, e-mail [payroll@mit.edu](mailto:payroll@mit.edu).