



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
National Policy

ORDER
2700.38

Effective Date:
10/1/06

SUBJ: Financial Data Reclassification

1. **Purpose.** This order provides guidance for General Ledger (GL) account and accounting code (DELPHI 7 data element) reclassification.
2. **Definition.** Reclassifications are changes to an original GL transaction account or any segment of the accounting data string, excluding its posted amount (dollar value) and the expenditure item date. Compared with adjustments, reclassifications do not create a new accounting event.
3. **Scope.** This order applies to GL account and accounting code data reclassifications.
4. **Distribution.** This order is distributed to the branch level in Washington headquarters, regions, centers, and to all field offices.
5. **Cancellation.** None.
6. **Background.**
 - a. **Reclassification Systems.**
 - (1) **Reclassification in DELPHI environment.** DELPHI is an integrated financial management system in which data associated with source transactions flow from subsidiary modules and feeder systems to the GL. There are no shortcuts or easy "fixes" to correct accounting data on the back-end (in the GL or accounting reports) without causing out-of-balance conditions between the underlying modules or feeder systems and the GL. To ensure the integrity of the data flow, all modifications (reclassifications and adjustments) will be initiated, re-worked, or recorded at the system source. The only exceptions are when the original entry system does not support this capability or no details are available that are associated with the original transaction that requires reclassification. In rare instances, a reclassification is posted directly in DELPHI.
 - (2) **Reclassification in PRISM environment.** PRISM is the main source of FAA purchase transactions and integrates with DELPHI via the Oracle Compusearch Integration (OCI). For transactions originating in PRISM, changes to an accounting string with an unexpended balance are reprocessed through PRISM modifications.
 - (3) **Reclassifications in US Bank Access Online System.** The US Bank Access Online System does not provide the option to reclassify purchase card transactions after interfacing with DELPHI. Users will only have one chance to enter an accurate transaction in the US Bank Access Online system. Reclassification for a single item is submitted on a "Request for Reclassification Worksheet" (Appendix B).

b. Types of Reclassifications. Reclassifications governed by this order fall under the following categories:

(1) Payroll transactions. The preferred method for reclassifying payroll transactions is via an amendment to the Labor Distribution Reporting (LDR) system. When the reclassification will not run through the LDR system, the requester must submit a "Request for Reclassification Worksheet" to AMZ-110.

The requestor must also submit a "LDR Reclass Template" with a "Request for Reclassification Worksheet" under the following two circumstances:

(a) A review of an LDR "cross charge" or "exception" report shows that a reclassification is necessary due to a project, task, or Common Accounting Number (CAN) requiring correction.

(b) Historical data is not available and LDR amendment is not possible. This applies to labor hours before pay period 23/06 conversion from the Department of Transportation Payroll System to the Department of Interior Federal Personnel Payroll System.

(2) Capital project expenditures. For capital project expenditures, the reclassification transactions that interface from another source must be corrected within the constraints of the source (or interfacing) system. The reversing and correcting entry either is an interface from the source system to DELPHI or manually reclassified for an interface, such as the GSA Supply or GSA Motor Pool. A reclassification that cannot be accomplished within the source or interfacing system may be made via a GL entry or Accounts Payable module transaction. Reclassifications for capital project expenditures may be required when expenditures are charged to a wrong capital task. This includes instances where expenditures should be charged to a different asset task, administrative equipment task, or common cost task¹. In other instances, corrections may be necessary when expenditures are coded to the expense task instead of the asset task or conversely.

(a) Waivers. When it is determined that asset or common cost expenditures should be expensed rather than capitalized, the region or center may request a waiver from reclassification if there are five or more reclassification transactions involved. The requester should send the reclassification waiver requests to AFM-500. Credit card charges under the US Bank credit card and LDR charges are ineligible for the waiver.

(3) Mass Changes. A mass change involves many accounting transactions that require reclassification to reflect the correct organization or program. An example is transferring data from one organizational unit to another, usually resulting from a reorganization. In DELPHI, data flows from subsidiary ledgers and feeder systems to the GL. Since the feeder systems and subsidiary ledgers do not have mass change abilities, reclassifications resulting from reorganization require manual entries directly to the GL. Due to the manual workload associated with mass changes, major FAA reorganizations will only be implemented at the beginning of a fiscal year.

¹ A common cost task is one in which costs associated with capital assets are distributed among, and capitalized as part of, the associated assets.

(4) Travel. The requirement for travel and Permanent Change of Station (PCS) reclassification arises from the traveler or organization selecting a wrong line of accounting, such as wrong elements in the fund cite, task or project numbers, and budget line item. Wrong lines of accounting can also occur during organizational realignments. The requestor must complete the "Request for Reclassification Worksheet." Reclassification of travel transactions processed in GovTrip must be made manually using the worksheet noted above when payment is already made on the voucher to the traveler. If there is a wrong line of accounting noted on the Travel Authorization (TA) before the voucher is processed, the authorization can be corrected by processing an amendment.

(5) Other Reclassifications. Any reclassification not discussed in this order should follow the means for requesting a reclassification, mentioned in section eight.

7. Threshold Amount for Reclassification Entries. Appendix A sets the threshold amounts for reclassifications which are re-assessed annually.

8. Means for Requesting a Reclassification. The requestor must complete a "Request for Reclassification Worksheet" (Appendix B) and send it with all the required documentation and approvals to the reclassification mailbox at AMZ-110.

9. Documentation. The requester must provide the following documentation for all reclassification requests to the AMZ-110 mailbox via fax or e-mail attachment. The fax number is 405-954-7287 and the mailbox address is 9-AMC-AMZ-RECLASSIFICATION/AMC/FAA.

a. "Request for Reclassification Worksheet."

- (1) Provide the full accounting classification included on the "from" line where the charge needs to be reversed, and then on the "to" line where the correct accounting line entry should be posted. Appendix A includes an example of Delphi 7 Data Elements.
- (2) Provide approval of the fund certifiers or budget analysts for both the "to" and "from" accounting classifications, if known.
- (3) Provide approval of the manager for the original transaction to be reclassified, if known.
- (4) If it is not possible to identify the approving fund certifiers or the manager, the requestor can check the 'Unknown Source' box.

b. For LDR "cross charge" reports or "exception reports", submit "LDR Reclass Template" in addition to the "Request for Reclassification Worksheet."

c. For a Capital Expenditure Project reclassification, the request must include the total number of miscoded transactions, the correction amount, an explanation of the requested correction, and actions taken to prevent future errors.

d. Documentation showing the charge to be reversed is "wrong" (reason for reclassification).

e. Documentation that shows the charge to be reversed resides in the accounting classification (such as a report from the accounting system). This avoids reversing a charge from an accounting classification in which it does not remain. If this were the case, the reclassification would result in an abnormal balance in the "from" code.

10. Roles and Responsibilities. To reduce the need for excessive reclassifications, all lines of business are responsible for constant confirmation of accounting data and costs recorded at program, project and tasks levels. This will ensure early detection of necessary corrections. Prompt correction of the underlying contract or purchase order will reduce the need for excessive reclassification efforts as future expenditures occur under that document.

The following outlines various roles and responsibilities for applying, coordinating, and approving a reclassification request.

a. Requestor.

- (1) Complete the "Request for Reclassification Worksheet."
- (2) If applicable, complete the "LDR Reclass Template."
- (3) Provide supporting documentation, as listed in section 7, "Documentation."
- (4) Get approval from a fund certifier or budget analyst.
- (5) Get approval from a manager.
- (6) Send the completed package to the AMZ-110 reclassification mailbox via fax or e-mail.

b. AMZ-110 Personnel.

- (1) Review and ensure the completeness and accuracy of the reclassification submission.
- (2) Approve the "Request for Reclassification Worksheet."
- (3) Coordinate processing the reclassification.
- (4) Update the requestor by e-mail acknowledging receipt of the request and when it is completed.
- (5) Keep a log of all reclassification requests.



Assistant Administrator
for Financial Services/CFO

Example of DELPHI 7 Data Elements:

Project #	Task #	Exp Type	Exp Org	Exp Date	Fund Code	BLI
12 XX FAATLASS	ST0200	21000	WA 9H30 0000	22-NOV-2002	12 301 0000 0	0S1 000

Threshold Amount for Reclassification Entries:

Minimum threshold amounts for reclassifications are set as follows and assessed annually:

- a. \$500 for each travel reclassification.
- b. \$1,000 for each reclassification transaction within an Allotment Fund Control (AFC) code.
- c. \$2,500 for each capital project expenditure reclassification.
- d. \$5,000 for each purchase card reclassification.
- e. A case-by-case review will determine the need for any other reclassifications below the stated thresholds. This will include instances when FAA is at risk of anti-deficiency, reclassifications related to reimbursable agreements and those resulting from responses to emergency situations.

REQUEST FOR RECLASSIFICATION WORKSHEET

INSTRUCTIONS: Please complete applicable sections of this request form, and attach supporting documentations to this form before submission. Incomplete packages will NOT be accepted. Before submission, make a photocopy of all the documentations for your copy. Submit requests through fax or electronically to the Reclassification Mailbox at MMAC. The fax number is: 405-954-7287. The mailbox address is: 9-AMC-AMZ-RECLASSIFICATION/AMC/FAA.

TYPE OF RECLASSIFICATION: Please select one of the followings.

- Payroll Transaction Capital Expenditure Mass Changes Travel Improper Charge* Other

REQUESTOR'S NAME: _____
ORG/PHONE#: _____

REASON FOR RECLASSIFICATION REQUEST: _____
SPECIAL INSTRUCTIONS: _____

TRANSFER FROM:

	INVOICE NO.	PROJECT CODE	TASK NUMBER	EXPENDITURE TYPE	EXPENDITURE ORG.	EXPENDITURE DATE	FUND CODE	CAN NUMBER	PE/BLI	AMOUNT	COMMENT or Traveler's Name & Last 4 digit of SS#
1.											
2.											
3.											
4.											
										0.00	

TRANSFER TO:

	INVOICE NO.	PROJECT CODE	TASK NUMBER	EXPENDITURE TYPE	EXPENDITURE ORG.	EXPENDITURE DATE	FUND CODE	CAN NUMBER	PE/BLI	AMOUNT	COMMENT or Traveler's Name & Last 4 digit of SS#
1.											
2.											
3.											
4.											
										0.00	

To list several reclassifications on a page, ensure the number on the "from" line and the "to" line match.

Complete the section below ONLY if the reclassification request is related to "Purchase Orders":

TRANSFER FROM:

	PURCHASE ORDER	INVOICE NO.	PO LINE NO.	PO SHIPMENT NO.	DISTRIBUTION NO.	AMOUNT	COMMENT
1.							
2.							
3.							
4.							
						0.00	

TRANSFER TO:

	PURCHASE ORDER	INVOICE NO.	PO LINE NO.	PO SHIPMENT NO.	DISTRIBUTION NO.	AMOUNT	COMMENT
1.							
2.							
3.							
4.							
						0.00	

EVIDENCE FOR RECLASSIFICATION:

1. Provide detailed backup for the revision of charges (specific transaction) applied to a wrong account. (i.e. Delphi web reports, obligation document, invoices/vouchers, etc).

2. Proof of authorization from owners of both the "FROM" and "TO" accounting classification.

Fund Certifying Official "FROM":

Name, Routing Symbol _____

Signature (email approval accepted) _____

Unknown Source

Fund Certifying Official "TO":

Name, Routing Symbol _____

Signature (email approval accepted) _____

Unknown Source

3. Approval of the **Manager** (email approval accepted).

- Approved Not Approved Unknown Source

If not approved, reason: _____

Name of contact person: _____

Date: _____

*Improper Changes are those where source can not be obtained or not readily available

APPROVAL OF MMAC PERSONNEL (email approval accepted):

- Approved Not Approved

If not approved, reason: _____

Name of contact person: _____

Date: _____