Welcome &
Thank you for Attending

General Accounting
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University Accounting Principles

Agenda

• Need for Accounting
• Methods of Accounting
• Chart of Accounts
• Accounting Transactions
• Campus Information System (CIS)
• Management Reports
• Questions

Need for Accounting

• Reporting:
  – Institutional
  – Departmental
  – Consistency, uniformity, & comparability
• Management:
  – Institutional
  – Departmental
• Auditing:
  – Who Audits?
  – Why?
Method of Accounting

• Universal Accounting Principles:
  – Double Entry Accounting (Debits (+) = Credits (-))
  – Assets = Liabilities + Fund Balance
  – Change in Fund Balance is a result of Revenues and Expenses (Profit or Loss)

Method of Accounting continued

• Fund Accounting:
  – Used generally by public entities like the Federal Government, state, municipalities, and universities
  – How are Funds Determined?
    • State Appropriations
    • Sales & Services
    • Gifts
    • Contracts & Grants
  – SPEND FROM WHERE FUNDS RESIDE

Method of Accounting continued

• Governing Bodies:
  – GASB (Governmental Accounting Standards Board)
  – FASB (Financial Accounting Standards Board)
  – NACUBO (National Association of College and University Business Officers)
**CHART OF ACCOUNTS**

- Financial transaction coding structure
- Provides identifying information about transactions
- Enables isolation, categorization, and classification of accounting and budgetary information

**Chartfields for the University of Utah**

- Business Unit
- Organization ID (OrgID)
- Fund
- Activity
- Project
- Account
- Allowable/Unallowable (A/U)

**BUSINESS UNITS**

- Business Unit is the highest level at which transactions and processing rules can be grouped and reported
- Multiple Business Units can be combined or consolidated for Total Entity reporting
- Oftentimes, but not always, represents a separate legal entity
- Allows for the segregation of dissimilar types of business activity within a larger entity
- Each Business Unit can define the other chartfields to meet its own needs
Business Units continued

- Business Unit Values
  - 01 – University of Utah
  - 02 – University Hospital & Clinics
  - 03 – University Neuropsychiatric Institute
  - 04 – University of Utah Research Foundation

Organization ID (OrgID)

- Represents a unit within the University that has responsibility for resources such as: people, space, funding, etc.
- Rollup Structure

Fund

- Identifies the source of funds
- Separate funds are established to insure observance of limitations and restrictions placed on the use of resources
- Examples:
  - 1001 – General Fund
  - 2xxx – Designated Funds (sales & service of academic departments or service units)
  - 4xxx – Auxiliary Enterprises (entities servicing students student life)
  - 5000 – Contracts and Grants
  - 6000 - Gifts
Activity

- Identifies differing business activities within the same Fund
- Allows for financial reporting and transaction segregation by each Activity

Project

- Uniquely identifies the various contracts, grants, or construction projects
- Delivered features are unique to other chartfields

Account

- Classifies the nature of a transaction
  - Assets – 1XXXX
  - Liabilities – 2XXXX
  - Fund Balance – 30000
  - Revenues – 4XXXX
  - Expenses:
    - Personal Services – 5XXXX
    - Nonpersonal Services – 60000 – 89999
- The term “Account” does not apply to an entire chartfield string. It is only one element of a chartfield string.
Allowable/Unallowable (A/U)

- Identifies expenses as either allowable or unallowable for purposes of calculating the University’s indirect cost rate (F&A)
- Valid values:
  - 0 – Unallowable
  - 1 – Allowable
- Used only for:
  - Expenses (Account values 50000 – 89999)
  - Business Unit – 01
  - Funds 1001, 2XXX, or 6XXX

Transaction Coding

- Chartfields:
  - Business Unit
  - Org ID
  - Fund
  - Activity
  - Project
  - Account
  - A/U (Allowable/Unallowable)
- Coding Examples:
  - 01-00348-1001-05809--632001
  - 01-00359-5000--58200073-63200
  - 01-00406-70xx-B0001-12345-63200
  - 02-91000----65250
  - 03-91023----65250
  - 04-00344-02-00003--63200

Transaction Coding continued

- Common Mistakes:
  - Wrong Combination
  - Wrong Fund
  - Wrong Org ID
  - Wrong Activity
  - Nonexisting Chartfield
  - Project Closed
  - Activity Closed
  - A/U Usage
  - One-sided Fund Transfers
Accounting Transactions

- Activity/Project Setup
- Accounting Calendar
- Accounting Date
- Accounts Payable
- Deposits
- Journal Entries
  - Journal ID
  - Journal Source
- Campus Orders
- Revenue/Expenses vs. Fund Transfers
- Year-end Transactions (Thermidor)
- Petty Cash

Campus Information System (CIS)

- Financial & Business Services:
  - Reports
  - Transaction Detail Search
- Forms
- Processing
- Resources & Information
- Financial & Business Svs News (FBS News)
Management Reports

- Security
- Balance Sheet
- Summary of Revenues and Expenses
- Funds Available
- Detail Transactions
- Every report must be reviewed every month
  - Indicate reviewed by initialing first page
Questions?