ACCOUNTING AND KUALI FOR NON-ACCOUNTANTS

Presented by:
Campus Services
Campus Services, a financial customer services unit within Business and Financial Services, which partners with the campus community by providing professional, knowledgeable and responsible business and financial solutions.
OVERVIEW

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Accounting Principles and Governing Bodies
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ACCOUNTING OVERVIEW
The objective of accounting is to provide information to users for decision-making. But, who exactly are these “users of financial statements”? What information do they need?

The users of accounting information include: the owners and investors, management, suppliers, lenders, employees, customers, the government, and the general public.

Accounting is a systematic and comprehensive manner of recording financial transactions.
Governing Principles and Bodies

**GAAP: Generally Accepted Accounting Principles**

- GASB: Governmental Accounting Standards Board
- FASB: Financial Accounting Standards Board

**Revenue Principle:** Revenue is recognized at the point of sale or when the services you provide are complete.

**Expense Principle:** Expense is recognized at the time when goods are received, or services are performed.

**Matching Principle:** Revenue generated and expenses incurred must match within the same fiscal year (FY) (Accrual Accounting).

**Consistency:** Ability to compare reports from one FY to another, using the same assumptions across periods.

**Relevance:** Financial statements are useful and timely.

**Reliability:** Financial statements are verifiable.

**Comparability:** Accounting information can be compared to other colleges and universities.
**Assets:**
- Resources that CSU owns and that provide future economic benefit
  - Prepaid expenses (1740)
  - Receivable (14XX)
  - Inventories (15XX)
  - Equipment (18XX)

**Liabilities:**
- Obligation against CSU's assets for past events
  - Accounts Payable (2101)
  - Unearned Revenue (2590)

**Expenses:**
- Actual costs as the result of ongoing operations
  - Salaries and Fringe (5xxx)
  - Supplies (lab & office) (62xx)
  - Repairs & Maintenance (66xx)

**Revenues:**
- Actual cash or cash equivalent as the result of ongoing operations
  - External Sales (43XX-44XX)
  - Internal Revenues (48XX)
  - Gifts (41xx)
  - Tuition and Fees (43xx)
<table>
<thead>
<tr>
<th>KFS Object Code Classification</th>
<th>Acctg Element Type</th>
<th>Object Code Normal Balance</th>
<th>Object Codes Commonly Used</th>
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<tbody>
<tr>
<td>1XXX</td>
<td>Asset</td>
<td>Debit</td>
<td>Cash (1100)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Receivables (14xx)</td>
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<td>Capital Assets (18xx)</td>
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<tr>
<td>2XXX</td>
<td>Liability</td>
<td>Credit</td>
<td>Accounts Payable (21xx)</td>
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<tr>
<td>3xxx</td>
<td>Beginning Balance</td>
<td>Credit</td>
<td>Beginning Fund Balance (3000)</td>
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<tr>
<td>4XXX 9900 9904</td>
<td>Revenue</td>
<td>Credit</td>
<td>External Revenue (43xx-44xx)</td>
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<td></td>
<td></td>
<td>Internal Revenue (48xx-49xx)</td>
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<td></td>
<td></td>
<td></td>
<td>Transfer Income (9900, 9904-Plant)</td>
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<tr>
<td>5XXX – 6XXX 7xxx-8xxx 9902, 9905</td>
<td>Expense</td>
<td>Debit</td>
<td>Salary &amp; Fringe (5xxx)</td>
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<td></td>
<td></td>
<td>General Supplies (62xx)</td>
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<td></td>
<td>General Services (66xx)</td>
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<td>COGS, Equipment (7xxx-8xxx)</td>
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<tr>
<td></td>
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<td>Transfer Expense (9902, 9905-Plant)</td>
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</tbody>
</table>
Debits and Credits – The Balancing Act

Debits and Credits represent the two sides of each transaction in a double entry accounting system.

Must be at least one Debit (D) and one Credit (C) in every transaction to keep the accounting equation in balance.

In Kuali, most documents show a “FROM” and “TO” rather than a “Debit” or “Credit” to make it easier for non-accountant users.
BASICS OF KUALI “FROM/TO” ACCOUNTING

FROM ➔ WILL DECREASE ANY ACCOUNT/OBJECT CODE

TO ➔ WILL INCREASE ANY ACCOUNT/OBJECT CODE

What is the “key” to knowing if a FROM or TO will be a Debit or a Credit?

Determined by the Normal Balance of Account Type (Object Code Type)
BASICS OF KUALI “FROM/TO” ACCOUNTING

ASSETS
Increase an Asset ➔ Debit or To
Decrease an Asset ➔ Credit or From

LIABILITIES
Increase a Liability ➔ Credit or To
Decrease a Liability ➔ Debit or From

REVENUES
Increase a Revenue ➔ Credit or To
Decrease a Revenue ➔ Debit or From

EXPENSES
Increase an Expense ➔ Debit or To
Decrease an Expense ➔ Credit or From
KUALI “FROM/TO” EXAMPLE #1

An expense was incorrectly charged to the wrong expense object code 6225. To correct the object code, we need to enter the following:

FROM: Decrease the expense from the wrong object code (OC 6225)
TO: Increase the expense to the correct object code (OC 6601)
KUALI “FROM/TO” EXAMPLE #2

Receipts from customers were deposited (Credited) into an expense object code (OC 6201) that should have been recorded as revenue (OC 4380). To correct the error we need to enter the following:

**TO:** Increase (Debit) the expense to remove the credits (OC 6201)

**TO:** Increase (Credit) the revenue to the correct object code (OC 4380)
ACCRUAL ACCOUNTING
TWO ACCOUNTING METHODS

Cash

Cash (i.e. Personal Bank Account):
Income is recorded when cash/check is received. Expenses are recorded when the vendor is paid.

Accrual

Accrual (Governments, Higher Ed, Businesses):
Income is recorded when the sale occurs. Expenses are recorded when the goods or services are received (and used).

GASB establishes accounting and financial reporting standards for government units. Governments are required to follow GASB standards; therefore, CSU is required to use the Accrual Accounting method.
Unearned Revenue (Object Code 2590)
- Revenue received in FY22, but earned in FY23
  - Sports/Youth camps paid in advance for next fiscal year
  - Special Course Fees paid in June for summer semester ending in August
  - Football season tickets sold in June

Accruals - Assets
- Service contracts
- Registration Expenses
- Airline tickets for next year’s travel
- Note: This would reduce your current year expense and move the expense to the next fiscal year

Prepaid Expenses (Object Code 1740)
- Service contracts
- Registration Expenses
- Airline tickets for next year’s travel
- Note: This would reduce your current year expense and move the expense to the next fiscal year

Other Receivables (Object Code 1437)
- Lab test work complete for external client, but revenue not received by June 30th
- New Student Orientation attended in June, but money not received until after June 30th

Year-end Payables (Object Code 2103)
- Expense incurred in FY22, but not paid until FY23
  - Travel occurred June 23rd – June 30th, but Travel Reimbursement not issued until July
  - Service Agreement for FY23, not paid until FY22
CSU SUB-FUND TYPES
Activities are assigned to a Fund Groups based on the type of activity involved. Sub-funds further categorize and define the funds based on the type, purpose or source of funds that are found in the account.

Some commonly used sub-funds include:

- **EG Fund** – 13XXXXX: Appropriated funds related to Instruction and Administration.
- **RARSP Fund** – 16XXXXX: Allocations to departments of F&A costs is received in the RARSP fund accounts to encourage and support research and scholarly activities.
- **CONTED & DCESUP Fund** – 12xxxxx: These funds used to account for revenue and expenses related to providing continuing education.
- **RECHAR Funds** – 21xxxxx: The purpose of these funds is to provide internal services to the University. Requires an approved business plan and billing rates.
- **GENOP Funds** – 22xxxxx: The purpose of these funds is to sell goods and services to students, faculty, staff and the external community.
- **SPONPR Funds** – 53xxxxx: The purpose of these funds is to record federal, state and private contracts and grants.
- **Gift Funds** – 64xxxxx: Revenue is limited to gifts and investment income earned on accumulated gifts.
- **Plant Funds** – 77xxxxx: Used for construction related projects on campus. Facilities will be involved whenever 77 accounts are used.
CALCULATING AVAILABLE BALANCES
Budget vs Self Funded (Cash)

**Budget Based Accounts**
- EG (13 Accounts)
- RARSP (16 Accounts)
- CSFS (19 Accounts)
- EXTEN (Some 17 Accounts)
- PVM (Some 14 Accounts)

**Budget Based Accts:** Calculate available balance based off of Budget (e.g. Education and General funds).

Budget – Actual – Encumbrances = Available Balance

**Self-Funded (Cash Based) Accts:** Calculate available balance based off of fund balance.

Assets (1xxx) – Liabilities (2xxx) = Available Balance
Budget Based Accounts: Use Balances by Consolidation

Self-Funded (Cash) Based Accounts: Use Available Balances
Available Balance
*Self funded cash based accounts*

 Displays balances by account and object code.

Calculate balances in Self funded (cash based) accounts one of two ways:

Assets
- Liabilities
Available Balance

**Balance by Consolidation**
*Budget based accounts*

Displays the total income and total expenses in an account, rolled up by a consolidation code.

Calculate the available balance in budget based accounts.

**Beginning Fund Balance**
- Revenues
- Expenses
+ Transfers In
- Transfers Out

**Ending Fund (Available) Balance**

**Budget Amount**
- Actuals Amount
- Encumbrances Amount
Available Balances Example – Can you determine the available balance in self-funded account 2233300?

Available Balance = $53,112.39

Calculate the Available Fund Balance by:

- Beginning FB (3000)  $11,843.04
- Revenues (4XXX)      + 45,000.00
- Expenses (5XXX-9XXX) - 3,730.65

Ending FB                     $53,112.39

Assets (1xxx) = $53,112.39
- Liabilities (2xxx) = $0
Balance By Consolidation Example – Can you determine the available balance in Budget Based account 1322000?

Ending FB (Available) = Total Budget – Total Actuals – Encumbrances

- Budget $255,903.00
- Actuals $92,450.33
- Encumbrances $151,050.00

Ending Available FB $12,402.67

Note that Kuali Cloud shows the Available Balance (KFS doesn’t)
KUALI FINANCIAL SYSTEM
OVERVIEW OF THE KUALI FINANCIAL SYSTEM

DEVELOPED BY AND FOR HIGHER EDUCATION

CONSOLIDATED FINANCIAL SYSTEM

ELECTRONIC ROUTING APPROVAL PROCESS (ROUTE LOG)

BUILT IN CHECKS AND BALANCES THUS REDUCING MISTAKES

CREATE AN AUDIT TRAIL

KUALI (KFS) IS THE SYSTEM OF RECORD
KUALI – THE OVERVIEW

- Home Button
- Bookmarked Favorites
- Action List and Doc Search Buttons
- Side Menu
This is where you will find the Accounting Activity documents.
"Jump To" is an easy way to find an item in Kuali.
Add a document to favorites by hovering over the document found in Activities and click the heart.

Delete a favorite by hovering over the item in the favorites menu and click the “x”.

Add or Delete a favorite by clicking on the Configure Icon and select or deselect the item(s).
• **Action List** is where you will review and approve documents awaiting your approval before finalizing. You can also acknowledge, FYI, or Complete documents that are in the action list.

• Sort by underlined column headers by clicking on them

• Click on Document ID to get into the document for review/approval

• If the “Group Request” column is blank, the document is only in your Action List. If a group is listed, the document is sitting in multiple action lists

Click into “Preferences” to change how your action list looks
Search for a specific document (GEC, DI, PO, etc.) by putting the Document Type in and clicking out of the Document Type field, this will give you more fields to search on.

Search by Initiator, Document ID, or other Field. Filtering by search dates is recommended in order to avoid querying data back to 2010/2011.
COMMON DOCUMENT TYPES TO SEARCH BY

- Account (ACCT)
- Adjustment Voucher (AV)
- Advance Deposit (AD)
- Budget Adjustment (BA)
- Cash Receipts (CR)
- Disbursement Voucher (DV)
- Distribution of Income/Expense (DI)
- General Error Correction (GEC)
- Internal Billing (IB)
- Internal Order (IO)
- Payment Request (PREQ)
- Pre-Encumbrance (PE)
- Purchase Order (PO)
- Transfer of Funds (TF)
- Work Order Authorizations (WOA)
- Travel Authorization (TA)
- Travel Reimbursement (TR)
- Effort Certification (ECD)
- Asset Maintenance (CAMM)
RESPONSIBILITIES AND APPROVALS IN KUALI
3 roles within the Account:

**Fiscal Officer (FO):** Day to day person overseeing activity in the account

**Account Manager (AM):** Confirms financial objectives are met

**Account Supervisor (AS):** High level oversight, must be someone other than Fiscal Officer and Account Manager
Fiscal Officer (FO) Responsibilities

Must ensure the allocation of expenses are appropriate

Ensure funds are spent according to a pre-established budget or need

F.O. must be knowledgeable on the transactions that should hit the account

Monthly Account Reconciliation

A role assigned in Kuali at the account level

Individual, not a group. FO role can be delegated

Most of the entries in Kuali that relate to the account route to FO for approval

Account Supervisor (AS) Responsibilities

Cannot be the Fiscal Officer or Account Manager

Provides leadership role by providing oversight for account management

No approval role in Kuali

Normally dean, department head, business manager, or other senior administrator
DOCUMENT APPROVAL LIMITS

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<td>DIV-XX Approver</td>
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### Organizational (ORG) Approver
**a.k.a. Department Approver**

- Multiple people can be in an ORG group
- Only 1 person in the ORG group needs to approve
- ORG approver is granted via a form
- ORG approver is normally a business manager, department manager, or other senior administrator

### Division (DIV-XX) Approver

- Multiple people can be in a DIV-XX group
- Only 1 person in the DIV-XX group needs to approve the document
- DIV approver access is granted via a form
- DIV approver is typically a dean, department head, or other senior administrator
- Individual can be in both the ORG and DIV–XX roles for smaller departments, but should not be the Fiscal Officer
CAMPUS SERVICES REPRESENTATIVES

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Jocelyn Florez – 491-2801
Thank you for listening!
Any questions?