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.
ACCOUNTING OVERVIEW
Definition and Primary Objective of Accounting

Accounting - A systematic and comprehensive manner of recording financial transactions

Accounting provides financial information to users to support decision-making

Users include BOG, leadership, investors/lenders, suppliers, grantors, students & families, state & federal governments, employees and general public
Revenue Principle: Revenue is recognized at the point of sale or when the services are complete

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

Matching Principle: Revenue generated & expenses incurred must match in 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
ACCOUNTING ELEMENTS
### Accounting Elements:

#### Assets:
Resources that CSU owns and that provide future economic benefit
- Claim on Cash (OC1100)
- Prepaid expenses (OC1740)
- Receivables (OC14XX)
- Inventories (OC15XX)
- Equipment (OC18XX)

#### Liabilities:
Obligations against CSU’s assets
- Accounts Payable (OC2101)
- Year End Payable (OC2103)
- Unearned Revenue (OC2590)

#### Expenses:
Actual costs as the result of ongoing operations
- Salaries and Fringe (OC5XXX)
- Supplies (lab & office) (OC62XX)
- Services – Repairs, maintenance, other (OC66XX)

#### Revenue:
Actual income as the result of ongoing operations
- External Revenue (OC43XX-44XX)
- Internal Revenue (OC48XX)
- Gifts (OC41XX)
- Tuition and Fee Revenue (OC43XX)
ACCRUAL ACCOUNTING
ACCRUAL ACCOUNTING

Accrual Method

Used by governments, higher ed, private industry and others):
Revenue is recorded when goods are sold or when the service is complete.
Expenses are recorded when the goods or services are received.

Governments are required to follow GASB standards; therefore, CSU is required to use the Accrual Accounting method.
### Prepaid Expenses (OC1740)
- Service contracts purchased for future years
- Registration expense for conference in next fiscal year (FY)
- Airline tickets for travel in next FY
- Note: Recording a Prepaid reduces current year expense and moves the expense to the next fiscal year.

### Unearned Revenue (OC2590)
- Revenue received in FY23, but not earned until FY24
  - 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

### Other Receivables (OC1437)
- Lab tests completed for external client before June 30th but pmt not yet received from client
- Services completed for external client before June 30th but pmt not yet received from client
- Note: When you record a receivable you also increase your revenue

### Year-end Payables (OC2103)
- Expense incurred in FY23, but not paid until FY24
  - Travel occurred June 23rd – June 30th, but Travel Reimbursement not issued until July
  - Services received in FY23 but not paid until FY24
KUALI OBJECT CODES
<table>
<thead>
<tr>
<th>KFS Object Code Classification</th>
<th>Accounting Element Type</th>
<th>Object Code Normal Balance</th>
<th>Object Codes Commonly Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>2XXX Liability Credit Accounts Payable (OC21xx)</td>
<td>Credit</td>
<td>Accounts Payable (OC21xx)</td>
<td></td>
</tr>
<tr>
<td>3xxx Beg. Fund Balance Credit Beginning Fund Balance (OC3000)</td>
<td>Credit</td>
<td>Beginning Fund Balance (OC3000)</td>
<td></td>
</tr>
<tr>
<td>4XXX Revenue Credit External Revenue (OC43xx-44xx) Internal Revenue (OC48xx-49xx) Transfer Income (OC9900, 9904-Plant)</td>
<td>Credit</td>
<td>External Revenue (OC43xx-44xx) Internal Revenue (OC48xx-49xx) Transfer Income (OC9900, 9904-Plant)</td>
<td></td>
</tr>
</tbody>
</table>
DEBITS AND CREDITS / KUALI
“FROM” AND “TO”
Debits and Credits – The Balancing Act

Debits and Credits represent the two sides of each accounting transaction

Must be at least one Debit and one Credit in every transaction for a balanced equation

In Kuali, most documents have “FROM” and “TO” sections rather than showing “Debits” or “Credits”. Kuali did this to make it easier for non-accountant users.
The “key” to knowing if a FROM or TO entry will be a Debit or a Credit, is to know what the Normal Balance is for the Accounting Element Type(s) (Object Code) that you are affecting.
BASICS OF KUALI “FROM/TO” ACCOUNTING

**ASSETS**
- Increase Asset → Debit or “To” entry
- Decrease Asset → Credit or “From” entry

**LIABILITIES**
- Increase a Liability → Credit or “To” entry
- Decrease a Liability → Debit or “From” entry

**REVENUES**
- Increase a Revenue → Credit or “To” entry
- Decrease a Revenue → Debit or “From” entry

**EXPENSES**
- Increase an Expense → Debit or “To” entry
- Decrease an Expense → Credit or “From” entry
An expense was incorrectly charged to the wrong Account. To correct the account, we need to enter a GLT and select the incorrect line(s) to return to the “FROM” section and then do a “Copy All” to create the “TO” section where we correct the Account #

**FROM:** Decreases the expense from the wrong account #2001490  
**TO:** Increases the expense to the correct account #5317039

### ACCOUNTING LINES

**FROM**

<table>
<thead>
<tr>
<th>* CHART</th>
<th>* ACCOUNT</th>
<th>SUB-ACCOUNT</th>
<th>* OBJECT</th>
<th>SUB-OBJECT</th>
<th>PROJECT</th>
<th>ORG REF ID</th>
<th>* AMOUNT</th>
<th>REF ORIGIN CODE</th>
<th>REF NUMBER</th>
<th>LINE DESCRIPTION</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>2001490</td>
<td>6601</td>
<td></td>
<td></td>
<td></td>
<td>1,965.60</td>
<td>01</td>
<td>30535042</td>
<td>MATRIX</td>
<td>DESIGN GROUP</td>
<td>HIDE DETAILS</td>
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<tr>
<td></td>
<td></td>
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<td></td>
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<td></td>
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</table>

**TO**

<table>
<thead>
<tr>
<th>* CHART</th>
<th>* ACCOUNT</th>
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<tr>
<td>CO</td>
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</tr>
</tbody>
</table>

**TOTAL:** 1,965.60
An expense was incorrectly charged to the wrong account. To correct the account # we created a GLT:

FROM: Decrease the expense from the incorrect account #2001490

TO: Increase the expense to the correct account #5317039

CHECK GL PENDING ENTRIES TAB ON THE GLT BEFORE YOU SUBMIT

This tab shows that Acct 2001490 OC6601 will be credited “C” in last column and Acct 5317039 OC6601 will be debited “D”

Your entry will decrease the expense on account #2001490 and increase the expense on account #5317039
CHECK GENERAL LEDGER BALANCE TO MAKE SURE THE GLT DOES WHAT YOU NEED IT TO DO

1. Open the General Ledger Balance screen and input the Account #2001490 and OC6601
   - Do not select “Include Pending Ledger Entry” “All” button & click search – Look at the balance
   - Select “Include Pending Ledger Entry” “All” & click search – Did the balance decrease by the amount of the GLT? YES!

Repeat both steps to check Acct #5317039 OC6601 – Did the GLT increase the expense on Acct #5317039 OC6601? YES!
We need to do a Final Revenue Distribution to charge expense to Acct 1204100 OC6601 and to give revenue to Accts 1262700 & 1264000 in OC4800. All lines will be in the TO section of the DI.

**TO:** Increase (debit) the expense on Acct 1204100 OC6601 $33,024.20

**TO:** Increase (credit) the revenue on Acct 1262700 OC4800 $25,538.92

**TO:** Increase (credit) the revenue on Acct 1264000 OC4800 $7,458.28
KUALI “FROM/TO” EXAMPLE #2 - CONTINUED

CHECK GENERAL LEDGER BALANCE TO MAKE SURE THE DI DOES WHAT YOU NEED IT TO DO

Did the DI: Increase (debit) the expense on Acct 1204100 OC6601 $33,024.20? Yes!
Increase (credit) the revenue on Acct 1262700 OC4800 $25,538.92? Yes!
Increase (credit) the revenue on Acct 1264000 OC4800 $7,458.28?

Search Results

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Object Code</th>
<th>Sub-Object Code</th>
<th>Balance Type Code</th>
<th>Object Type Code</th>
<th>Beginning Balance Line Amount</th>
<th>Beginning Cumulative Balance Amount</th>
<th>Account Line Annual Balance Amount</th>
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<tr>
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<td>1204100</td>
<td><em>ALL</em></td>
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<td>1262700</td>
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<td>AG</td>
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<td>25,538.92</td>
<td>25,538.92</td>
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<tr>
<td>2023</td>
<td>CO</td>
<td>1264000</td>
<td><em>ALL</em></td>
<td>4000</td>
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<td>AG</td>
<td></td>
<td>7,458.28</td>
<td>7,458.28</td>
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</tr>
</tbody>
</table>

Include Pending Ledger Entry: No

Search Results

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<tr>
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<td><em>ALL</em></td>
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<td></td>
</tr>
</tbody>
</table>

Include Pending Ledger Entry: No
CSU FUND GROUPS AND SUB-FUNDS
## CSU Sub-Fund Types

Activities are assigned to **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:

<table>
<thead>
<tr>
<th>Sub-Fund</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EG – 13xxxxx</td>
<td>Appropriated funds related to Instruction and Administration.</td>
</tr>
<tr>
<td>RARSP – 16xxxxx</td>
<td>Allocations to departments of F&amp;A costs is received in the RARSP fund accounts to encourage and support research and scholarly activities.</td>
</tr>
<tr>
<td>CONTED &amp; DCESUP – 12xxxxx</td>
<td>These funds used to account for revenue and expenses related to providing continuing education.</td>
</tr>
<tr>
<td>RECHAR – 21xxxxx</td>
<td>The purpose of these funds is to provide internal services to the University. Requires an approved business plan and billing rates.</td>
</tr>
<tr>
<td>GENOP – 22xxxxx</td>
<td>The purpose of these funds is to sell goods and services to students, faculty, staff and the external community.</td>
</tr>
<tr>
<td>SPONPR – 53xxxxx</td>
<td>The purpose of these funds is to record federal, state and private contracts and grants.</td>
</tr>
<tr>
<td>Gift – 64xxxxx</td>
<td>Revenue is limited to gifts and investment income earned on accumulated gifts.</td>
</tr>
<tr>
<td>Plant – 77xxxxx</td>
<td>Used for construction related projects on campus. Facilities will be involved whenever 77 accounts are used.</td>
</tr>
</tbody>
</table>
KUALI FINANCIAL SYSTEM
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
- CREATES AN AUDIT TRAIL

KUALI (KFS) IS THE SYSTEM OF RECORD
This is where you will find the Accounting Activity documents.
“Jump To” is an easy way to find a document or activity if you don’t know which tab it “lives” in. Start typing the name of the document or activity and it will auto populate the list of clickable items.
“MY FAVORITES” FEATURE

To add an item to “Favorites” hover over the item and click the heart icon outline.

If the heart icon is filled in, it is already on your “favorites” list.

Add or Delete a favorite by clicking on the Configure Icon and select or deselect the item(s).

To remove a favorite hover over the item in the “Favorites” section and click the “x” when it appears.

If the heart icon is filled in, it is already on your “favorites” list.

Add or Delete a favorite by clicking on the Configure Icon and select or deselect the item(s).

To remove a favorite hover over the item in the “Favorites” section and click the “x” when it appears.
• List of documents awaiting your action (Approve, Acknowledge, FYI or Complete)
• Click on Document ID # to open the document, review, and take action
• The “Action Requested” column indicates what action you need to take (Approve, Acknowledge, FYI or Complete)
Click the “Doc Search” icon to search for documents in KFS

- Search by Document ID #
- Search by Document Type using the document short name like GLT, DI, PO, PREQ, etc
- Search by Initiator
- If not searching on a Document ID# use Date fields to limit search (avoid long running queries)
• Account - ACCT
• Accrual/Adjustment Voucher - AV
• Advance Deposit - AD
• Budget Adjustment - BA
• Cash Receipts - CR
• Disbursement Voucher - DV
• Distribution of Income/Expense - DI
• General Ledger Transfer - GLT
• Internal Billing - IB

• Internal Order - IO
• Payment Request - PREQ
• Pre-Encumbrance - PE
• Purchase Order - PO
• Transfer of Funds - TF
• Travel Authorization - TA
• Travel Reimbursement - TR
• Effort Certification - ECD
• Asset Maintenance - CAMM
CALCULATING AVAILABLE BALANCE
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 by using the Balances by Consolidation screen

Budget – Actuals – Encumbrances = Available Balance

Cash Based (Self-Funded) Accts: Calculate available using the Available Balances screen

Assets – Liabilities = Available Balance or

Beg Fund Bal + Rev – Exp = Available Balance
Budget-based accounts: Use Balances by Consolidation

Cash-based (Self-Funded) accounts: Use Available Balances
Available Balance
*Cash-based (self funded) accounts*

Displays balances by account and object code.

Calculate balances in Cash-based (Self Funded) accounts one of two ways:

Assets
- Liabilities
Available Balance

OR

Beginning Fund Balance
+ Revenues
- Expenses
+ Transfers In
- Transfers Out
Ending Fund (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 as follows:

Budget Amount
- Actuals Amount
- Encumbrances Amount
Ending Fund (Available) Balance
Available Balances Example – Can you determine the available balance in self-funded account 2233300?

**Calculate the Available Fund Balance by:**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Object Code</th>
<th>Sub-Object Code</th>
<th>Budget Amount</th>
<th>Actuals Amount</th>
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<tbody>
<tr>
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<td>2203002</td>
<td><em>ALL</em></td>
<td>1100</td>
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<td>0.00</td>
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<td>4380</td>
<td><em>ALL</em></td>
<td>90,000.00</td>
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<td>9905</td>
<td><em>ALL</em></td>
<td>0.00</td>
<td>1,714.32</td>
</tr>
</tbody>
</table>

Assets (1xxx) = $53,112.39
- Liabilities (2xxx) = $0

Available Balance = $53,112.39
Balance By Consolidation Example – Can you determine the available balance in Budget Based account 1356570?

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
RESPONSIBILITIES AND APPROVALS
3 roles on each Account

Account Manager (AM):
Confirms financial objectives are met

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

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

- 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
- F.O. must be knowledgeable on the transactions that should hit the account
- Ensure funds are spent according to a pre-established budget or need
- Monthly Account Reconciliation

**Account Supervisor (AS) Responsibilities**

- Cannot be the Fiscal Officer or Account Manager
- Provides leadership role by providing oversight for account management
- Normally dean, department head, business manager, or other senior administrator
- No approval role in Kuali
Higher Approver Levels

Organization (ORG-XXXX) Approver
a.k.a. Department Approver

Multiple people can be in an ORG group

Only 1 person in the ORG-XXXX group needs to approve the document

ORG approval is granted via Application for Signature Authorization 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 Application for Signature Authorization 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
TRANSFER OF FUNDS – THINGS TO KNOW

Fiscal Officer Responsibility on TF Docs before you approve them

- Check Available Balance w/the pending TF
- If account is in deficit – add note about when and how the deficit will be cleared

Attachments – make sure all attachments are correct and match the amount of the TF

“FROM” and “TO” on TF Docs – this works different from other documents

- “FROM” is the account you are taking funds from (Debit to Transfer Expense OC9902 or OC9905)
- “TO” is the account you are moving funds to (Credit Transfer Income OC9900 or OC9904)
- The Transfer OCs have to match up OC9902 with OC9900 and OC9905 with OC9904

Transfer of Funds Matrix – Matrix identifying allowable/dis-allowable transfers between sub-funds
RESOURCES

CSU Financial Rules
CSU FPIs – Financial Procedure Instructions
Object Code Cheat Sheet
Object Code Listing with Definitions
Transfer of Funds Matrix
CAMPUS SERVICES REPRESENTATIVES

Kris King, Manager – 491-6752
Hayley Barnes – 491-7766
Jim McKune – 491-4148
Jocelyn Florez – 491-2801
Thank you for listening!
Any questions?