ACCOUNTING AND KUALI FOR NON-ACCOUNTANTS

Presented by:
Campus Services
CAMPUS SERVICES
OVERVIEW

Accounting Objectives
Kuali Object Code Review
Entering Kuali Documents
Accrual Accounting
CSU Subfunds
Calculating Balances
Reviewing Balances in Kuali
Kuali Overview
Responsibilities and Approvals in Kuali
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 Governing Bodies

- **GASB**: Governmental Accounting Standards Board
- **GAAP**: Generally Accepted Accounting Principles
- **FASB**: Financial Accounting Standards Board

- **Consistency**: ability to compare reports from one fiscal year to another. 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
### MOST COMMON OBJECT CODE CLASSIFICATION

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Type</th>
<th>Normal Balance</th>
<th>Objects commonly used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1XXX</td>
<td>Asset</td>
<td>Debit</td>
<td>Cash (1100)</td>
</tr>
<tr>
<td>2XXX</td>
<td>Liability</td>
<td>Credit</td>
<td>A/P Liability (2100)</td>
</tr>
<tr>
<td>3xxx</td>
<td>Beginning Balance</td>
<td>Credit</td>
<td>3000 Beginning Balance Upload</td>
</tr>
<tr>
<td>4XXX</td>
<td>Revenue</td>
<td>Credit</td>
<td>External Revenue (43xx-44xx)</td>
</tr>
<tr>
<td>9900 9904</td>
<td></td>
<td></td>
<td>Internal Revenue (48xx-49xx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Transfer Income (9900, 9904-Plant)</td>
</tr>
<tr>
<td>5XXX – 6XXX</td>
<td>Expense</td>
<td>Debit</td>
<td>Salary (5xxx), General Supplies (62xx), General Services (66xx)</td>
</tr>
<tr>
<td>7xxx-8xxx</td>
<td></td>
<td></td>
<td>COGS, Equipment (7xxx-8xxx), Transfer Expense (9902, 9905-Plant)</td>
</tr>
</tbody>
</table>
Elements of Accounting:

**Assets:**
Resources that CSU owns and provides future economic benefit.
- Prepaid expenses (1740)
- Receivable (14XX)
- Inventories (15XX)
- Equipment (18XX)

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

**Expenses:**
Actual costs as the result of ongoing operations
- Salaries and Fringe benefits
- Lab and office supplies
- Repairs and Maintenance

**Revenues:**
Actual cash or cash equivalent as the result of ongoing operations
- External Sales (43XX-44XX)
- Gifts
- Tuition and Fees
Debits and Credits

Represents the two sides of each transaction in a double entry accounting system.

There 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 indicate “FROM” and “TO” for non-accountant users.
BASICS OF FROM/TO ACCOUNTING

**INCREASE** ANY ACCOUNT/OBJECT CODE (**TO**)

**DECREASE** ANY ACCOUNT/OBJECT CODE (**FROM**)

<table>
<thead>
<tr>
<th>Account type</th>
<th>Normal Balance</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>Debit</td>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>Expense</td>
<td>Debit</td>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>Liability</td>
<td>Credit</td>
<td>Credit</td>
<td>Debit</td>
</tr>
<tr>
<td>Revenue/Income</td>
<td>Credit</td>
<td>Credit</td>
<td>Debit</td>
</tr>
</tbody>
</table>
BASICS OF FROM/TO ACCOUNTING

- **Assets:**
  - Increase an Asset (debit) (To)
  - Decrease an Asset (credit) (From)
- **Liabilities:**
  - Increase a Liability (credit) (To)
  - Decrease a Liability (debit) (From)
- **Revenues:**
  - Increase revenue (credit) (To)
  - Decrease revenue (debit) (From)
- **Expenses:**
  - Increase an Expense (debit) (To)
  - Decrease an Expense (credit) (From)
An expense was incorrectly charged to the wrong expense object code.

- From: Decrease the expense from the wrong object code (6225)
- To: Increase the expense to the correct object code (6601)
Receipts from customers were deposited into an expense object code (6201) that should have been recorded as revenue (4380)

- Increase expense (To) – removing credits from an expense object code
- Increase revenue (To) – since an expense was booked to revenue it originally appears as a negative. By increasing the revenue it makes the net effect $0.00.
ACCRUAL ACCOUNTING

2 Accounting Methods

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

Accrual (i.e. Governments):
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. Since governments are required to follow GASB standards, CSU is required to use the **Accrual Accounting** method.
**Unearned Revenue** (Object Code 2590)
- Revenue received in FY20, but earned in FY21
- 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

**Year-end Payables** (Object Code 2103)
- Expense incurred in FY20, but not paid until FY21
- Travel occurred June 23rd – June 30th, but Travel Reimbursement not issued until July
- Service Agreement for FY20, not paid until FY21

**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

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Activities are assigned to funds based on the type of activity involved. Sub-fund further categorizes funds which defines the type, purpose or source of funds that are found in the account.

**4 Main Fund Types:**

- Unrestricted Appropriated Funds (ex. EG-13, RARSP-16)
- Unrestricted Funds & Auxiliary Funds (ex. AUX-26)
- Restricted Funds (ex. SPONSR-53)
- Plant Funds (ex. PLANT-77)

### Some commonly used sub-funds:

- **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.
- **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.
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**: calculate balance based off of budget (e.g. Education and General funds).

Budget – Actual – Encumbrances=Available Balance

**Self Funded Accounts**
- GENOP (22 Accounts)
- DCESUP (12 Accounts)
- CONTED (12 Accounts)
- ONLPL (12 Accounts)
- AUX (26 Accounts)
- ATHLET (26 Accounts)

**Self-Funded (Cash Based)**: calculated 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 Balances

Self funded accounts

Display balances, per account, per object code.

Calculate balances in Self funded (non-budget based) accounts.

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 Balance
- Encumbrances
Available Balance

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

To calculate the ending fund balance = Assets (1xxx) - Liabilities (2xxx)

Object code 1100 = $14,349.39
(Minus) Object code 2XXX = $0

Ending Fund balance = $14,439.39

You can also calculate the Fund Balance by taking: Beginning balance(3000) + Revenues (4XXX) - Expenses(5XXX-9XXX) = Ending Fund Balance

OR
Balance By Consolidation Example – Can you determine the available balance in Budget Based account 1322000?

Balance Available = Total Budget Amount – Total Actuals Amount – Encumbrance

Budget Amount = $1,560,914
(Minus) Actuals Amount = $460,688.08
Minus Encumbrance Amount = $424,318.18

Balance Available = $675,907.74
WHEN TO USE A BA DOCUMENT?

- When moving budget from one account to another account within the same subfund or to other state appropriated accounts (Income Stream Functionality)
- When moving budget from one object code to another object code within the same account
- When moving budget from one account to a sub-account
- When moving expense spending authority (current budget) from one account into an account created after the fiscal year begins (i.e. Cost share accounts)
THINGS TO REMEMBER

- Preferred method is to use **budget pool** object codes on a budget adjustment
- Accounts used are within the same sub-fund or to another state appropriated sub fund
- Document must net to zero
- All documents require attachments in PDF format
- If there is **insufficient** balance available, **including pending entries**, a note is required in the notes and attachments section explaining how the deficit will be covered
- Additional Capabilities:
  - Income Stream Functionality
  - Transfer of Funds Matrix
Colorado State University
Allowable Transfers of Funds between Sub Funds Matrix

<table>
<thead>
<tr>
<th>TO</th>
<th>Fund Group A</th>
<th>Fund Group B</th>
<th>Fund Group C</th>
<th>Fund Group D</th>
<th>Endowment Fund</th>
<th>Capital Projects</th>
<th>Reserve Fund</th>
<th>Capital Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriated Funding</td>
<td>PFM</td>
<td>CSU</td>
<td>CSU</td>
<td>CSU</td>
<td>RASF</td>
<td>COURSE</td>
<td>ENDOW</td>
<td></td>
</tr>
<tr>
<td>Auxiliary &amp; Self-Funding Activities</td>
<td>PFM</td>
<td>CSU</td>
<td>CSU</td>
<td>CSU</td>
<td>RASF</td>
<td>COURSE</td>
<td>ENDOW</td>
<td></td>
</tr>
<tr>
<td>Restricted Funding</td>
<td>PFM</td>
<td>CSU</td>
<td>CSU</td>
<td>CSU</td>
<td>RASF</td>
<td>COURSE</td>
<td>ENDOW</td>
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</tr>
<tr>
<td>Student Loans</td>
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<td>CSU</td>
<td>CSU</td>
<td>CSU</td>
<td>RASF</td>
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<td>ENDOW</td>
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<tr>
<td>Endowment Fund</td>
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<td>CSU</td>
<td>CSU</td>
<td>RASF</td>
<td>COURSE</td>
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<td>Capital Projects</td>
<td>PFM</td>
<td>CSU</td>
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<td>CSU</td>
<td>RASF</td>
<td>COURSE</td>
<td>ENDOW</td>
<td></td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>PFM</td>
<td>CSU</td>
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<td>COURSE</td>
<td>ENDOW</td>
<td></td>
</tr>
</tbody>
</table>

Any exceptions to this matrix must be formally requested by department(s) with detailed justification. Each request must be reviewed on a case-by-case basis by both Business & Financial Services and Office of Budgets to determine if allowable.

Reference: PFI 3-1 or Business & Financial Services website for detailed information for each Fund Group/Sub Fund.

PFI 3-1

Matrix purpose:
- Allows transfer of funds documents. Departments have the ability to initiate action via EPS or PDM document without Business & Financial Services Campus or Office of Budgets preapproval.
- BA-15 Indicate a Budget Adjustment (BA) document will need to be processed and the associated Income Stream (IS) entry will automatically be made.
- Unauthorized transfers if not approved.
- Submits of SubFunds that are allowed on an exceptional basis as noted.
- Transfers initiated by Office of Sponsored Programs (OSP)

When deficits occur in the REDMAR (21) accounts, these are cleared by transfer of funds (TOF). In cases where these deficits need to be cleared in one of these funds before submitting a TOF document, it must be approved by Campus Services. When approved, attach an approval form to the TOF so that reviewers know it has been approved. All other cases of transfer of funds documents would follow this matrix.

Upon completion of a Conference, Conference Services closes accounts and moves remaining balance to the department/college where the person responsible for the conference resides.

Only 251xxx accounts in the COURSE subfund are allowed to have plant transfers that relate to upgrades to their technology fees. SCP accounts 250xxx-1-2589999 are not allowed to transfer to deplant accounts.
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
- CREATES AN AUDIT TRAIL

KUALI (KFS) IS THE SYSTEM OF RECORD
Become familiar with Side Menu to find needed items in Kuali
“Jump To” is an easy way to find an item in Kuali.
You can add a document to favorites by hovering over the document and clicking the heart.
The favorite is now added to your home page. If this at some point is no longer needed as a favorite, it can be deleted by hovering over the item and deleting it in the favorites menu.

This is another area that can be used to “add favorites”
Action List is where you will go to review and approve documents that are waiting for your approval before finalizing. You can also acknowledge, FYI, or complete documents that are in the action list.
### 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
**DOC SEARCH OPTION**

- Search for a specific document (GEC, DI, PO, etc.) by putting the Document Type in and clicking search, this will give a more detailed search to work with.
- Search by Initiator, Document ID, or filter the search with dates.
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

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**

- F.O. 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
- Most of the entries in Kuali that relate to the account route to FO for approval
- Monthly Account Reconciliation

**Account Supervisor (AS)**

- A role assigned in Kuali at the account level
- Individual, not a group. FO role can be delegated
- 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
Organizational Approver:

- Multiple people can be in an ORG group, but only 1 person needs to approve

- ORG Approver is granted via a form

- Approver is normally a business manager, department manager, or other senior administrator

- Approves the following docs regardless of $ amount:
  - Adjustment/Accrual Vouchers (AAV)
  - Budget Adjustments (BA)
  - Distribution of Income and Expense (DI)
  - General Error Correction (GEC)
  - Encumbrance
  - Transfer of Funds (TF)

- Approves the following docs that are $1,000 or greater:
  - Disbursement Voucher (DV)
  - Internal Billing (IB)
  - Internal Order (IO)
  - Requisition (REQ or PREQ)

Division Approver:

- Multiple people can be in a DIV-XX group, but only 1 person needs to approve

- DIV Approver access is granted via a form

- Typically dean, department head, or other senior administrator
  For small department, individual can be in both the ORG and DIV roles, but should not be the fiscal officer

- Approves all transactions over $10,000
DOCUMENT APPROVAL LIMITS

<= $1,000
• Fiscal Officer

$1,000.01 - $9,999.99
• Fiscal Officer
• Department (organization-ORG)

>= $10,000
• Fiscal Officer
• Department (organization-ORG)
• Dean/VP (Division-DIV)

Document Types:
AV, BA, DI, GEC, Encumbrance, TF

Document Type: DV, IB, IO, REQ, WOA

Document Types:
AV, BA, DI, GEC, TF, DV, IB, IO, REQ, WOA,
Encumbrance,
Thank you for listening!
Any questions?