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

- Accounting Meaning, and Objectives
- Accounting Principles and Governing Bodies
- Accounting Elements – Assets, Liabilities, Fund Balance, Revenue and Expenses
- Debits and Credits
- Kuali Object Code Review
- Entering Kuali Documents
- Accrual Accounting
- CSU Sub funds
- Calculating Balances
- Reviewing Balances in Kuali
- Kuali Overview
- Responsibilities and Approvals in Kuali
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)
## ACCOUNTING ELEMENTS & KUALI OBJECT CODE CLASSIFICATIONS

<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>
</tr>
</thead>
<tbody>
<tr>
<td>1XXX</td>
<td>Asset</td>
<td>Debit</td>
<td>Cash (1100)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Receivables (14xx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Capital Assets (18xx)</td>
</tr>
<tr>
<td>2XXX</td>
<td>Liability</td>
<td>Credit</td>
<td>Accounts Payable (21xx)</td>
</tr>
<tr>
<td>3xxx</td>
<td>Beginning Balance</td>
<td>Credit</td>
<td>Beginning Fund Balance (3000)</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 7xxx-8xxx 9902, 9905</td>
<td>Expense</td>
<td>Debit</td>
<td>Salary &amp; Fringe (5xxx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General Supplies (62xx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General Services (66xx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>COGS, Equipment (7xxx-8xxx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Transfer Expense (9902, 9905-Plant)</td>
</tr>
</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
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: To **decrease** the expense from the wrong object code (OC 6225)

TO: To **increase** the expense to the correct object code (OC 6601)

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>CO</td>
</tr>
<tr>
<td><strong>1339270</strong></td>
<td><strong>1339270</strong></td>
</tr>
<tr>
<td>6225</td>
<td>6601</td>
</tr>
<tr>
<td><strong>Computer Hardware</strong></td>
<td><strong>General Services</strong></td>
</tr>
<tr>
<td><strong>539.00</strong></td>
<td><strong>539.00</strong></td>
</tr>
<tr>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td>1234567</td>
<td>1234567</td>
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</tbody>
</table>
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:** To increase (Debit) the expense to remove the credits (OC 6201)

**TO:** To increase (Credit) the revenue to the correct object code (OC 4380)
Two 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, 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. 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

**Accruals - Assets**

**Accruals - Liabilities**
- 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

- 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
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).

\[
\text{Budget} - \text{Actual} - \text{Encumbrances} = \text{Available Balance}
\]

**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) Accts:** Calculate available balance based off of fund balance.

\[
\text{Assets (1xxx)} - \text{Liabilities (2xxx)} = \text{Available Balance}
\]
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

**Ending Fund (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)

- Assets (1xxx) = $14,349.39
- Liabilities (2xxx) = $0

Available Balance = $14,349.39

Calculate the Available Fund Balance by:

- Beginning Fund Balance (3000)
- Revenues (4XXX)
- Expenses (5XXX-9XXX)

Ending (Available) Fund Balance
Balance By Consolidation Example – Can you determine the available balance in Budget Based account 1322000?

**Ending Fund (Available) Balance** = **Total Budget** – **Total Actuals** – **Encumbrances**

**Budget** = $1,560,914
- **Actuals** = $460,688.08
- **Encumbrances** = $424,318.18

**Ending Fund Balance** = $675,907.74
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
KUALI – THE OVERVIEW

Home Button

Message of the Day

Bookmarked Favorites

Side Menu

Action List and Document Search Sections
Become familiar with Side Menu to find needed items in Kuali
“Jump To” Search Feature

“Jump To” is an easy way to find an item in Kuali.
If at some point a favorite is no longer needed, it can be deleted by hovering over the item and deleting it in the favorites menu.
• 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 “Doc Search” to look for documents in KFS.

- 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 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:

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

- 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
- 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

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
**DOCUMENT APPROVAL LIMITS**

- **Account Transaction \(\leq \$1,000\)**
  - Fiscal Officer
  - Document Types: AV, BA, DI, GEC, Encumbrance, TF

- **Account Transaction \$1,000.01 - \$9,999.99**
  - Fiscal Officer
  - ORG (Dept) Approver
  - Document Type: DV, IB, IO, REQ, WOA

- **Account Transaction \(\geq \$10,000\)**
  - Fiscal Officer
  - ORG (Dept) Approver
  - DIV-XX Approver
  - Document Types: AV, BA, DI, GEC, TF, DV, IB, IO, REQ, WOA, Encumbrance

<table>
<thead>
<tr>
<th>Action</th>
<th>Requested Of</th>
</tr>
</thead>
<tbody>
<tr>
<td>PENDING</td>
<td>ORG-8045</td>
</tr>
<tr>
<td>APPROVE</td>
<td>DIV-V4</td>
</tr>
</tbody>
</table>
Higher Approver Levels in Kuali

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

Kris King, Manager – 491-6752
Summer Leaming, Representative – 491-2801
Thank you for listening!
Any questions?