Common Accounting Mistakes

PRESENTED BY CAMPUS SERVICES
Campus Services

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

More information can be found under Campus Services located under the Business and Financial Services website.
Overview

Accounting Methods
Common Kuali Document Errors
Account Errors
Object Code Errors
Transfer of Funds Matrix
Other Errors Campus Services Comes Across
Monthly Checklist
Common Mistake #1:

What accounting method should I use?

- **Cash Accounting Method**: Revenue is recognized when cash is received and expenses are recorded when cash is paid.

- **Accrual Accounting Method**: Revenue is recognized when earned and expenses are recognized when incurred.
Cash vs Accrual Accounting:

**ANSWER:** Accrual Accounting!

- **Accrual Accounting**
  - CSU is required to follow Generally Accepted Accounting Principles. GAAP requires accrual accounting.
  - Revenue is recognized when the event occurs
  - Expenses are recognized when incurred
Accrual Accounting Examples:

$1,000 of revenue is received in FY17 that will cover sports/youth camps occurring in FY18. How should this be recorded?

ANSWER:
Entire $1,000 amount should post to the “other unearned revenue” object code 2590. Revenue cannot be recognized until the event occurs. Amount can be moved to revenue object codes as soon as the event occurs.

A 12 month service agreement was entered into covering January 1st 2017 – December 31st 2017. How should this be recorded assuming fiscal year 2017 ends June 30, 2017?

ANSWER:
• 6 months of service agreement expense should be recorded to FY17
• 6 months of the service agreement should be recorded to “other prepaids” object code 1740. This can move to an expense object code once we are in FY18.
Accrual Accounting

Year End Accrual Accounting Tips:

- Reference the accrual accounting training and examples located on the Campus Services website
- Attend Campus Services year-end accrual accounting training
- Consider when the expense has been incurred and when the revenue has been earned to make sure it is posting to the correct fiscal year
- Make sure to record any external receivables you know of for fiscal year end

****Contact your campus services representative if you have any questions!
Common Mistake #2

Why is the Kuali document I submitted not posting how I intended?

- Are you paying attention to your FROM/TO sections?
  - FROM section will DECREASE items
  - TO section will INCREASE items

- View General Ledger Pending Entries (located in the document) after you have saved to see how debits and credits are increasing/decreasing

- If you “save” the document and view the overall account balance within Kuali, you can see how the document balance is changing the account (include “all” pending ledger entries)
Receipts from customers were deposited into an expense object code (6201) but should have been recorded as revenue (4380). Using a GEC document, how should this be corrected?

**ANSWER**

Increase expense (TO) – This will increase expenses (remove expense credits)

Increase revenue (TO) – This will increase revenue
Common Mistake #3

Why do I keep getting questioned on my documents after I submit them?

- Does the account have available funds to cover the expense?
- Are you transferring funds from a 21 account to cover expenses? If so, did you explain within the support how it is in line with the business plan?
- Does the description, explanation, and support attached to the document provide enough information to explain what is being done and why?
- Is the attached support in PDF format? If not, reattach in PDF format.
- Are all necessary forms attached? (ex. Authorized business function form when using object code 6649, etc.)
Characteristics of a “well-documented” document

- Answers the following questions:
  - What are you trying to record?
  - Why are you preparing the entry?

Are the amounts substantiated/documents attached in PDF format?
Does the Account have Available Funds?

Understand what account you are working with!

❖ **Self-funded (cash based) accounts?**

Use “Available Balance” screen and calculate assets (1xxx object codes) less liabilities (2xxx object codes). The below account has $309,894.65 available.

<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>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>00</td>
<td>0292200</td>
<td>#ALL#</td>
<td>1100</td>
<td>#ALL#</td>
<td>0.00</td>
<td>309,589.65</td>
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<tr>
<td>2017</td>
<td>00</td>
<td>0292200</td>
<td>#ALL#</td>
<td>1404</td>
<td>#ALL#</td>
<td>0.00</td>
<td>305.00</td>
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<td>2017</td>
<td>00</td>
<td>0292200</td>
<td>#ALL#</td>
<td>2100</td>
<td>#ALL#</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

❖ **Budget based accounts?**

Use “Balance by Consolidation” screen to look up balance. Factoring in Budget less actuals less encumbrances, the below account has $76,589.81 available.

<table>
<thead>
<tr>
<th>Type</th>
<th>Budget Amount</th>
<th>Actuals Amount</th>
<th>Encumbrance Amount</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Income From Transfers</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Income</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Expense</td>
<td>440,328.00</td>
<td>159,503.16</td>
<td>201,522.63</td>
<td>79,302.21</td>
</tr>
<tr>
<td>Expense From Transfers</td>
<td>0.00</td>
<td>2,712.40</td>
<td>0.00</td>
<td>(2,712.40)</td>
</tr>
<tr>
<td>Total Expense</td>
<td>440,328.00</td>
<td>162,215.56</td>
<td>201,522.63</td>
<td>76,589.81</td>
</tr>
</tbody>
</table>
Does the Account have Available Funds?

How do you tell if the account is self-funded (cash based) or budget based? The majority of the time you can click into the account details to know, but consider unique situations may exist to where you cannot follow the steps below:

Look up the Account and click on account number:

**Click into the account #:**

<table>
<thead>
<tr>
<th>Actions</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Account Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>edit</td>
<td></td>
<td><strong>2600000</strong></td>
<td>Athletics Administrative Account</td>
</tr>
</tbody>
</table>

Once in that screen, click on “SubFund Group Code”

SubFund Group Code: ATHLET - Athletics

The next screen will show you if it is Self-Funded or Budget Based:

- An example of a self-funded account:
  Fund Group Code: B-* Auxiliary + Self Funded

- An example of a budget based account:
  Fund Group Code: A-* Unrestricted Funds
### Does the Account have Available Funds?

In the Sub-Fund Group Lookup search your subfund and the far column says “Spending Authority”

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>return value</td>
<td>AEP</td>
<td>Academic Enrichment Program</td>
<td>G</td>
<td>E</td>
<td>Yes</td>
<td>02</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>AGENCY</td>
<td>Agency Fund</td>
<td>N</td>
<td>C</td>
<td>Yes</td>
<td>03</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>ATHLET</td>
<td>Athletics</td>
<td>N</td>
<td>B</td>
<td>Yes</td>
<td>05</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>AUX</td>
<td>Auxiliaries</td>
<td>N</td>
<td>B</td>
<td>Yes</td>
<td>06</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>BANK</td>
<td>Bank Accounts</td>
<td>N</td>
<td>I</td>
<td>Yes</td>
<td>01</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>BOG</td>
<td>Board of Governors of CSU System</td>
<td>N</td>
<td>A</td>
<td>Yes</td>
<td>07</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>BOGSF</td>
<td>Board of Governors-Self Funded</td>
<td>N</td>
<td>B</td>
<td>Yes</td>
<td>08</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>CAPAUX</td>
<td>Capital Assets, Auxiliary</td>
<td>N</td>
<td>I</td>
<td>Yes</td>
<td>11</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>CAPGEN</td>
<td>Capital Assets, General</td>
<td>N</td>
<td>I</td>
<td>Yes</td>
<td>12</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>CONFER</td>
<td>Conference</td>
<td>G</td>
<td>A</td>
<td>Yes</td>
<td>15</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>CONTED</td>
<td>Continuing Education</td>
<td>N</td>
<td>B</td>
<td>Yes</td>
<td>20</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>COSFA</td>
<td>Student Financial Assistance</td>
<td>N</td>
<td>C</td>
<td>Yes</td>
<td>53</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>COURSE</td>
<td>Student Course Fees</td>
<td>N</td>
<td>A</td>
<td>Yes</td>
<td>52</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>CRAD</td>
<td>Capital Projects, Aux/Debt</td>
<td>G</td>
<td>F</td>
<td>Yes</td>
<td>13</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
<tr>
<td>return value</td>
<td>CPLB</td>
<td>Capital Projects, Long Bill</td>
<td>G</td>
<td>F</td>
<td>Yes</td>
<td>15</td>
<td>Yes</td>
<td>$</td>
<td>320G</td>
<td>Cash</td>
</tr>
</tbody>
</table>
Common Mistake #4

I continuously have to move certain postings off accounts. What are some things I should watch for?

- **Certain expenses are not allowed on 21 accounts unless a rare exception exists. Avoid posting the following items to a 21 account:**
  - Authorized Business Functions (object code 6649)
  - Promotional Items (object code 6205)
  - Advertising & Publicity (object code 6615)
  - Receivables (object codes 1410 and 1415)

- **Alcohol postings can only post to specific accounts:**
  - Alcohol is only allowed on Gift Funds 6430000-6499999 and Auxiliary Funds 2602000-2799999

- **13 (EG) accounts have specific accounts for revenue postings and specific accounts for expense postings**
  - Miscellaneous revenue accounts 1300xxx through 138xxxxx
  - Expense accounts are all other 13xxxxx accounts excluding the 1300xxx through 138xxxxx listed above
  - Make sure revenue is recorded in revenue accounts and expenses are recorded in expense accounts!
Common Mistake #5

I keep getting emails that I need to move revenue from one object code to another due to it being under a specific sub-fund. How can I confirm items are posting correctly going forward so I can avoid the emails?

- **What sub-funds does this affect?**
  - 13 accounts (EG sub-fund)
  - 14 accounts (PVM, PVMSTA sub-funds)

- **What do you need to remember?**
  - Object code 4377 cannot be used on the sub-funds listed above, instead use 4390 – General Merch Sale – Ed Activities
  - Object code 4378 cannot be used on the sub-funds listed above, instead use 4392 – General Sales of Service – Ed Activities
  - Object code 4380 cannot be used on the sub-funds listed above, instead use 4401 – Other Sales and Services – Ed Activities

- **Using the correct object codes helps to ensure line items are reporting correctly on the financial statements!**
I keep getting told I am not allowed to use a Transfer of Funds document to transfer between specific accounts or that I’m using the incorrect object codes on the TF document. What am I doing wrong?

- When possible, use a Distribution of Income and Expense document to detail expenses down to specific object codes! Transfer of funds documents don’t give much detail on what the revenue or expenses relate to.

- When it isn’t possible to complete a Distribution of Income and Expense document, make sure the transfer follows the Transfer of Funds Matrix. If it doesn’t, contact either Campus Services or Budget Office for suggestions.

- For Plant Fund Transfers always use object codes 9904 and 9905. For all other transfers use object codes 9900 and 9902.
# Transfer of Funds Matrix

**Coloardo 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>Fund Group E</th>
<th>Fund Group F</th>
<th>Fund Group G</th>
<th>Fund Group H</th>
<th>Fund Group I</th>
</tr>
</thead>
<tbody>
<tr>
<td>state appropriated</td>
<td>EG</td>
<td>BA-1S</td>
<td>BA-1S</td>
<td>BA-1S</td>
<td>BA-1S</td>
<td></td>
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<tr>
<td>funding</td>
<td>PUM</td>
<td>BA-1S</td>
<td>BA-1S</td>
<td>BA-1S</td>
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<td>ESPA</td>
<td>BA-1S</td>
<td>BA-1S</td>
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<td>EXTEN</td>
<td>BA-1S</td>
<td>BA-1S</td>
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<td>BA-1S</td>
<td>BA-1S</td>
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<td>BA-1S</td>
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<td>BA-1S</td>
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<td>Athlet</td>
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<td>Auxiliary &amp; Self-Funding Activities</td>
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<td>Capital Projects</td>
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<td>Reserve Fund</td>
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<tr>
<td>Capital Assets</td>
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</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 FP 3-1 on Business & Financial Services website for detailed information for each Fund Group/Sub Fund.

**FP 3-1**

- Matrix Purpose
- Allows transfer of funds documents. Departments have the ability to initiate action via a KPS T document without Business & Financial Services campus and office of budget approval.
- Indicated Budget Adjustment (BA) document will need to be processed and the associated income stream (IS) entry will be made.
- Unallowed transfer of funds.
- Subfund of Subfunds that are allowed on an exceptional basis as noted.
- Transfers indicated by Office of Sponsored Programs (OSP). When deficits occur in the OSP, they are cleared by transfer of funds (TOF) in the data of need without being processed. When approved, the TOF document must be approved by Business & Financial Services. When approved, attach the approval email to the TOF so the reviewers know it has been approved. In all other cases, the transfer of funds document would follow this matrix.

Upon completion of a conference, the conference appears in the list of accounts and more remaining balance to the department/college where the person responsible for the conference resides.

Only 259xxx accounts in the COURSE subfund are allowed to have plant transfers that relate to upgrades to their technology fees. SCF accounts 256xxx-259999 are not allowed to transfer a plant account.
What are some other mistakes Campus Services comes across that I should try to avoid?

- Errors when trying to bill customers through an Internal Order document (object code type not allowed)
  - Are your customers truly internal? Factor in that subfunds SLICE, and AGENCY (this includes INTO) account revenue is external to us and you need to complete a Distribution of Income and Expense document instead!

- Reusing an account or changing the accounts overall purpose
  - Make sure there has been at least 2 years of inactivity within the account prior to reusing.

- Employees listed as fiscal officer have since terminated but their role within Kuali hasn’t been updated
  - When an employee terminates make sure to double check all the roles they held within Kuali. If you don’t update these roles the documents may become “stuck” in the terminated employees action list until some kind of action is taken to resolve the problem.
Monthly Review Checklist

How can I remember to check for everything I need to?

- Create a monthly checklist!
  - Include all items you feel need checked in order for everything to be posting correctly
  - This training went over some examples we see, what else do you feel needs added to your checklist?
## Monthly Checklist:

<table>
<thead>
<tr>
<th>Description</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Account Review</td>
<td>no postings to object code 6649</td>
</tr>
<tr>
<td></td>
<td>no postings to object code 6205</td>
</tr>
<tr>
<td></td>
<td>no postings to object code 6615</td>
</tr>
<tr>
<td></td>
<td>no postings to receivable object codes 1410</td>
</tr>
<tr>
<td></td>
<td>no postings to receivable object codes 1415</td>
</tr>
<tr>
<td></td>
<td>21 account balance in line with goal of break-even</td>
</tr>
</tbody>
</table>
| Alcohol Postings          | Object code 6650 is posting to approved account ranges (6430000-6499999 or 2602000-2799999) |}
| 13 Misc. Revenue Review   | No expense postings to Misc. Revenue accounts                        |
| 13 Expense Account Review | No revenue postings to 13 expense accounts                            |
| Object Code Review        | No object code corrections needed                                     |
| Credit Card Clearing      | Monthly credit card clearing document completed                       |
| Continuation Account      | Continuation account has been reviewed and all postings moved off of account |
| Terminated Employees      | Access has been removed and all roles the terminated employee held within KFS has been updated to a current employee |
| Fiscal Officer Account Review | All deficits have been reviewed and have a goal in place to cover deficits |
Questions?

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