



Controller's Office

Fund Accounting

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November 2010

FUND ACCOUNTING

Agenda

- Definitions
- Objectives
- Fund Groups
- Chart of Accounts
- Approval Queues
- Encumbrances/Expenditures
- Account Reconciliation
- Internal Control

WHAT IS FUND ACCOUNTING?

A method of segregating resources into categories (i.e., funds), to identify both the source of funds and the use of funds.

Each fund is a separate entity with a self-balancing set of accounts consisting of assets, liabilities, fund balances, revenue and expenditure accounts.

OBJECTIVES OF FUND ACCOUNTING

- Demonstrating accountability and stewardship
- Determining financial condition
- Planning and budgeting

FUND GROUPS

- Educational and General Funds
- Designated Funds
- Auxiliary Funds
- Restricted Funds
- Endowment Funds
- Plant Funds
- Loan Funds
- Agency Funds

EDUCATIONAL AND GENERAL FUNDS

These funds include revenue from:

- State appropriations
- Special items
- Statutory tuition
- Tuition differentials
- and other income held in the state treasury.

EDUCATIONAL AND GENERAL FUNDS

The funds are used to fund the **instructional operations** of the university. This includes:

- General administrative and institutional expenses
- Faculty salaries
- Departmental operating expense
- Instructional administration
- Library
- Organized activities such as ranch operations
- Student services
- Campus security
- Staff benefits
- Plant operations

Fund numbers include 0010, 0018, and 0090

EDUCATIONAL AND GENERAL FUNDS

HEAF funds are also considered E&G funds. They are provided to universities in accordance with Article VII, Section 17(a) of the Texas Constitution.

They are appropriated for the following purposes:

- Acquisition of land
- Constructing and equipping buildings or other permanent improvements
- Major repair or rehabilitation of buildings or permanent improvements
- Acquisition of capital equipment, library books and materials

HEAF fund numbers are 0075 and 4400.

EDUCATIONAL AND GENERAL FUNDS

HEAF funds **may not** be used for buildings or permanent improvements used exclusively for:

- Student housing
- Intercollegiate athletics
- Other Auxiliary enterprises

They **may** be used for facilities or capital equipment used jointly for education and general and auxiliary purposes to the extent of their use for educational and general activities.

EDUCATIONAL AND GENERAL FUNDS

Capital or tangible assets purchased with HEAF funds have a minimum per item amount of \$250. Purchases below this amount may be made from available maintenance and operations budgets.

DESIGNATED FUNDS

Designated funds include Tuition B or Designated tuition, incidental fees, and gifts received by the University which have no limitation or restrictions place on them by external agencies or donors.

Designated funds also account for activities such as indirect costs, extended studies, workshops, international programs, and sales of certain products or services.

DESIGNATED FUNDS

Fund 0100 - Designated Tuition

Fund 0101 – Instructional Enhancement

Fund 0103 through 0199 – Incidental or other fees

Fund 0200 through 0700 – Unrestricted gifts/private funds

Fund 0740 through 0991 – Other

A complete list of fund numbers is provided with your handouts.

AUXILIARY ENTERPRISE FUNDS

These funds include activities which are separate and apart from the regularly scheduled academic functions of the institution and directly benefit students.

They include the student service fee, athletic fee, recreation sports fee, parking, Ram Page, university center fee, medical services fee, residence life, food service, bookstore, camps and conferences, and program office.

These funds should be spent in support of the auxiliary function for which they are collected.

Fund range is 1200 through 1330.

RESTRICTED FUNDS

Restricted funds include funds available for financing operations but are limited by donors or external agencies to specific programs, purposes, or departments. They include federal, state and private grants and gift funds.

Fund numbers include 2000 through 2999.

CURRENT FUNDS

These four fund groups, E&G, Designated, Auxiliary, and Restricted funds are all considered current funds. This means they are expendable for operating purposes in support of the institution's mission and are expected to be expended in the near term.

ENDOWMENT & SIMILAR FUNDS

This fund group is used to record donations to the University which require that the principal is invested and only the interest income is expendable. Interest income earned on these funds is typically returned to the campus and expended in the current funds group.

Fund numbers are 3000 through 3500.

PLANT FUNDS

The plant fund group is used to record acquisition of assets, replacement of assets, pay off debt, and record the investment in assets (equity).

There are four subgroups of plant funds:

- Unexpended Plant Funds
- Renewal and Replacement
- Retirement of Indebtedness
- Investment in Plant

Fund numbers are 4000 through 4999.

LOAN FUNDS

Used to record activity on funds available for loans to students.

Examples include:

- Emergency Loans
- Book Loans

Fund numbers 7000 through 7680.

AGENCY FUNDS

Funds held by the University for outside groups who have a close relationship with the University.

These funds should be utilized on campus only for items such as print shop or post office charges.

Fund number 9000 and 9850

CHART OF ACCOUNTS

The chart of accounts is a listing of the university's asset, liability, fund balance, revenue and expense numbers.

FOAP – acronym used for the Banner

Fund, **O**rganization, **A**ccount, and **P**rogram

The fund numbers tell us what revenue source is being used, the organization describes the department, the account code is for revenue and expenses, and the program code categorizes the item by element of cost.

CHART OF ACCOUNTS

Paper copies of the chart of accounts are distributed at the beginning of each fiscal year.

We also have the chart of accounts posted on the controller's channel of Ramport. Look for the related links section of our channel and click on Chart of Accounts.

From the controller's channel, you will find the original chart of accounts as of September 1st, an updated chart, and a listing of new accounts added during the fiscal year.

CHART OF ACCOUNTS

Fund = 0115 Distance Education Fee

Organization = 61014 College of Sciences

Account = 7300 Consumables

Program = 4010 Academic Administration

REQUESTING NEW ACCOUNTS

The **New Account Request Form** is located on the administrative forms page under the work life tab in Ramport. You can also link to this form from the Controller's channel, Banner Finance forms.

This form is used to request a new fund, organization, or account number. It should include the purpose for which the new account will be used, the funding source, and if you are requesting a new organization, the names of any full time employees authorized to enter requisitions.

OTHER FORMS

Request for Banner Access form. This form should be completed by the hiring or supervising department when requesting access to Banner. Most individuals requesting Finance access will need budget and/or requisition access.

Change of Account Manager (financial manager) form. This form should be completed by the department or supervising office when a financial manager changes roles or leaves the university. This form initiates the change of financial manager in Banner and also, serves as our notification to update requisition and budget approval queues. See OP 14.02

Both forms can be found on the Administrative forms and the Links to Banner Finance Forms on the controller's channel.

APPROVAL QUEUES

The financial manager has the primary responsibility for approving requisitions in Banner. Each financial manager should have a back up approver in case of absence or illness. The back up approver should be the person listed on the division succession plans prepared at the beginning of each fiscal year.

Financial managers who have only internal or external grants (not a financial manager for another purpose) should contact our office to designate a back up approver.

For internal control purposes, we recommend the backup approver not be the same person who enters the requisitions in Banner.

ENCUMBRANCES

- In managing available resources of the university, we need to recognize future commitments of resources prior to an actual expenditure of funds.
- Encumbrances are used to reflect these commitments in the accounting system and attempt to prevent overspending.

ENCUMBRANCES

- Encumbrances provide documentation of the agreed upon price.
- They provide the vendor with a contract for the goods or services.
- The vendor should not be allowed to begin work prior to the issuance of a purchase order.
- OP 54.04 Purchasing of Goods and Services

EXPENDITURES

- Prompt Payment

The Texas Government Code requires payments for goods and/or services be paid no later than 30 days after the later of receipt of goods/services or receipt of the invoice.

Good /Services will be considered received when they have been accepted as usable by the end user.

Invoices will be considered received when they are received by the university regardless of where the invoice is mailed.

For this reason, **all** invoices should be mailed to the Accounts Payable Office, ASU Station #11034, San Angelo, TX 76909.

EXPENDITURES – DIRECT PAY

The direct payment request should be completed and forwarded to Accounts Payable promptly after the purchase has been made.

Direct payment requests are processed monthly and should be sent to the Accounts Payable office by the third week of the month to be included in that month's reimbursement.

Certain items such as computer hardware and software, travel, memberships, and contracted or 1099 reportable services should be handled through the purchasing office.

EXPENDITURES - REFERENCES

- ASU Policies and Procedures

OP 14.05

Expenditure Payment Policy Pocket Guide

Instructional Enhancement

- State Purchasing Policies and Procedures

<https://fmx.cpa.state.tx.us/fm/pubs/purchase/>

ACCOUNT RECONCILIATION

Account reconciliation is a comparison and reconciliation of the department records to those in Banner. It is highly recommended that each financial manager or their designee reconcile their departmental accounts on a monthly basis.

Financial accountability is the responsibility of all members of the campus community.

ACCOUNT RECONCILIATION

Tools for reconciling your accounts include

- Your departmental records including beginning budget, encumbrances, expenditures, and balance.
- Banner report FGRODTA or Banner self service account information
- Account reconciliation worksheet

Reconciliations should be reviewed by the financial manager on a regular basis.

Any errors should be reported to the controller's office.

INTERNAL CONTROLS

Internal control is an integral part of any organization's financial and business policies and procedures.

Internal controls consists of all the measures taken by the organization for the purpose of:

- Protecting resources against waste, fraud, and inefficiency
- Ensuring accuracy and reliability in accounting and operating data
- Securing compliance with organization policies
- Evaluating the level of performance of all units of the organization

INTERNAL CONTROLS

People at every level of an organization are responsible for achieving internal control.

At Angelo State University, administrative officials at the department level are principally responsible for internal control within their department.

CONTACT INFORMATION

Controller's Office

Phone: 942-2014

Fax: 942-2522

Accounts Payable

Phone: 942-2270

Fax: 942-2747

Student Accounts

Phone: 942-2008

Fax: 942-2701

QUESTIONS

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