FINANCIALTRANSACTIONSANDGENERALLEDGERPROCESSES

TABLE OF CONTENTS - CHAPTER 7

FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES

I. CHAPTER 7 – FINANCIAL TRANSACTIONS & GENERAL LEDGER PROCESSES

The purpose of this chapter of *The Guide* is to provide information about financial transactions and about the general ledger processes associated with the Finance System at CU Boulder.

II. TYPES OF FINANCIAL TRANSACTIONS

A transaction is the basic unit of input to the Finance System and consists of:
- The receipt or disbursement of cash **or**
- Any other financial activity within the university.

The major categories below describe how university transactions are grouped.

A. Cash Receipts

Cash is received and recorded by campus departments and deposited with the CU Boulder Office of Cash Management (OCM) in Regent Hall. OCM, in turn, deposits the cash to the university's bank accounts.

B. Cash Disbursements

Cash is paid out for payroll, purchases of supplies and services, financial aid, and other items as a means of achieving the goals of the university.

C. Actual Journal Entries

All transactions are fed as journals to the Actuals Ledger within the Finance System. Journals are used to do the following. This list is not all-inclusive:
- Make corrections to previously-recorded transactions
- Record cash transfers
- Enter accruals such as accounts receivable and revenue
- Record allowance for bad debt and bad debt expense
- Expense inventory to cost of goods sold.

D. Budget Transactions

Budget transactions increase or decrease the budget within a FOPPS to reflect a change in appropriation, an adjustment in revenue or expense projections, a transfer of resources, or the creation of a new program or project.

Every transaction has an impact on the monthly financial statements. These statements must be reviewed and reconciled regularly to verify that
- transaction amounts are recorded accurately *and*
- transactions are recorded in the correct FOPPS-Account combination.

III. GENERAL LEDGER PROCESSES

Many administrative processes are associated with the Finance System. Some of these processes are offline, while others involve online data entry.

A. ChartField Request

To request a new ChartField or to make additions or changes to an existing ChartField, use the appropriate ChartField Request from the OUC Forms page:

- ChartField Request: Account
  To request additions or changes (modification, inactivation, or reactivation) to Accounts.
- ChartField Request: Organization
  To request additions or changes (modification, inactivation, or reactivation) to Organizations.
- ChartField Request: Projects
  To request additions or changes (modification, inactivation, or reactivation) to Projects.
- ChartField Request – SpeedType Fiscal Staff (Boulder doesn't use this)
  To request additions, deletions, or modifications of SpeedType Fiscal Staff, send an email to Accounting@Colorado.EDU and include the SpeedType, employee name, and position number. Requests that involve sponsored projects should use the SPA Fiscal Staff Request form.
- ChartField Request – SpeedType, Program, Subclass
  To request additions or changes (modification or reactivation) to SpeedTypes, Programs, and/or Subclasses. (Not used for Fund 34 requests.) To inactivate a SpeedType, send an email to Accounting@Colorado.EDU – no need to use the form.

> Note that the submission of a form is a **request. Do Not Use** the new ChartField until you receive an email notification from CCO that the ChartField has been created or changed.

B. Journal Source Request

A three-character field, called a journal source, identifies all journal entries posted to the Finance System and indicates where the journal originated. Proposals to add a new journal source or to modify an existing journal source involve completing a **Journal Source** form, securing approval for the change from the Boulder Campus Controller's Office, and submitting the request to the Office of University Controller.

The journal source request form is available from the OUC Forms page. Email the completed form to CCO, Accounting@Colorado.EDU. The Campus Controller's Office will review the request and if approved, will route the signed **Journal Source** request form to the Office of University Controller.

FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES

C. Journal Entry – Actual

A Journal Entry (JE) is an accounting term that denotes an *intra*-university transaction. JEs are done online in the Actuals ledger of the Finance System. In addition to online JEs, all campus subsystems, such as the Facilities Management Work Order System or the Mailing Services subsystem, feed transactions to the Finance System as journals. There are three types of accounting (Actual) journal entries within the Finance System: Journal Entry, Standard Journal Entry, and Cash Transfer Journal Entry.
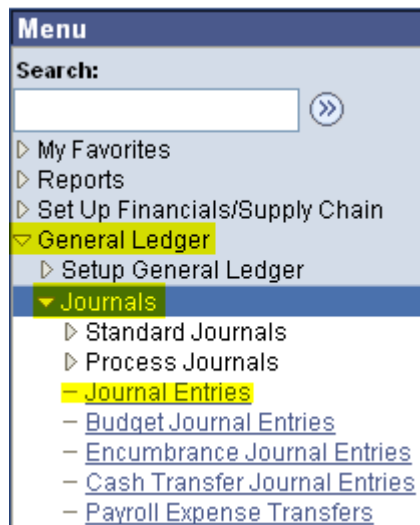
1. Journal Entry

This type of journal entry is used for one of two purposes:

a) To correct an error that occurred in recording an original journal entry to revenue, expense, cash transfer, asset or liability. This type of journal entry is commonly referred to as a **correcting** JE.

b) To adjust a Finance System balance for purposes other than to correct errors. Examples include:
- Accrue accounts receivable and revenue
- Record allowance for bad debts and related bad debt expense
- Expense inventory to cost of goods sold
- Expense prepaid or deferred expenses.

Navigation to the *Journal Entry Pages*

From the Finance System homepage, select
General Ledger
⬇
Journals
⬇
Process Journals
⬇
Journal Entries.

2. Standard Journal Entry

A Standard Journal Entry (SJE) allows the user to perform certain routine monthly financial transactions. A standard journal entry may involve either fixed or prorated amounts. An example of a fixed amount standard journal entry would be when one campus program provides a set amount of financial support, e.g., $100.00 per month, to another campus program. A prorated standard journal entry is referred to as an allocation. An

FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES

example would be the monthly allocation of funds from a central administration FOPPS to a number of direct operating FOPPS on a percentage basis. Creating SJEs is a multi-step process. SJEs have several drawbacks and it is generally better to copy a journal and use it to create future-dated journals that can be processed as needed.

Navigation to the *Standard Journal Entry Pages*

From the Finance System Production homepage, select
General Ledger
⬇
Journals
⬇
**Standard Journals**
⬇
Define Standard Journal Entry.
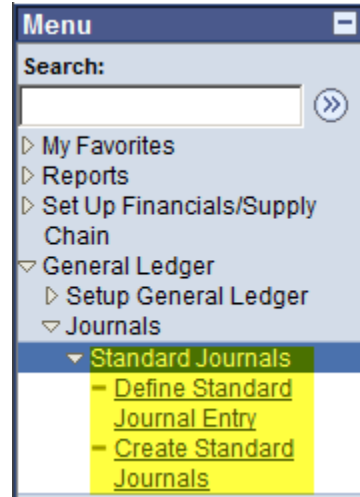
3. Transfers

A Cash Transfer Journal Entry denotes an accounting term that is used to describe a movement of cash from one FOPPS to another FOPPS when no goods and/or services are provided in exchange for the cash. A cash transfer journal entry is typically used to provide financial support for an activity, fund an over-expenditure, or reserve funds for future use. A cash transfer journal entry should not be used to move revenue or expense from one FOPPS to a different FOPPS. Journal Entries involving cash transfers will always use an account within the range 990000-999999.

Navigation to the *Cash Transfer Journal Entry Pages*

From the Finance System Production homepage, select
General Ledger
⬇
Journals
⬇
Process Journals
⬇
Cash Transfer Journal Entries.
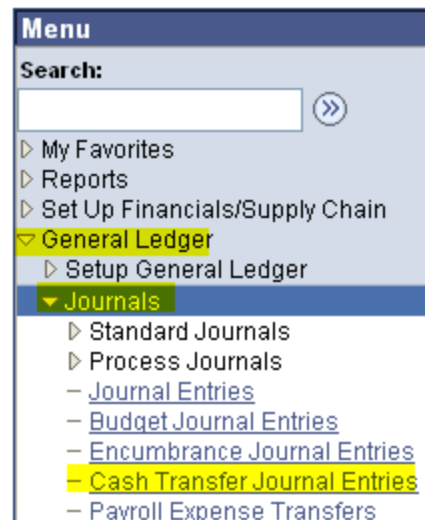
FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES

An **actual** journal entry should *not* be used for the following activities:

1. To record the sale of goods or services between departments. An Interdepartmental Order and Invoice (IN) or procurement card should be used for this type of activity.

2. By departmental personnel to make direct entries to cash accounts (000100-004999) or fund balance accounts (199900-199999). This type of transaction is restricted to the System level of the university.

3. To affect the budget in general budget accounts. A budget journal entry should be used for this type of transaction.

General Budget Accounts

Revenue

200000	Revenue General Budget
200100	Appropriations
202000	Contributions from State
205000	Student Tuition
220000	Student Fees
230000	Investment Revenue
235000	Grants, Contracts and Gifts
240000	Private Gifts, Grants and Contracts
250000	Sales/Services of Educational Activities
280000	Auxiliary Enterprise Revenue
310000	Health Services Revenue
315000	F&A Reimbursements
320000	Rental Income
325000	Miscellaneous Income
355000	Other Fund Additions
380000	Service Center IN Revenue
390000	ID Revenue

Expenditures

400000	Faculty Salaries
402200	Student Faculty Salaries
402500	Officer/Exempt Professional Staff Salaries
405000	Classified Staff Salaries
407500	Student and Other Pay
418400	Faculty Benefits
422500	Officer/Exempt Professional Benefits
425000	Classified Staff Benefits
427500	Student Staff Benefits
450100	Cost of Goods Sold
460000	Operating Expenses
480000	Office Administration

	FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES

482500	Telecommunications
485000	Postal Costs
487500	Printing, Publication and Duplication
490000	Microform, Photography, Graphic Supplies
492500	Subcontracts
495000	Honoraria, Fellowships, Study Subj, Participant Costs
497500	Motor Vehicle Maintenance and Supplies
500000	Information Technology
502500	Rentals - Buildings, Space, Land
507500	Advertising and Publicity
510000	Dues and Memberships
512500	Subscriptions, Books, Periodicals, and Scores
515000	Physical Plant Maintenance and Repair
517500	Custodial and Laundry
520000	Hospitalization Costs
522500	Food Supplies and Services
527500	Instructional Supplies and Services
530000	Laboratory and Technical Shop
532500	Field Research Expense
535000	Medical Supplies and Services
537500	Equipment - Non Capital
540000	Freight, Moving and Storage
542500	Interest, Royalties and Patents
545000	Insurance
547500	Donations and Community Services
550000	Official Functions
552500	Other Operating Expenses
700000	Travel
750000	Utilities
770000	Student Aid
790000	Books, Periodicals (Library)
810000	Fixed Asset Costs
950000	Facilities and Administrative Costs
960000	General Recharges
970000	Other Deductions

Transfers

990000	Mandatory Transfers In
992000	Mandatory Transfers Out
995000	Voluntary Transfers In
997000	Voluntary Transfers Out

A complete list of the accounts in the Finance System can be accessed from the Office of University Controller website. Another option is to use

the Cognos m-Fin Account Tree List report (Public Folders > Finance folder > Look Ups folder) which is selected by account type—revenue, expense, etc.

JOURNAL ENTRIES INVOLVING ANOTHER DEPARTMENT'S FOPPS

When creating a JE that impacts another department's FOPPS, it is important to communicate with that department about the transaction **before** doing the online approval and posting of the JE. The department **initiating** the JE should:

1. Contact the Program Manager or Fiscal Staff contact person for the offset FOPPS *before the JE is prepared* and explain the reason for doing the JE.
2. Once the JE has been approved and posted, notify the Program Manager or Fiscal Staff for the offset FOPPS of the JE Date and Journal ID #.

Failure to follow the steps outlined above may result in confusion on the part of the department with the offset FOPPS. It may also result in a duplicate entry in the event the department with the offset FOPPS also prepares a JE to adjust the same transaction.

D. Payroll Expense Transfer

A Payroll Expense Transfer, (PET), is a dedicated online journal process used to correct a payroll error. The PET process automatically moves the benefits associated with the salary that is being corrected. Most PETs are done in the HRMS.

E. Journal Entry – Budget

A Budget Journal Entry (BJE) is used to submit transactions for entering original budgets or doing subsequent budget adjustments in the Finance System. BJEs are done through the Finance System.

1. Budget Ledger

The budget ledger is divided into four additional ledgers:
- B_INI_CONT
- B_INI_TEMP
- B_CUR_CONT
- B_CUR_TEMP

Use of the INITIAL budget ledgers, B_INI_CONT and B_INI_TEMP is restricted to authorized staff from the Campus Controller's Office (CCO) and Planning, Budget and Analysis (PBA). At the beginning of each fiscal year, PBA records the initial budget for FOPPS within the General, Auxiliary, and Renewal/Replacement Funds using the appropriate INITIAL ledger.

The CURRENT budget ledgers are available to Finance System users having the proper security authorization. The CURRENT ledgers are used throughout the fiscal year for making budget adjustments.

FINANCIALTRANSACTIONSANDGENERALLEDGERPROCESSES

2. Additional Budget Information

More information on Budget Theory and Practice at the University of Colorado at Boulder can be found in Chapter 8 of *The Guide.*

Navigation to the Budget Journal Entry Pages

From the Finance System Production Homepage, Select **General Ledger**
⬇
Journals
⬇
Budget Journal Entries.