

A collage of four images on the left side of the slide: a green lawn with trees, a building with a tower, a classical archway, and a blue sky with clouds.

UNIVERSITY OF ILLINOIS

AT URBANA-CHAMPAIGN



2011 BUSINESS LEADERSHIP CONFERENCE

Top 10 Accounting Mistakes and How to Avoid Them

April 6, 2011

9:00 am – 10:15 am

1:45 pm – 3:00 pm

Workshop Presenters

OBFS-University Accounting & Financial Reporting

- Amy Pendle, Resource & Policy Analyst
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- Jason Bane, Business & Financial Coordinator
– jabane@uillinois.edu 217-333-9243
- John Laroe, Business & Financial Coordinator
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- Roger Wade, Business & Financial Coordinator
– rwade@uillinois.edu 217-333-9138

Please ...

- Turn off cell phones.
- Avoid side conversations.
- Please hold questions until Q & A session.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

Workshop Objectives

- Have fun!
- Improve efficiency by avoiding common accounting errors
- Communicate the general concepts and insight into the impact these mistakes have
- Provide the resources for concept understanding or step-by-step details

Top 10 Accounting Mistakes

6. What difference does a day make?
7. Who cares as long as they get paid!
8. Get with the Program
9. Only in the State of Illinois are you penalized for making too much money
10. Believe that I can see dead people

Top 10 Accounting Mistakes

1. Everything thing we buy is a miscellaneous supply or the money we earn is miscellaneous revenue
2. Money is interchangeable, isn't it?
3. It's 10 o'clock. Do you know where your CFOP is?
4. University equipment, No it's mine!
5. Encumbrances

#10 “I see dead people”

- Contact people are inaccurate
 - Banner GLDC & Finance Manager
 - Property Contacts
- Impact
 - Access to finance or equipment information
 - Fact Sheet
- Solutions
 - Communicate staffing changes
 - CFOAPALMAINTENANCE@UILLINOIS.EDU
 - OBFSUAFPROPERTY@UILLINOIS.EDU
 - UAS project : Reviewing Finance Manager/GLDC

Resources

- OBFS » Accounting & Financial Reporting » Reports » FOAPAL Maintenance » [Multiple-Person Information](#) (Financial Manager & GLDC) report
- OBFS » Equipment Management in the Helpful link section [Department Property Contacts Chart 1,7,9](#)
- OBFS » Forms » Equipment Management & Surplus Forms » [Property Accounting Contact Changes](#) (Word)

#9 Too much money?

- State of Illinois defines cash to be retained
(Legislative Audit Commission “University Guidelines 1982”)
- Impact
 - Almost \$2 Million lapsed over last 3 years
- Solutions
 - Match revenue with expenses
 - Regular rate review
 - Fact Sheet—report all payable & deferred income
 - UAS monitors entity balances

Resources

- Job Aids/Training Materials
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting » [Introduction to Self-Supporting Funds](#)
- Who to Ask
 - Linda McCaffrey 217-206-7848 lmcca1@uillinois.edu
 - Roger Fredenhagen 217-333-9138 frednhgn@uillinois.edu
 - Roger Wade 217-333-7156 rwade@uillinois.edu

#8 Get with the Program!

- Program codes indicate purpose of the money
- NACUBO Function Code
 - 1000 Instruction
 - 1100 Research
 - 1200 Public Service
 - 1300 Academic Support
 - 1400 Student Services
 - 1500 Institutional Support
 - 1600 Operation & Maintenance of Plant
 - 1700 Scholarships & Fellowships
 - 2000 Auxiliary Enterprises
 - 3000 Hospitals
 - 4000 Independent Operations
 - 5000 Stores & Services

#8 Get with the Program!

- Impact
 - University Financial Statement & audit consequences
 - Expenses do not appear to match donor intent
- Solutions
 - State, ICR, Self Supporting use Dept. Codes
 - Gift, Grant, Plant, Agency use generic “19”

Resources

- OBFS » Accounting & Financial Reporting » Reports » FOAPAL String Discrepancy » [NACUBO-Fund Type Discrepancy Report](#)
- OBFS » Accounting & Financial Reporting » Reference Materials » NACUBO Function Code
 - [Allowable Fund Type and NACUBO Function Combinations](#)
 - [Banner Program Codes and NACUBO Function Assignment](#)
 - [NACUBO vs. Donor Intent Function document](#)
- Banner form FTMFATA
- <https://online.uif.uillinois.edu>

#7 Who cares as long as they get paid!

- Payroll items will ALWAYS post
 - Terminated FOP segments
 - Labor Redistributions
 - Employee Job Labor Distribution records
 - Overpayment Recapture
 - Pay adjustments old Job Labor Distribution records

UINs posted to Suspense FOP

- 2008: 566
- 2009: 817
- 2010: 678
- 2011: 498 (as of March)

Dept. balance on Suspense FOP

- 2008: 486
- 2009: 596
- 2010: 566
- 2011: 466 (as of March)

#7 Who cares as long as they get paid!

- Impact

- Inaccurate financial data due to “rogue” FOPs
- Overcharge to department

- Original Pay Event +\$5,000 Fund 100010
 - The department accounts for the payroll charges on fund 100010
- Redistribution -\$5,000 Fund 300011
 - +\$5,000 Fund 200250

#7 Who cares as long as they get paid!

- Solutions
 - Use correct effective date for redistributions
 - Understand the redistribution process
 - Know terminated segments prior to processing
 - Banner forms FTVFUND, FTVORGN, FTVPROG
 - Timely updates to Job Labor Distribution records
 - Reconcile Labor Distribution Statements
 - *Specify FOP on pay adjust*
- Who to contact
 - Amy Pendle apendle@uillinois.edu 217-244-3426
 - Nick Unser nicku@uillinois.edu 217-244-6676

Resources

- Job Aids/Training Materials
 - OBFS » Training Center » Job Aids & Training Materials » Payroll & Earnings Training Material » Labor Redistribution »
 - [Performing Labor Redistributions \(PDF\)](#)
 - [Year-End Labor Redistributions \(PDF\)](#)
 - [Labor Redistributions \(PR 130\) \(PDF\)](#)
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting » Retrieving General Ledger Reports » [University Payroll Reports Guide](#)
 - HRPAY00104 Pay Period Labor Distribution View Direct
 - HRPAY00103 Month End Labor Distribution View Direct

#6 What difference does a day make?

- Transactions posting to the wrong fiscal year
 - June 30th FY11 vs July 1st FY12
 - JVs, Labor Redistributions, Travel/Invoice Voucher
 - Transaction Date or Posting Date fields
- Impact
 - Audit and Financial Statement implications
 - Funds no longer available to use
- Solutions
 - Know deadlines & impact of the various date fields
 - Review Preliminary Period 12 statements

Resources

- Who to Contact
 - [Year End Closing/Opening Letter](#) (pdf)
 - Year End Labor Redistributions:
 - Amy Pendle; apendle@uillinois.edu; 217-244-3426
 - Nick Unser; nicku@uillinois.edu; 217-244-6676
- Job Aids/Training Materials
 - OBFS » Accounting & Financial Reporting » [Year-End Procedures](#)
 - OBFS » Accounting & Financial Reporting » Year-End Procedures » [Year-End Deadlines for Labor Redistributions](#)
 - OBFS » Training Center » Job Aids & Training Materials » Payroll & Earnings Training Materials » [Year-End Labor Redistribution](#)

#5 Encumbrances

- Outstanding or incorrect encumbrance balances
 - Payroll
 - Purchase Orders & General Encumbrances roll over
- Open Enc. \$190,465,712 (nearly 10,000) FY10
- Impact
 - False picture of available funds
- Solution
 - Review encumbrances monthly

Resources

- Banner Forms
 - FGIBDST, [FGIENCD](#), [FGIOENC](#), NHIDIST
- Encumbrance Reports
 - FIGLENCUM1 by Organization Code View Direct
 - Personnel Encumbrance Statements View Direct
 - HRPAY00098 Pay Period
 - HRPAY00102 Month End
 - OBFS » Accounting & Financial Reporting » Reports » Encumbrance » [Open Encumbrance Report: Chart 1 \(excel file\)](#)

Resources

- Encumbrance Types / Who to contact
 - I (Indirect Cost) – Grants & Contracts Coordinator/Administrator
 - email: GCOBANNERMAINT@uillinois.edu
 - PR (Payroll) – University Accounting Services
 - email: CFOAPALMAINTENANCE@uillinois.edu
 - P (Purchase Orders)/R (Requisitions) – Purchasing
 - email: SERVICEDESKAITS@uillinois.edu
 - E (General) – Department Initiated

Resources

- Job Aids / Training Material
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting » Retrieving General Ledger Reports »
 - [Encumbrance Statement](#) (PDF)
 - [University Payroll Reports Guide](#) (PDF)
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting »
 - [General Encumbrances](#)
 - [Multiple-Year Labor Encumbering in Banner](#)

#4 “No, it’s mine”

- University equipment (99.99%) is owned by the State of Illinois. We are custodians.
 - Not the Dept. or PI regardless of funding source
- Trade-in equipment records not removed
- Unneeded equipment is retained in the units
- Property Accounting is an after thought
 - \$900 Million UIUC in equipment & collections
 - Equipment >\$100 & useful life > 1 year

#4 “No, it’s mine”

- Impact
 - Equipment leaving with researcher w/o authorization and remains on inventory
 - Inaccurate Facilities & Administration Rate calculations
 - Unneeded equipment could be redistributed
 - Perception of poor internal controls
- Solutions
 - Familiarize yourself with Property Accounting guidelines
 - Develop strong internal procedures & communication

Resources

- OBFS » [Equipment Management](#)
 - [Unit Head Responsibilities](#)
 - [Trade-Ins](#)
 - [Disposal and Redistribution Processes](#)
- Job Aids/Training Materials
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting
 - [Introduction to Property Accounting](#)
 - [FABweb Transfers and Disposals](#)
 - [Equipment Loans and Other Transfers](#)

#3 Monitoring Your C-FOP

- **Stagnant & Misclassified FOP**
 - \$5 Million of Gift, Endowment Income, & Self-Supporting-untouched since FY08
 - Over \$1 Million of Gifts funds in misclassified FOP near end of FY10
 - 1,100 Funds, 200 Orgs, & 726 Program codes unused in FY11
- **Impact**
 - Donor's Intent--unused funds or perception of misused Gift/Endowment Income
 - Excess funds management Fact Sheet required for each existing Self-Supporting
 - Misclassified FOP impact financial decisions
- **Solutions**
 - Understand Donor's intent and appropriate Self-Support fund activity
 - Reconcile monthly
 - Work with UAS to see if you have any stagnant funds

Resources

- Reports
 - OBFS » Accounting & Financial Reporting » Reports » FOAPAL Maintenance » [Unused FOPAL Codes](#)
 - OBFS » Accounting & Financial Reporting » Reports » FOAPAL String Discrepancy [Rogue FOAPAL Report](#)
- Job Aids / Training Material
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting » [Misclassified FOAPAL Reports in EDDIE](#)
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting » Understanding University Financial Statements & the Reconciliation Process » [Finding Balances](#)
- Foundation website <https://online.uif.uillinois.edu>

#2 Money is interchangeable, isn't it?

- Transfers using the wrong method or between inappropriate fund
 - Fund Transfers (lump sum)
 - State or ICR budget transfers → submit a Budget Adjustment Request (BAR) form through the budget office
<http://www.obfs.uillinois.edu/forms/budgeting/>
 - Gift fund transfers → Use a JV
<http://www.obfs.uillinois.edu/cms/one.aspx?portalId=909965&pageId=919404#nmt1>
 - For questions on fund transfers for other types of funds (eg. Self-Supporting) contact UAS

#2 Money is interchangeable, isn't it?

- Expense Transfers (specific expense)
 - Transferring specific expense use Expense account code
 - Use Document Text with original document #
- Impact
 - Over/understating Expenses
- Solution
 - Understand the situation & use appropriate method

Resources

- Allowable Transfers

- Budget transfers between State appropriation or institutional funds
- Expenditures from State appropriation funds to other State appropriation funds
- Expenditures between institutional and gift/endowment income funds
- Expenditures from self-supporting funds to other self-supporting funds
- Expenditures from non-federal grant funds to institutional or gift/endowment income funds
- Expenditures from institutional, self-supporting, or gift/endowment income funds to grant funds, with specific written approval of the sponsor.

#1 We only buy misc. supplies or earn misc. revenue

- **Common Account Code Errors**

- Not properly coding equipment purchases
- Revenue account codes with State, ICR, or gift funds
- Payroll account codes on invoice vouchers or JVs
- Employee reimbursement account codes on P-card transactions
- Vendor payment account codes used to reimbursement employees

- **Impact**

- Equipment not identified, tagged & maintained in property accounting records
- Efficient & effective transmission of transactions for State reimbursement
- Ensures timely posting of transactions
- Accurate financial reporting

- **Solutions**

- Develop more manageable list of account codes for your department

Resources

- OBFS » Accounting & Financial Reporting » [Banner Account Codes](#)
 - Banner Account Codes
 - P-Card Account Code Listing
 - Account Codes for Electronic Equipment
 - Account Codes of Non-Electronic Equipment
- Job Aids/Training material
 - OBFS » Training Center » Job Aids & Training Materials » Accounting & Financial Reporting » [Advanced C-FOAPAL](#)

General UAFR Resources

- <http://www.obfs.uillinois.edu/accounting-financial-reporting/>
 - [Who to Ask](#)
 - [FAQs](#)
 - [Job Aids & Training Materials](#)
 - [Reference Materials](#)
- <http://www.obfs.uillinois.edu/equipment-management/>
 - [Who to Ask](#)
 - [FAQs](#)
 - [Job Aids & Training Materials](#) (sub category Property Accounting)
- UAFR Front Desk 217-333-4568

Question/Answer

- What accounting mistakes do you encounter?
- Any questions?

- Please sign the roster
- Please complete the session evaluations

University Accounting & Financial Reporting

- Amy Pendle
- Jason Bane
- John Laroe
- Roger Wade

Workshop Summary

- Gained insight into Top 10 Accounting Mistakes
- Saw a glimpse of the impact of these mistakes
- Received solutions through job aids and resources to help improve the University's efficiency
- Had fun!