

2012 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

# Accounting FUNdamentals: Doing More With Fewer Mistakes

April 11, 2012 11:00-12:00pm

**UIC** UNIVERSITY OF ILLINOIS  
AT CHICAGO

**UIC**

Lincoln Hall

707 South Morgan Street

# Workshop Presenter(s)

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# Please ...

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

# Workshop Objectives

- Bring awareness to common mistakes that occur in campus business offices
- “Improve the university’s operational efficiency...” Chancellor Allen-Meares’s message
- Communicate the general concepts and insight into the impact these mistakes have
- Provide the resources to help reduce these reoccurring errors

# 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 on Suspense FOP segments

- 2009: 929
- 2010: 790
- 2011: 623
- 2012: 735 (as of March 14)

## Unique Org. codes on Suspense Fund

- 2009: 222
- 2010: 214
- 2011: 189
- 2012: 170 (as of March 14)

# Who cares as long as they get paid!

- Impact
  - Inaccurate financial data due to “rogue” FOPs
  - Overcharge to department
  - Manual corrections on payroll account codes
- 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\*

# Resources

- Who to contact
  - Amy Pendle [apendle@uillinois.edu](mailto:apendle@uillinois.edu) 217-244-3426
  - Nick Unser [nicku@uillinois.edu](mailto:nicku@uillinois.edu) 217-244-6676
- 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

# What difference does a day make?

- Transactions posting to the wrong fiscal year
  - June 30<sup>th</sup> FY12 vs. July 1<sup>st</sup> FY13
  - 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](mailto:apendle@uillinois.edu); 217-244-3426
    - Nick Unser; [nicku@uillinois.edu](mailto: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](#)

# Encumbrances

- Outstanding or incorrect encumbrance balances
  - Payroll
  - Purchase Orders & General Encumbrances roll over
- Payroll Encumbrances
  - Total gross salary encumbrances: \$258,168,868.96
- Open Non-Payroll Encumbrances
  - \$583,839,967.96 (46,724 as March 30, 2012)
  - \$237,761,565.88 (14,932) created in FY11 or earlier and still open
  - \$0 Balance: 21,074

# Encumbrances

- Impact
  - False picture of available funds
- Solution
  - Review encumbrances monthly
  - Send request to close PO and Requisition encumbrance to [servicedesk@uillinois.edu](mailto:servicedesk@uillinois.edu)

# Resources

- Banner Forms
  - FGIBDST, [FGIENCD](#), [FGIOENC](#), NHIDIST
- Encumbrance Reports
  - FIGLENCUM2 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: Charts 2, 4, and 9 \(excel file\)](#)

# Resources

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

# Get with the Program!

- Program codes indicate purpose of the money through 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

# Get with the Program!

- Impact
  - C-FOPs totaling approx. \$3.3 Million with a NACUBO-Fund Type discrepancy as of Spring 2012
  - Gift & Endowment Income funds with expense activity of approximately \$87K and budget balances of approximately \$44K on program codes which do not match the assigned donor intent as of Spring 2012
  - University Financial Statement & audit consequences

# Get with the Program!

- Solutions
  - FZMPROG & Resources on Web – helps ensure program code NACUBO is allowable on the fund type it is used with
  - FZMFUND – shows default program code assigned to specific funds within your unit, if applicable
  - State, ICR, Self Supporting use Dept. Codes
  - Gift, Grant, Plant, Agency use generic “19”
  - Establish default codes for your unique fund codes

# 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>
- [Guide to Banner Default Code and Index Codes](#)

# Monitoring Your C-FOP

- Stagnant & Misclassified FOP
  - Over 300 Gift, Endowment Income, & Self-Supporting Funds with stagnant cash balances since FY09 nearing \$1.9 million
  - Approx. \$1.4 million of Gift & Endowment Income funds in misclassified FOP as of Spring 2012
  - 633 Funds, 118 Organization, 510 Program & 2,871 Index codes **Currently Not in Use** as of Spring 2012

# Monitoring Your C-FOP

- **Impact**

- Donor 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 intent of gift & endowment income funds & purpose of self-supporting funds
- 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>

# Money is interchangeable, isn't it?

- Transfers using the wrong method or between inappropriate funds
  - 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 → process a JV using 417001 account code—see our [FAQ](#) for details
    - For questions on fund transfers for other fund types (ex. Self-Supporting) contact UAS at 217-333-4568

# Money is interchangeable, isn't it?

- Expense Transfers
  - Transfer expenses using applicable account codes
  - Reference original document # in FOATEXT & description field on the JV
- Impact
  - Misrepresenting University Financial Statements
- Solution
  - Understand the situation & use appropriate method

# Resources

- Allowable Transfers

- Budget transfers between State appropriation or institutional funds use [Budget Adjustment Request](#) form & submit to Budget Office
- Expenditures from one State C-FOP to other State C-FOP—use 170 rule code & ensure FY of expenses matches FY of State fund
- Expenditures between institutional and gift/endowment income funds—use 100 rule code & ensure expense is compliant with donor intent
- Expenditures from self-supporting funds to other self-supporting funds—use 100 rule code & ensure expenses are in line with activity that the self-supporting fund was established for
- Expenditures from non-federal grant funds to institutional or gift/endowment income funds—use 100 rule code & ensure compliance with donor intent/grant restrictions
- Expenditures from institutional, self-supporting, or gift/endowment income funds to grant funds, with specific written approval of the sponsor—use 100 rule code & ensure compliance with grant restrictions

# “I see dead people”

- Contact people are inaccurate
  - Banner GLDC & Finance Manager
  - Property Contacts
- Impact
  - Improper notification of finance or equipment information
  - Delays/No responses to Fact Sheet, Biennial Inventory etc...
- Solutions
  - Communicate administration/staffing changes
    - [CFOAPALMAINTENANCE@UILLINOIS.EDU](mailto:CFOAPALMAINTENANCE@UILLINOIS.EDU)
    - Submit Property Accounting Change Request form to [OBFSUAFRPROPERTY@UILLINOIS.EDU](mailto:OBFSUAFRPROPERTY@UILLINOIS.EDU)
    - Review Multiple-Person Information report
  - 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 Links section [Department Property Contacts Chart 2](#)
- OBFS » Forms » Equipment Management & Surplus Forms » [Property Accounting Contact Changes](#) (Word)

# No such thing as too much money?

- State of Illinois defines cash to be retained  
(Legislative Audit Commission “University Guidelines 1982”)
  - Excess funds is a formula that limits amount that can be retained for self-supporting activities
  - Excess is “lapsed” to the Income Fund
  - Performed by campus & Entity code, not by individual Fund code
- Excess Funds Calculation
  - Cash
    - Less—highest month’s expenses
    - Less—deferred revenue and deposits
    - Less—accounts payable
    - Less—accrued payroll
    - Less—obligations paid in grace period
  - Equals—***Excess Funds***

# No such thing as too much money?

- Impact
  - \$2.7 million University-wide lapsed over last 3 years--\$400,000 from Chicago campus
- 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
  - Nick Deitch 312-996-5960 [ndeitch@uillinois.edu](mailto:ndeitch@uillinois.edu)
  - Mark McClellan 312-355-2112 [mmccle1@uillinois.edu](mailto:mmccle1@uillinois.edu)

# We only buy misc. supplies and earn misc. revenue

## • Common Account Code Errors

- Not properly coding equipment purchases
  - 127XXX \$500-\$2,499    161XXX-\$2,500-4,999    163XXX \$5,000+
- 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 reimburse employees
  - 141650, “Conference Reg Fee Vendor Payment”
- Collecting money on a self-supporting fund using expense (1XXXXX) account code instead of revenue (3XXXXX) account code
- ALL revenue recorded as 307900 “Other Sales/Services”
- ALL expenses recorded as 142900 “Other General Services”

# We only buy misc. supplies and earn misc. revenue

- **Impact**

- Equipment acquisitions using incorrect Account codes fail to generate a Fixed Asset Record in FABweb when paid. A JV is required to correct Account code and create the record
- 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**

- Prepare list of operating ledger account codes, and their description, commonly used by your unit
- Distribute list to staff to help minimize inaccurate use of account codes

# 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](#)

# “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
  - \$667 Million (68,500) in equipment & collections
  - Equipment >\$100 & useful life > 1 year

# “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](#)

# Workshop Summary

- Gained insight into common mistakes made by business office staff
- Glimpse of the impact of these mistakes have on productivity
- Received solutions through job aids and resources to help improve the University's efficiency
- Taking steps towards [UIC campus goals](#)

Questions / Concerns?