



2018 Administrative Leadership Conference

Why Does It Matter What Type of Fund or Program Code I Use?



Workshop Presenters

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Please...

- Turn off cell phones
- Avoid side conversations
- Hold questions until the end if possible
- Sign the attendance roster
- Complete the evaluation at the end of the workshop



Workshop Objectives

- Gain an understanding of fund accounting within the University environment
- Become familiar with some of the more common fund types within the University
- Learn what NACUBO functions are and understand why these are such a critical component of the program code segment
- Get tips on how to research your existing fund & program codes, as well as how to request new fund & program codes and how to terminate fund & program codes that are no longer needed



Fund Accounting at the University

- **Fund Accounting – Definition**

- An accounting system used by non-profit and governmental organizations which emphasizes accountability (**not** profitability) to ensure proper stewardship and expenditure of financial resources received in compliance with applicable regulations, guidelines and restrictions associated with the funds received
- Financial resources received are recorded in a collection of different fund types, with each fund type having a different purpose depending on the source of revenue



Fund Accounting at the University

- **Fund Accounting – Definition (cont.)**
 - Segregating these financial resources into separate fund types helps us properly classify and monitor resources appropriated, awarded, contributed, and entrusted to the University
 - Properly classifying and monitoring these financial resources into separate fund types enables us to compile accurate financial statements which help illustrate how the University meets its mission of teaching, research, public service, healthcare, and economic development



Fund Accounting at the University

- **Fund Accounting – Examples of Fund Types**
 - **State** (1000YY – 1800YY, where YY = applicable FY)
 - **Institutional Cost Recovery (ICR)** (200250)
 - **Educational Admin Allowance (EAA)** (20020X)
 - **Royalty** (200258)
 - **Self-Supporting** (3XXXXXX)
 - **Grant** (4XXXXXX – Federal & 5XXXXXX – Non-Federal)
 - **Endowment Income** (61XXXX)
 - **Gift** (62XXXX, 63XXXX)
 - **Plant** (7XXXXXX)
 - **Loan** (8XXXXXX)
 - **Agency** (9XXXXXX)

Understanding the C-FOAP

- **Breakdown of the C-FOAP:**
 - **Chart:**
 - Which chart does the C-FOAP belong to?
 - 1 = UIUC, 2= UIC, **4 = UIS**, 9 = System Offices
 - **Fund:**
 - What is the source of funding?
 - **Organization:**
 - Which college/dept. does the funding belong to?



Understanding the C-FOAP

– Account:

- What is the proper classification of the transaction or asset/liability?
 - For example, what type of expense was incurred? What type of revenue was earned? What type of asset or liability is on the books?

– Program:

- What NACUBO function does the transaction fall under?
 - In other words, how will the transaction be reported on our financial statements and on other various required reports?

Overview of State Funds

Where do State funds come from?

- Primary source is from tuition recorded to the University's Income Fund
- We also receive various appropriations from the State
 - Receive appropriations on a **reimbursement basis** after expenses have been incurred
 - Reimbursements received after we engage in a detailed state clearing vouchering process



Overview of State Funds

How are State funds identified in Banner?

- Examine the “Fund” portion of the C-FOAP
- State funds fall within the fund code range of 1000YY-1800YY
 - The “YY” represents the fiscal year applicable to that particular state fund
 - For example, the primary state fund for FY18 is 100018
- Combine the state fund with your unit’s org & program code combination
 - For example, your primary State C-FOP would be **4-100018-org-program**



Overview of State Funds

What types of expenses are allowed on State funds?

- Expenses must relate to the **applicable appropriation year** which that State fund was established for
- Expenses relating to **prior or future fiscal years are not allowed**
 - However, for **subscriptions, etc. which cross fiscal years** – charge the state fund related to the year which the subscription started (e.g., if subscription ran from April 2018 – April 2019, then you could charge entire cost of subscription to 100018 fund)
- Any type of sales activity is **not** allowed to be recorded to a State fund!

Tips for Properly Managing State Funds

- If You Want to Transfer State Funding to Another Unit....
 - Work with Campus Budget Office to process the expense budget transfer via the [BAR form](#) (Budget Adjustment Request form)
 - Do **not** process funding transfers via JVs on expense account codes!
- Perform Timely Reconciliations, Especially in August!
 - Prior year state fund closes for good on 8/31, so **no** corrections are allowed after that!
- Use Accurate Account Codes on All Expense Transactions
 - Illinois Office of the Comptroller & our compliance auditors look very closely at proper account code usage, especially on State funds



Overview of Self-Supporting Funds

What are Self-Supporting Funds?

- Used for recording revenue and expenses generated from the sale of products or services to University departments, students/faculty/staff, and/or the general public
- Self-supporting funds are managed as business-like operations with the objective of generating sufficient revenue from sales to finance the costs that were required to generate the revenue
- Per LAC Guidelines & State Finance Act, these funds are supposed to operate on roughly a break-even basis and typically should **not** be used to generate supplemental funding



Overview of Self-Supporting Funds

How are Self-Supporting Funds Identified in Banner?

- Self-supporting funds fall within the fund code range of 300000 – 399999
- Self-Supporting Fund Types:
 - **3E** → Sales to other University units
 - **3J** → Sales to students/faculty/staff
 - **3M** → Sales to students/faculty/staff when bond financing is involved in the activities (e.g., bookstores, housing operations, student unions)
 - **3Q** → Sales to customers who are external to the University, such as sales to the general public, sales to other institutions/companies, etc.

Overview of Self-Supporting Funds

- **What type of transactions are allowed on self-supporting funds?**
 - Expenditures are restricted to those necessary to fund the activities that generate the revenue
 - Self-supporting funds cannot be used to pay for expenses unrelated to the revenue generation



Tips for Properly Managing Self-Supporting Funds

- Record all sales to an applicable revenue account code (not as a credit to expense)
- Record purchases of goods for resale to expense account code 187100, “Purchase of Goods for Resale”
- Use FGITBSR in Banner to see the current fund balance of your self-supporting fund
- Ensure a physical inventory is completed to get an accurate physical count of all inventory on hand as of 6/30



Tips for Properly Managing Self-Supporting Funds

- Collect & remit sales tax for all sales when applicable
- Use Fact Sheet Excel Attachment year-round to track & record any deferred revenue, prepaid expenses, etc. as they occur
- Review rates charged to customers on a regular basis
- Complex area – **ALWAYS FEEL FREE TO CALL US WITH ANY QUESTIONS!!**



Overview of Gift Funds

What are Gift Funds?

- Used to record revenue and expenditures related to charitable donations made to the University from individuals, corporations, etc. for a particular unit and/or purpose
- Gifts are voluntary contribution made to the University where the donor receives no bargained-for benefit & requires nothing in exchange beyond an assurance that the intent of the contribution will be honored



Overview of Gift Funds

How are Gift funds identified in Banner?

- Gift funds fall within the fund code range of 620000 – 699999
- Gift funds have a 4M ("Trust - Private Gifts") fund type
- Gift funds use generic default program codes (i.e., program codes starting with a "19nnnn") which should reflect & relate to the donor intent of the gift fund
 - For example, if the gift fund is restricted for scholarships, the default program code should be 191787



Overview of Gift Funds

What types of transactions are allowed on Gift funds?

- Expenses must comply with University policies & guidelines **and** the specified donor intent restrictions associated with the fund
- Refer to UIF Online Database (<http://online.uif.uillinois.edu/>) to see donor intent restrictions on your gift funds
- Fully document the purpose of the expenses on the related IV, P-Card expense, FOATEXT of the JV, etc.
- Use the appropriate expense account code when posting expenses



Tips for Properly Managing Gift Funds

- Know the donor intent restrictions for each gift fund to ensure you know what can and cannot post to the gift fund to ensure donor intent compliance
- If you are ever in a situation where you feel that you can no longer spend the fund in accordance with donor guidelines, work with the UI Foundation to determine next steps
- Make sure gift funds are being spent consistently and that they are not becoming stagnant – not spending gift funds can also be seen as a donor intent violation in some cases



Overview of Agency Funds

What are agency funds?

- Funds held by the University in a purely custodial capacity as a fiscal agent for the owner of the money
- The funds & related activities taking place within the agency funds do **not** belong to the University
- Activities taking place within agency fund **must relate to the University's mission** of teaching, research, public service, healthcare, and economic development



Overview of Agency Funds

What are agency funds? (cont.)

- The University will **not** hold personal funds of individual
- Will only hold funds on behalf of groups of individuals when they have formalized their relationship through bylaws, articles of association, etc.



Overview of Agency Funds

How are agency funds identified in Banner?

- Agency funds fall within the fund code range of 900000 – 999999
- See below for agency fund types:

Fund Type	Nature of Owner/Activity	Typical Status of Fund Owner
9A	Payroll/benefit withholding, sales tax holding, financial aid, other clearing	Governments, charities, health care providers, pension funds
9D	Consortia, University-related organizations	Governments, not-for-profit and for-profit corporations
	Hosted conferences	Not-for-profit and for-profit corporations
	Athletic booster clubs	Not-for-profit corporations
	Academic associations	Unincorporated associations
	Study abroad students	Individuals
9G	Student organizations (includes some staff and similar organizations)	Not-for-profit corporations, unincorporated associations



Overview of Agency Funds

What type of transactions are allowed on agency funds?

- Only revenue & expenses belonging to the external party, including charges for sales tax
 - Agency funds **cannot** benefit from the University's sales tax exemption, so they must pay sales tax on their purchases
- **No** University expenses should post to agency funds



Tips for Properly Managing Agency Funds

- Familiarize yourself with [Section 2 – Agency Funds](#) in OBFS Policies & Procedures
- Familiarize yourself with the new “[Account for Financial Activity of Revenue-Generating Events](#)” policy within Section 13 of OBFS Policy to help determine when revenue-generating events belong in an agency fund
- Do not allow agency fund activities to use the “University of Illinois” name – it should be clear that they are separate from the University
- P-Cards, T-Cards currently not allowed to be used for agency fund purchases



How to Research an Existing Fund Code

- Use **FZMFUND** to find fund info such as:
 - Fund number
 - Fund title
 - Fund type
 - Predecessor code
- Also, use “Options – Personnel Information” to find currently assigned FINMGR & GLDC



How to Research an Existing Fund Code

Fund Code Maintenance Form FZMFUND 8.4 [ui_sghe79_fin80400] (BANPROD) (0NONE)

Chart of Accounts: 4 Active Status Last Activity Date: 29-AUG-2013

Grant:

Proposal:

Fund: 621003 Title: 286 Smith Scholarship

Effective Date: 29-AUG-2013 Termination Date: Next Change Date:

Expenditure End Date:

Fund Type: 4M Trust-Private Gifts Data Entry

Predecessor Fund: 6250 Trust - Private Gifts Non-Hospital Fund Requires Effort Certification

Financial Manager:

Unbilled AR Account:

Revenue Account:

Bank: DA UI Accounts Payable Disbursements Fund Requires Effort Allocation

Cash Receipt Bank Code:

Capitalization Fund Indicator: Cap Different or No Cap

Capitalization Equity Account:

Capitalization Fund:

Multiple Fund Balance Indicator: Fund Type

Restriction Indicator: Temporarily Restricted

Defaults: Organization: 286000 Program: 191787 Activity: Location:



NACUBO Functions

- Define NACUBO functions & explain why they are important
- Explain how NACUBO functions are assigned & where they are found in Banner
- Show where additional NACUBO resources can be found



What are NACUBO Functions?

- **NACUBO = National Association of College & University Business Officers**
- NACUBO established “functions” to create a standard structure for classifying operating activity for reporting purposes
- These “functions” are separate groupings which are used to group similar types of expenditures together into one “function” for reporting purposes
- **These “functions” are assigned to each & every one of your Banner program codes!!**



Examples of Common NACUBO Functions

- Instruction (1000)
- Research (1100)
- Public Service (1200)
- Academic Support (1300)
- Student Services (1400)
- Institutional Support (1500)
- Operation & Maintenance of Plant (1600)
- Scholarships (1787)
- Graduate Student Fellowships (1788)
- Student Prizes/Awards (1789)



NACUBO Function Definitions

- NACUBO also developed broad definitions for each one of these functional categories which includes examples of types of expenses that would fit within that function
- These definitions and examples are sometimes vague and open to interpretation. UAFR strives to interpret these accurately and consistently to ensure comparability across units and to prior years
- See [NACUBO Function Assignment & Banner Program Codes](#) document



Why are NACUBO Functions So Important?

Proper NACUBO assignments are required for various financial and activity related reports:

- Annual Audited Financial Statements
- Reporting to State Comptroller and to major research sponsors
- IPEDS reporting (which is used for benchmarking by higher education institutions and the federal government)
- Assignment of costs in the Activity Reporting System (which is used for reporting to the IBHE and for providing input into State appropriation budgeting)
- Assignment of costs in campus grant cost accounting systems, which are used to allocate costs and determine overhead recovery rates
- Cost sharing on sponsored projects



Why are NACUBO Functions So Important?

- In essence, NACUBO functions create uniformity for financial reporting among higher education institutions, which enables comparability among different institutions and between different years



How are NACUBO Functions Assigned in Banner?

- The Banner program code identifies the NACUBO function of the activity by using the “hierarchy” feature of Banner
- NACUBO functions are identified by viewing a program code’s hierarchy in either **FZMPROG** or **FTIPRGH** in Banner
- Important to ensure accurate NACUBO function is assigned to each program code



FZMPROG Example

Program Code Maintenance Form FZMPROG 8.0 [MC:50.5] (BANPROD) (0NONE)

Chart of Accounts:	4	<input checked="" type="checkbox"/> Active Status	Last Activity Date:	03-JAN-2006
Program:	831012	Program Title:	Eakman Scholarship	
Effective Date:	03-JAN-2006	Termination Date:		Next Change Date:
	<input checked="" type="checkbox"/> Data Entry			
Predecessor Program:	1787	Scholarships nonexchange		



FTIPRGH Example

Program Hierarchy Query FTIPRGH 8.0 (BANPROD) (0NONE)

COA: Program:

Predecessor Program: Scholarships nonexchange

NACUBO Function	<input type="text" value="17"/>	Scholarships and Fellowships
NACUBO Sub-Function	<input type="text" value="1787"/>	Scholarships nonexchange
Program Level 3	<input type="text" value="831012"/>	Eakman Scholarship
Program Level 4	<input type="text"/>	
Program Level 5	<input type="text"/>	



Tips for Properly Managing Program Codes

- Try to ensure program code title properly reflects how the program code will be used along with the applicable NACUBO function name if possible
- Do **NOT** re-use old program codes for new, unrelated activities (need to terminate old program code and request a new one instead)
- State, ICR, self-supporting funds use unique program codes, while other fund types (gift, agency, grant) use generic “19nnnn” program codes
- Be clear & descriptive on request forms when requesting new program codes

NACUBO Resources

- Available in our [UAFR Accounting Reference Materials](#) website (under the “NACUBO Function Codes” bullet)
- [NACUBO Function Assignment & Banner Program Codes](#)
 - Provides detailed analysis and descriptions of NACUBO functions and program code assignments
- [NACUBO Function & Allowable Fund Type Combinations](#)
 - Shows which NACUBO functions are allowed to be used with which fund types

Requests for New Fund & Program Codes

- Requests for new fund & program codes can be submitted via the [FPI Code Request Form](#)
- ****Always be sure to use the latest form located on our [UAFR Forms website!](#)****
- Additional tabs are required to be completed for self-supporting & agency fund requests, so don't forget those!



Requests for New Fund & Program Codes

+1 (217) 378-8800
15:25

- OBFS, Treasury and UOCPRES Websites
- OBFS Policy Manual
- OBFS News Center

Forms

OBFS » Forms » Accounting & Financial Reporting Forms



- About OBFS
- Policies and Procedures
- Who To Ask
- Forms
- News Center
- Training Center
- Jobs

Forms

Accounting & Financial Reporting Forms

- Banner Forms
- Billing & Receivables Forms
- Budgeting Forms
- Business Development Services Forms
- Business Travel Forms
- Card Services
- Cash Handling Forms
- Contracts Forms
- Corporate Credit Cards Forms
- Endowments Forms
- Equipment Management & Surplus Forms

Accounting & Financial Reporting Forms

Banner FOAPAL All Campuses

For requests to edit/update/terminate existing FOAPAL Segments or Index Codes, please submit an email request containing the applicable chart and code numbers to be updated, along with details of the changes you would like made, to cfoapalmaintenance@uillinois.edu.

Helpful Links

- OBFS Accounting & Financial Reporting Site
- FABweb Login

F	Banner Fund, Program, Index Code Request Form [updated: 11/9/17]
	Banner Fund, Program, Index Code Request Form-Example of a Self-Supporting Fund Request [updated: 11/9/17]
	Request to Create a Foundation Gift Fund
O	Banner Organization Code Request Form [updated: 12/18/17]
A	Banner Account Code Request Form [updated: 12/19/17]
P	Program Code (see Banner Fund, Program, Index Code Request Form above)
A	Banner Activity Code Request Form [updated: 12/19/17]
L	Banner Location Code Request Form [updated: 12/15/14]



Requests for New Fund & Program Codes

I. GENERAL INFORMATION

1. Select the applicable Banner chart from the drop-down menu.

2. Select the applicable physical location from the drop-down menu.

3. What is your three digit organization code?

Organization title?

4. Which of the following Banner segment codes do you need established?

Select "Yes" or "No" in each of the following boxes.

Fund?

Program?

Index?

5. Provide a comprehensive narrative describing the activity to be recorded in the requested code(s):

6. Describe in detail the funding source(s) for the requested code(s):

7. Provide a description or examples of the various types of expenses which you anticipate to post to the requested code(s):



Requests for New Fund & Program Codes

II. REQUEST A FUND CODE

1. Select the fund type from the drop-down menu.

For self-supporting and agency fund requests, complete the additional self-supporting or agency fund tabs as well.

2. Suggested full title (without abbreviation):

Ensure your title provides an accurate description of the activity taking place within this fund.

3. Suggested short title (limited to 31 characters):

Ensure your title provides an accurate description of the activity taking place within this fund.

4. Would you like a default organization and/or program code to populate when this fund is keyed into a Banner form?

Defaults are highly recommended to prevent misclassified C-FOP strings.

Default Org - Yes/No?

Requested 6-digit default org code:

Type "New" if the organization code has not yet been established.

Default Program - Yes/No?

Requested 6-digit default program code:

Type "New" if the program code has not yet been established.

5. Assign the Financial Manager (FINMGR) and General Ledger Distribution Contact (GLDC) in the table below.

The blank rows are available for Principal Investigator (PI), Co-PI, or additional GLDC roles, if applicable.

ROLE	UIN	NAME
Financial Manager (FINMGR)		
GL Report Distribution Contact (GLDC)		



Requests for New Fund & Program Codes

III. REQUEST A PROGRAM CODE

1. List the fund(s) that will be used with the new program code:

Type "New" if the fund code has not been established.

2. Suggested title (limited to 35 characters):

Ensure your title provides an accurate description of the activity taking place within this program code.

3. What is the NACUBO function of this program code?

The NACUBO function should be driven by the types of expenses that will be posting to this new program code. For further guidance, see "[Banner Program Codes and NACUBO Function Assignment](#)".

4. Assign the Financial Manager (FINMGR) and General Ledger Distribution Contact (GLDC) in the table below.

The blank rows are available for Principal Investigator (PI), Co-PI, or additional GLDC roles, if applicable.

ROLE	UIN	NAME
Financial Manager (FINMGR)		
GL Report Distribution Contact (GLDC)		



Requests for New Fund & Program Codes

V. SUBMITTED BY

Name:

Phone:

E-Mail:

Date:

Send completed request form as an email attachment to: cfoapalmaintenance@uillinois.edu

If requesting a gift or endowment income fund, send completed form to: NewAccounts@uif.uillinois.edu

For assistance, you may also contact the applicable staff member at: [Who To Ask](#)

Terminating Fund & Program Codes

- If you have a fund or program code which you no longer need, simply send a request to uas@uillinois.edu and ask us to terminate it!
- Do **not** use old fund or program codes for new purposes/new activities
 - Important to terminate old fund/program code and request a new one for new activities
- Note that some fund codes (e.g., 100018, 200250) are used University-wide and would not be terminated



Other Helpful Resources

- ****Banner [Account Codes](#)****
- ****Banner [Account Code Search Application](#)****
- University Accounting [FAQs](#)
- [OBFS Policies & Procedures](#)
 - Section 2, [Agency Funds](#)
 - Section 11, [Gift and Endowments](#)
 - Section 13, [Accounting](#)
 - Section 22, [Self-Support/Revenue Generating](#)
- FOAPAL String [Discrepancy Reports](#):
 - NACUBO-Fund Type Discrepancies & Rogue FOAPALs
- FOAPAL String [Maintenance Reports](#):
 - Unused FOPAL Codes & Lis of FINMGR/GLDC contacts



Workshop Summary

A **BIG THANKS TO YOU** for everything you do to accurately code your transactions which helps ensure proper financial reporting & helps prevent audit findings!

We couldn't do it without you!



Questions?

UAFR “Who to Ask” List