

Financial Management 101

Preparing Administrators for Financial Responsibility

Before class, please write down at least 1 FOP you will be working with.

Chart	Fund	Organization	Program

Table of Contents

FOP codes: Identifying a Budget	1
Fund codes	1
Organization codes	2
Program codes	3
Fund versus Budgets: Farmer Brown	4
FOAP codes: Identifying a Transaction	5
Account Codes	5
Budget Control	6
Encumbering	7
Finance Applications	7
Finance Systems	8
The ABC's of Financial Management ...	9



FOP Codes: Identifying Budget(s)

Chart

A code represents each state agency of Texas Tech in the database:
E- HSC El Paso, H-HSC Lubbock, S-TT System, T – TT University

F = Fund

A cash account, separated and coded according to the purpose of the provider (operations, scholarships, grants, etc). Each fund has a Fund Manager who is accountable to Texas Tech and to the provider to use the funds according to the provider's purpose.

Example

11A006 = Fund Group

11A006 = Fund Category

11A006 = Fund Class

11A006 = In conversation, this is often referred to as the "Fund Class".

11A006 = All six positions identify the specific fund for your budget.

RaiderLink > A&F Work Tools > AFISM "channel" > Resources > FINANCE Filter >

Diagram of Fund Group, Category, and Class (.pdf Format), to see where your fund fits in the Fund Hierarchy

Finance Terms:

Funds 11-14: STATE Funds: Also called Educational and General, Ed & Gen, and E&G

Fiscal Year: Our Fiscal Year starts September 1st because that is when we receive our funding from the state.

Fiscal Month/ Posting Period: Sept = 01, Oct = 02 ... August = 12

Multi-year: Used to define funds that cross fiscal boundaries

Dedicated: Funds that are used for one specific purpose (fund 12)

HEAF: Higher Education Asset Fund: state funds that are used for capital purchases and unforeseen expenses that affect the entire institution

NRUF: National Research University Fund: state funds that are given to the Vice President of Research to distribute to different departments and research projects at Tech

Funds 15-19: LOCAL Funds: funds that are state regulated, yet generated locally through revue streams such as tuition and fees, and distributed throughout many Tech departments

Funds 21-23: Research / Grant Funds: funds that come to Tech through Federal (21), State (22), or Local (23) grants (in this situation, local refers to any grant that is not Federal or State).

Where to find help with your Fund

- *RaiderLink > A&F Work Tools > Finance "channel" > Contact List By Fund Class*
- *RaiderLink > Research Administration > My Grant Specialist*

FOP Codes: Identifying Budget(s)

O = Organization A user of a Fund. It might be a department or office of Texas Tech, or it might identify a budget set up for a specific activity. Each organization has an Organization Manager (also Financial Manager) who is accountable to Texas Tech to use the budget according to its purpose.

Example **B56004** = Division: “B” = “Sr Vice President and Provost”
B560041 = College or Area: “B56” = “College of Engineering”
B56004 = identify the department or budgeted activity (Chemical Engr. Dept.)

TeamApp

RaiderLink > A&F Work Tools > AFISM “channel” > TeamApp

Access to online information is granted by the Level 5 Department Head or the Level 7 Organization Manager

- The Organization Manager enters the eRaider of the employee and follows the instructions to request access for Finance, TechBuy, Human Resources, etc.
- **TEAM App Reports > Financial Profile Access Report** provides reports of organization or individual access (view by your eRaider; choose another eRaider; or clear the eRaider and enter the ORGN code).

Back at the Office: Ask your department which organizations you support; view the Financial Profile for assigned accesses; request access for your duties:

- Shopper – Select items for the shopping cart
- Requestor – Shop and approve POs up to \$5000
- Approver – Shop and Approve up to Budget Limit

Cyber Security

- **Operating Policy 70.40** defines employee responsibility for online usage.
- Confidentiality Agreement

FOP Codes: Identifying Budget(s)

P = Program

Classifies the fund for reporting purposes, starting with the primary objectives of a university Mission Statement: Teaching, Research and Public Service.

RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Program Code Definitions”

Descriptions are based on the National Association of College and University Business Officers Financial Accounting and Reporting Manual:

100	Instruction
200	Research
300	Public
400	Academic Support
500	Student Services
600	Institutional Support
700	Operations and Maintenance
800	Scholarships and Fellowships
900	Unexpended Plant
A10	Auxiliaries
E10	Endowment
G10	Agency Operations
L10	Loan Funds
R10	Retirement of Indebtedness
S10	Service Department Funds

Farmer Brown: Fund versus Budgets

Fund: 16A010

Program: 400

Budgets

Opening Balance: 300,000

Original Budget

Freddy's Farm, B92011

Revenue:	\$ 100,000
5E1 External Sales	\$ 100,000
Total	\$ 100,000

Revenues and Expenses
codified by Budget Pools

Expenditures	\$ 100,000
6A4 Salaries	60,000
7B0 Travel	8,000
7C0 Supplies	19,000
7F1 Repairs	13,000
Total	\$ 100,000

Fund Manager: Mrs. Brown

Larry's Livestock, B92012

Revenue Budget Pool(s)	\$ 100,000
Expense Budget Pool(s)	\$ 100,000

Uncommitted Bal: 75,000

Brown's Operating, B92013

Revenue Budget Pool(s)	\$ 25,000
Expense Budget Pool(s)	\$ 25,000

Back at the Office: Determine if your department has Fund Management as well as Organization Management responsibilities.
Does this affect your job duties and the classes you need?

FOAP Identifies Transactions: What did I spend/buy? What did I receive/deposit?

A = Account The code for a revenue (tuition/fees) that adds to the budget balance or for an expenditure (salary/supplies) that subtracts from the budget balance
Account codes for revenues and expenses are grouped in categories called “Budget Pools.”

7C0001 = Account Type: **7** = “Operating Expense”
General Ledger: What I own, what I owe and the net difference
10-Assets, 20-Liability, 30-Control Accts, 40-Fund Balance
Operating Ledger: Deposits, withdrawals, and budget adjustments:
50-Revenue, 60-Salaries, 70-Operating Expense, 80-Transfers

7C0001 = Budget Pool: **7C0** = “Supplies”
5A0- Tuition 5A1-Fees 6A1-Faculty 6A2-Staff 7B0-Travel in State 7C0 Supplies 7F1-Repairs

7C0001 = FOAP/Account Codes = identify the budget pool and account distribution: **7C0001** = Postage
5A0003: Tuition Nonresident 6A1802: Faculty Tenure Track 6A2006: Salaried Library Staff
7B0051: In-state travel-Lodging 7C0905: Chemicals Lab 7N3051: Lab analysis testing service

For Budget Pools and Account Descriptions: *RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Account Code Descriptions” > DOWNLOAD LATEST VERSION*

To Choose an Account Code:
RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Account Crosswalk”

1. What examples are listed in 7C0001, Postage? _____
2. What account code might you use for paper towels to clean desks? _____
3. 7C0010, Consumables Office, includes what examples? _____
4. 7C0011, Consumables Non-Office, includes what examples? _____
5. Description for 7C0010: _____
6. Description for 7C0011: _____
7. Based on your answers to questions 5-6, would you change your answer to question 2? Y N

Back at the Office:

- Does your department have a list of commonly used Account Codes?
- Be sure to attend the “Account Code Training for Expenditures” class.

For Allowable Expenditures from a fund, use the Expenditure Allowability Matrix
RaiderLink > A&F Work Tools > AFISM > Resources > FINANCE Filter > “Expenditure Allowability Matrix”

Budget Control

To determine whether the Budget has funds to spend, consider **FOAP** versus **FOP** Budget Control:

When an expenditure is entered in the system, budgets are checked to verify funds are available

- Budgets might be checked at the **FOAP** level: Does the **Pool Available** have sufficient funds?
- Budgets might be checked at the **FOP** level: Does the **Total Available** have sufficient funds?

Budget Pools	Original Budget	Budget Adjustment	Modified Budget	Expended	Available
6A4 Salaries	60,000			20,000	40,000
7B0 Travel	8,000				8,000
7C0 Supplies	19,000			14,700	4,300
7F1 Repairs	13,000			5,500	7,500

FOAP Control
checks the
Budget Pool
Available
Balance

FOP Control
checks the
TOTAL
Available
Balance

TOTAL \$100,000 \$ 40,200 \$ 59,800

How do you know whether a budget is under FOAP or FOP control?

FOAP Controlled Funds: 11-16, 19-23, 25, 29, 35-61, 85-97 **FOP Controlled Funds:** 17-18, 24, 28, 31, 81-84

- The RaiderLink Available Budget tab ‘visually displays’ balances according to FOP or FOAP

<u>Budget Pools</u>	<u>Orig. Budget</u>	<u>Expended</u>	<u>Available</u>
6A4 Salaries	60,000	20,000	40,000
7B0 Travel	8,000		8,000
7C0 Supplies	19,000	14,700	4,300
7F1 Repairs	<u>13,000</u>	<u>5,500</u>	<u>7,500</u>
TOTAL	\$ 100,000	\$ 40,200	\$ 59,800

1. Using the budget above, will a Travel PO estimated for \$6,000 submit for processing? Answer

FOAP: If the budget pool available balance is \$_____ can I spend \$6000? Y N

FOP: If the total budget available balance is \$_____ can I spend \$6000? Y N

2. Using the budget above, will a Repair PO estimated for \$8,300 submit for processing? Answer

FOAP: If the budget pool available balance is \$_____ can I spend \$8300? Y N

FOP: If the total budget available balance is \$_____ can I spend \$8300? Y N

Encumbrance/Encumbering

Budget Pools		Original Budget
6A4	Salaries	60,000
7B0	Travel	8,000
7C0	Supplies	19,000
7F1	Repairs	13,000

Encumbrances Commitments	Expended	Available
	20,000	40,000
		8,000
	14,700	4,300
	5,500	7,500

TOTAL \$100,000

\$ 40,200 \$ 59,800

_____ An **Encumbrance**

_____ The funds

_____ The resulting **Available Balance**

A. cannot be spent for other purposes

B. sets aside funds for an upcoming payment

C. is correct for the next decision

Finance Applications

Raiderlink > A&F Work Tools Tab > Finance Channel

Financial Transaction System (FiTS): This application provides procedures for

- Cost Transfers (move expenditures from one FOP to another)
- Intra-institutional Vouchers (IVs – Service departments sales to departmental FOAPs)
- Revenue JVs (move deposit revenues to department FOAPS).

Finance Fund Maintenance: This application provides procedures to create new fund codes.

Finance New FOP: This application provides procedures to

- Create and change new FOP combinations
- Submit Organization Code Requests
- Change Financial Managers.

Finance Systems

Names of Applications and Systems

60's Wage and Salary Expenditure Transactions are entered from:

Electronic Personnel Action Forms (ePAF) – Used to enter employee assignments for payroll processing.

EOPS, Employee One-time Payment System – Used for single payments to employees for occasional duties not associated with their normal assignment.

70's Operating Expenditure Transactions are entered from:

TechBuy – Used to enter Purchase Orders when buying goods and services

Travel System – Used to enter Travel Applications (requests to travel) and Travel Vouchers (completed travel expenses).

Citi-Bank Procurement Card (P-Card) – Credit card used for purchases under \$5,000.

80's Budget Revision and Transfer Transactions are entered from:

Online Budget Revision System – Used to transfer funds to a new FOP (FOP combination must be approved first), and to revise current FOPs; uses Gateway to upload revisions.

Report for Daily Review and Monthly Reconciliation are generated by:

Cognos – A tool for generating reports from information systems such as Banner.

Digital Documents are stored by:

Xtender – Electronic storage and retrieval system

Access to Online Data:

TEAM App – Allows Financial Managers to assign online permissions for job duties

Finance Document IDs and Rules

RaiderLink > A&F Work Tools > AFISM "channel" > Resources > FINANCE Filter >

Document Prefix Identifiers (examples)

31, !	Checks
*, E	Encumbrances
B	Budget Revisions
F	Payroll / Student
G	Grant (SPAR)
I	Invoice
J	Journal Voucher, Intra Institutional Voucher, Cost Transfer
P, R	Purchasing & Contracting
Y, Z	Revenue Journal

Rule Class Codes and Descriptions

The ABC's of Financial Management

Regents' Rules 07.01: Financial Managers and Fund Managers have the fiduciary responsibility of managing activity related to the funds and organizations for which they are assigned, including the activities of assigned delegates.

A - Practice Accountability

- Complete appropriate training
- Know the Allowed Expenses for your FOPs
 - Expenditure Allowability Matrix
- Follow proper accounting guidelines
 - OP Series 62 – Finance and Accounting
- Follow procurement guidelines
 - OP Series 72 – Procurement

B - Maintain Signature Authority

- Organization Manager uses **TEAM App** to request access
 - Manager can assign his own access
 - Request Procurement access
 - Shopper – create a purchase order
 - Requestor – order, approve up to \$5000
 - Approver – order, approve to budget
 - Request HR access (personal, confidential)
 - ePAF Approver
 - Web Time Entry, Web Leave Reporting
 - HR Reporting access
 - Request Budget Prep access
 - View your Financial Profile
- Reports of Assignments granted

Back at the Office:

- Reminders on pages
 - 3 – Granted permission for TechBUY?
 - 5 – FOP and Fund Management?
 - 6 – Account Code Training?
- Use the AFISM Training Checklist to plan your class schedule
- Register for classes in Cornerstone

C- Review Reports Regularly

- Conduct monthly reviews
 - Each month is held open for final entries until the 10th of the following month.
 - FI045 – Monthly Ledger Report
- Review Recent Transactions
 - FI030, FI137 – Encumbrance Transactions
 - FI026- Operating Ledger Transactions
 - FI027 – Balance Sheet Transactions
- Review Balances before transacting
 - **Expenses** cannot exceed **Receipts**
 - Maintain positive Fund/FOP balances
 - RaiderLink “Available Budget” tab
 - FI002 / FI004 – Revenue Expense Budget by FOP
 - FI009 – Changes in Fund Balance
 - FI010 – Balance Sheet

Budget Pools	Encumbrances Commitments	Expended	Available
6A4 Salaries	40,000	20,000	0
7B0 Travel			8,000
7C0 Supplies	300	14,700	4,000
7F1 Repairs		5,500	7,500
TOTAL	\$ 40,300	\$ 40,200	\$ 19,500