ABC's of Higher Education & Transfer Training

University Financial Services & Treasury

Western University OF HEALTH SCIENCES

Overview

- Financial Systems (Software)
- Terms & Definitions
- ABC's of Higher Education
- Fund Transfers
- Budget Transfers

Financial Systems (my.westernu.edu)

Banner - is an administrative software application developed specifically for higher education institutions by ELLUCIAN. Banner maintains student, faculty, course, alumni, financial, financial aid and personnel data.
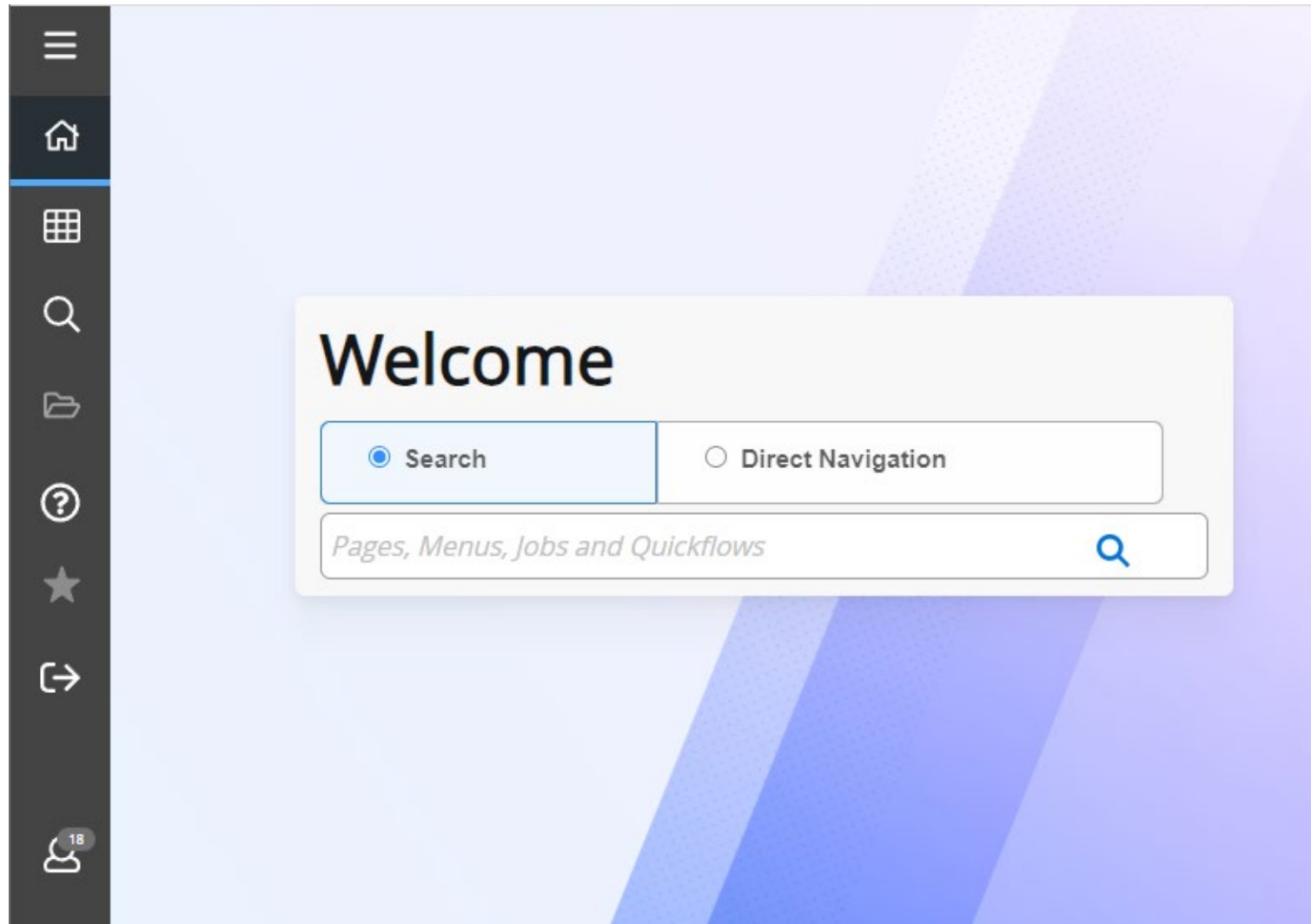
Self-Service Banner - application enables users to use Banner through the convenience, speed, and technology of the internet. The application gives users simplified access to information in your Banner Finance system.

Workday Adaptive Insights – application provides budgeting, forecasting, reporting, and analytics for all your financial planning needs.

Financial Systems

Financial Systems

Banner - is an administrative software application developed specifically for higher education institutions by ELLUCIAN. Banner maintains student, faculty, course, alumni, financial, financial aid and personnel data.

Self-Service Banner - application enables users to use Banner through the convenience, speed, and technology of the internet. The application gives users simplified access to information in your Banner Finance system.

Workday Adaptive Insights – application provides budgeting, forecasting, reporting, and analytics for all your financial planning needs.

Financial Systems

westernu.edu

Financial Systems

Banner - is an administrative software application developed specifically for higher education institutions by ELLUCIAN. Banner maintains student, faculty, course, alumni, financial, financial aid and personnel data.

Self-Service Banner - application enables users to use Banner through the convenience, speed, and technology of the internet. The application gives users simplified access to information in your Banner Finance system.

Workday Adaptive Insights – application provides budgeting, forecasting, reporting, and analytics for all your financial planning needs.

Financial Systems

westernu.edu

Terms & Definitions - FOAPAL

FOAPAL Elements

F: Fund   =   Funding Source

O: Organization   =   Department

A: Account   =   Expense Category

P: Program   =   Functional Classification

A: Activity   =   Special Projects

L: Location   =   Physical Location

FOAPAL is an acronym which stands for the items that make up the University's Chart of Accounts: fund, organization, account, program, activity, and location. Each code within the FOAPAL serves a different purpose.

When Do I need To Use A FOAPAL?

- Processing Budget Transfers
- Processing Fund Transfers
- Processing a Purchase Order
- Reviewing and Approving Invoices
- Credit Card and Travel Reconciliations
- Query Financial Information
- Run Financial Reports

Using the correct FOAPAL ensures that all financial information entered is recorded accurately in Banner.

Basic Example: 1100-7777-71560-10

              Operating Fund - Training Department - Office Supplies - Instruction

              Fund – Organization – Account - Program

Terms & Definitions - Fund Types

Operating Funds (11 Series) funds that reflect revenues, expenses, and indirect allocations involving budgeted resource allocations that are approved by the Board of Trustees through its annual budget approval process. This activity represents approximately ninety five percent of all activities within each of the colleges.

Designated Funds (12 Series) funds that reflect revenues and expenses of activities that are subject to individual college discretionary authority. Unrestricted designated activities such as continuing education seminars, intramural research, startup research, student tuition, non-restricted private gifts for college mission-based activities, student awards, etc. These funds are non-operating funds (i.e., unrestricted funds that are not included in the general operating budget).

Grant and Contract Funds (20-26 Series) funds that reflect revenue and expense activity involving, primarily, sponsored and contractual research grants and awards. These funds are restricted purpose funds and therefore, cannot be used for other discretionary efforts. These funds are reported in accordance with generally accepted accounting principles. For the most part, revenues are recognized when the related expenses are incurred. These revenues do not reflect total grant and/or contract awards that are unspent during the fiscal period or awards that cover multiple fiscal years.

Scholarship and Gift Funds (27-29 Series) funds that reflect revenue and expense activity that are restricted to purposes identified by the donor or entity. These funds also reflect endowment fund earnings that are subject to the WesternU Endowment Spending Policy practices. Most of these funds are used for student scholarships and awards, however, various funds may be restricted to lectureships, endowed faculty expenses, and curriculum development.

Terms & Definitions – Other FOAPAL Elements

Looking up FOAPAL Elements in Self-Service Banner Budget Queries

Account Query Example

Continuing Education	70300
Clinical Ed. Site Development	70301
Faculty Development	70302
Employee Events Including Meals	70304

Program Query Example

Title	Program
Instruction	10
Research	20
Academic Support	30
Student Services	40
Institutional Support	50
Operation and Maintenance of Plant	60
Scholarships and Fellowships	70
Auxiliary Enterprises	80
Other Programs	90

Terms & Definitions - Budget Queries Columns

Adopted Budget - is the approved budget allocation given to a department for the fiscal year, includes permanent budget transfers.

Year to Date – Is the actual revenue and expenditures posted.

Adjusted Budget - is the current budget for an organization / department after permanent and one-time budget transfers are posted.

Encumbrance (PO) - estimated amount of a purchase order posted against an account (s). Encumbrances are cleared as payment for the goods or services is made

Query Results

Account	Account Title	FY24/PD14 Adopted Budget	FY24/PD14 Adjusted Budget	FY24/PD14 Year to Date	FY24/PD14 Encumbrances (PO)	FY24/PD14 Available Balance

Fiscal Period - is a number designating to the month of the fiscal year. For example: 01 is July and 02 is August, and June is 12-14.

Available Balance remaining budget left to spend = adjusted budget +/- year to date +/- Encumbrances

Checking Fund Availability

The budget is the traditional device used to measure managerial and business performance. All anticipated and incurred costs need to be checked against budgeted funds for availability prior to initiating the expense.

Budget is a plan based on estimated revenues and expenditures.

Actuals are the recorded revenues and expenditures at a given point in time.

Encumbrances (POs) are the purchase orders issued by a buyer to a seller, indicating types, quantities, and agreed prices for products.

Budget Variances: Differences between the budget and the actual expenditures.

- Variances can be favorable (i.e., underspending) or unfavorable (i.e., overspending).
- Unfavorable variances require a full explanation in order to identify problems and cost containment opportunities.

Variance Analysis: Items of interest to management within various revenue and expense categories and what are the causes, the effects, and the remedies.

Accounting, Budget, & Cash "ABC"

Pulling It Together or Pulling It Apart.

- Accounting entries are required based on GAAP (generally accepted accounting principles) - many rules; regulations; and compliance.

- Budgeting entries - based on an internal financial model and anticipated financial activity. Usually based on historical trends of accounting, prior budgets, current, and future cashflows.

- Cash - "It is what it is"- driven by actual cash inflow and outflow reflected on the balance sheet at a specific point of time. Unexpected windfalls and shortfalls have an impact on our balance sheet current assets and current liabilities.

ABC's Examples

Accounting:

Revenues and expenses must be recorded when earned. They must be recorded and set aside in a prepaid (asset) or deferred (liability) account.

Examples:

1. Future Fall term tuition revenues generated before June 30, would need to be recorded as deferred revenue.
2. Payment in June 2023 for contract beginning in September 2023 results in a prepaid contract.

Budget:

If budgeted, no effect.

If not budgeted, following possible effects:

- Timing difference between budgeted revenue and when actually earned.

Examples:

1. Future Fall term tuition revenues generated before June 30, creates timing difference if not budgeted to actual
2. Payment in June 2023 for contract beginning in September 2023 results in a prepaid contract, creates timing difference if not budgeted to actual

Cash:

If cash for future revenues is received, it is a liability that must be set aside until earned. If not earned, it must be returned.

Ex: Future Fall term tuition payments received before June 30, must be moved to a liability account until earned.

If cash for future expenditures is given, it is an asset until service is provided.

Ex. Payment in June 2023 for contract beginning in September 2023 results in a prepaid contract, creates cash flow before expense is recognized or budgeted.

Accounting Transactions

Transactions are used to record a business event having a monetary impact on the financial statements of a business.

Examples:

1. Sale in cash to a customer- increase to asset (cash) and decrease in (asset) inventory

2. Sale on credit to a customer-increase to asset (receivable) and increase to revenue

3. Purchase fixed assets- decrease to asset (cash) and increase to asset (equipment)

4. Record depreciation of a fixed asset over time- decrease to value of an asset and increase to expenses

5. Invest in marketable securities- decrease in asset (cash) and increase in asset (investments)

Based on rules and regulations from NACUBO (National Association of Colleges and University Bursity Business Officers) and GAAP (Generally Accepted Accounting Principles):

- Every accounting transaction results in a balanced accounting equation: debits must equal credits.

- Requires additional entries to match revenue and expenses:

  ➢ Deferred revenue- future earnings

  ➢ Prepaid Expenses- future expenses

  ➢ Liabilities- deposits, refunds

HAPPINESS
DEBITS=CREDITS

Form Review - Fund Transfer

Western University of Health Sciences
Transfer Request

TO: Accounting Department

FROM: _____

                Financial Manager

Submitted Date: _____

Transaction Date:_____

Type of Transfer: _____Fund   ____Org ____Account ___Activity

Fund transfers are required to move funds between funds utilizing the same account number.

Expense transfers are required to move actual year to date expenses between funds and/or organizations utilizing the same account number. _ Requires screenshot of YTD

Org transfers are required to move funds between organizations utilizing the same account number.

Account transfers are required to move expenses from one account number to another. (Accounts must start with same number (5- revenue; 6- salary & benefits; 7-

Program transfers are required to move expenses from one account number to another. (Accounts must start with same number (5- revenue; 6- salary & benefits; 7-

Justification for fund transfers/reclass: _____

_____

Please provide a Banner snapshot of the transcations being transferred or support for the request.
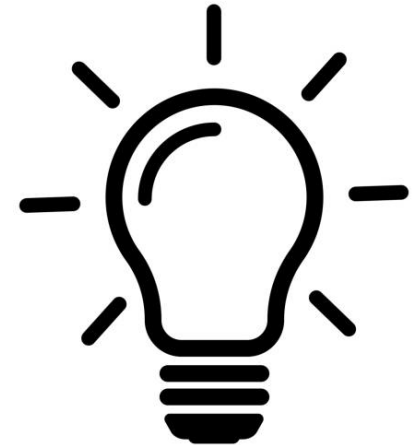
TRANSFER FUNDS OUT

Fund	Org	Account	Program	Activity	Description	Amt
					TOTAL	0

TRANSFER FUNDS IN

Fund	Org	Account	Program	Activity	Description	Amt
					TOTAL	0

Prepared By _____ Date

Financial Manager Signature _____ Date

Budget Transfers Using Banner 9

Budget Transfer Guidelines

- Budget Transfers must be within the same fund.

- Budget Transfers must be within the same college or department.

- Budget Transfers should not be processed to cover an expense that was charged to an incorrect FOAPAL. For these cases, please reach out to finance@westernu.edu to process a reclassification.

- Budget Transfers may not be processed to move funds from a capital account (accounts starting with a '79') to a non-capital account.

- Budget Transfers for salaries may not be processed using Banner and Self-Service BanWeb (SSB). Please reach out to budget@westernu.edu to process a compensation transfer form.

- Budget Transfers may not be processed to move funds from revenue accounts (those that begin with a '5').

- Budget Transfers may not be processed moving funds between the Operating Fund (Fund 1100) and Non-Operating Fund.

- Budget Transfers may only be transferred into a Miscellaneous account (Account 70850) as a reserve account. Actual (YTD) activity should not be charged to a Miscellaneous account (Account 70850).

- Budget Transfers may not include clearing accounts – the debits and credits charged to these accounts will be cleared periodically.

- Budget Transfers must have a description of fund utilization. Budget transfers without a sufficient description will result in disapproval.

Budget Transfer Description Do's & Don'ts

Do:

- Be as specific as possible on the descriptions (limit of 50 characters per line).
- If a budget transfer is being processed to cover a large variety of items, please note the expense type and coverage period.
- Examples of <u>acceptable</u> descriptions:
  - ➢ Hotel for ABC conference
  - ➢ Software license XYZ
  - ➢ Desks (Qty 3)
  - ➢ Office Depot Supplies for Q4
  - ➢ Printer for new hire
  - ➢ XYZ Registration for Professor X
  - ➢ Lab Research Supplies for ABC Project
  - ➢ Dell Monitors and Mouses (Qty 25)

Don't:

- Be vague
- Just enter the account name
- Examples of <u>unacceptable</u> descriptions:
  - ➢ To cover deficit/overage
  - ➢ To cover negative amount
  - ➢ To cover office supplies
  - ➢ To cover computer supplies
  - ➢ Wrong account charged
  - ➢ Contracted Services

REMINDER

Banner 9: Accessing Budget Transfer Tool

Step 1: Go to the Intranet: https://experience.elluciancloud.com/wohs/

Step 2: Click on the link **'Banner',** then a new tab will populate
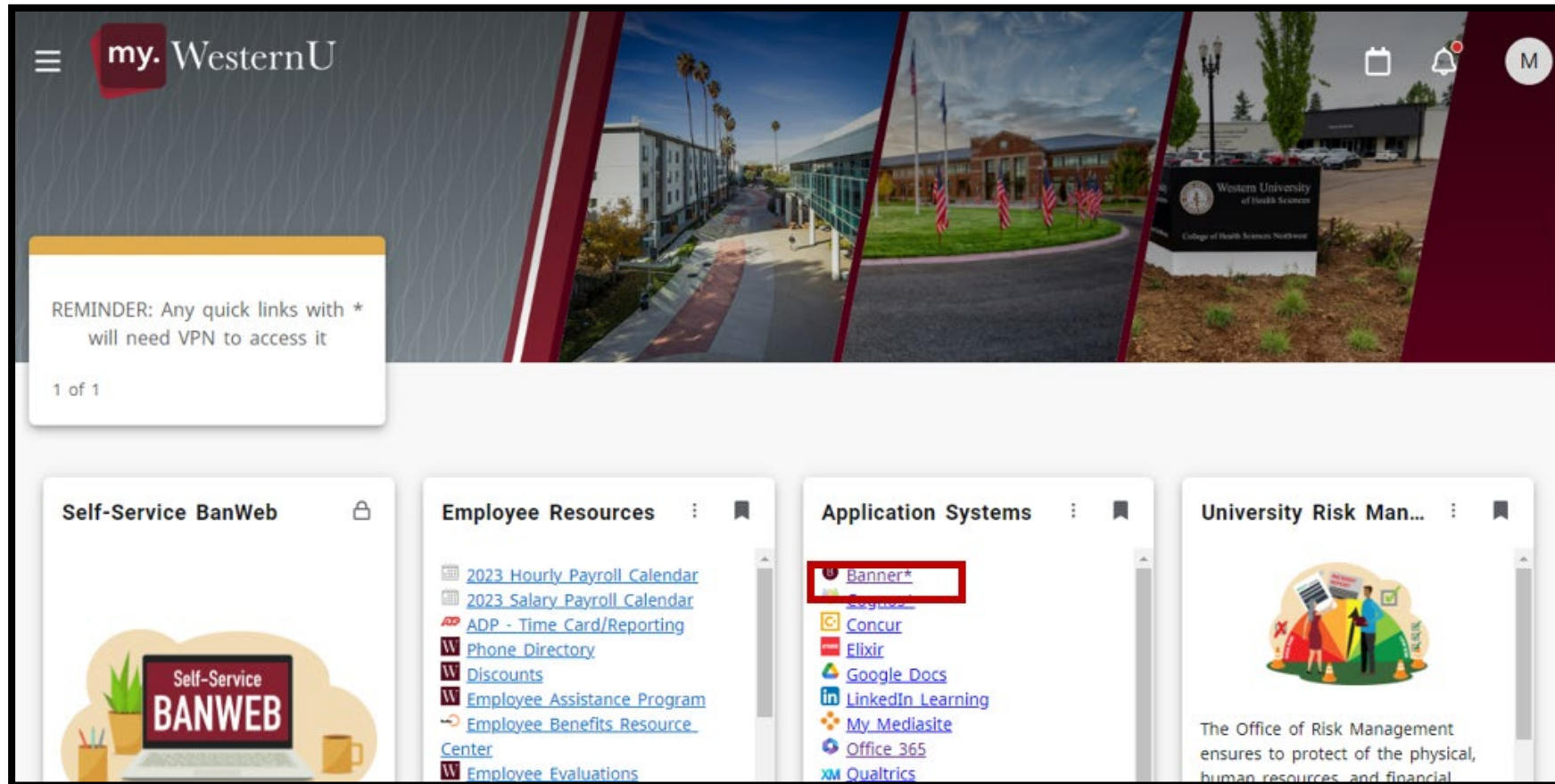
Banner 9: Accessing Budget Transfer Tool

Step 3: Enter form code 'FGAJVCQ'.

FGAJVCQ: Journal Voucher Quick
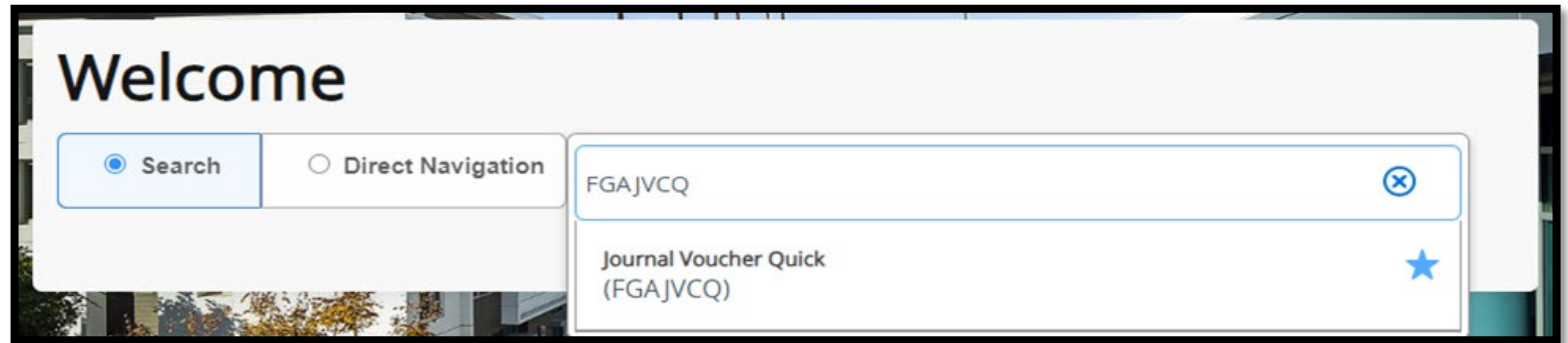
Step 4: Click the drop-down arrow "Next Section" at the bottom of the page or click '***Go***' to automatically receive a "J document number".
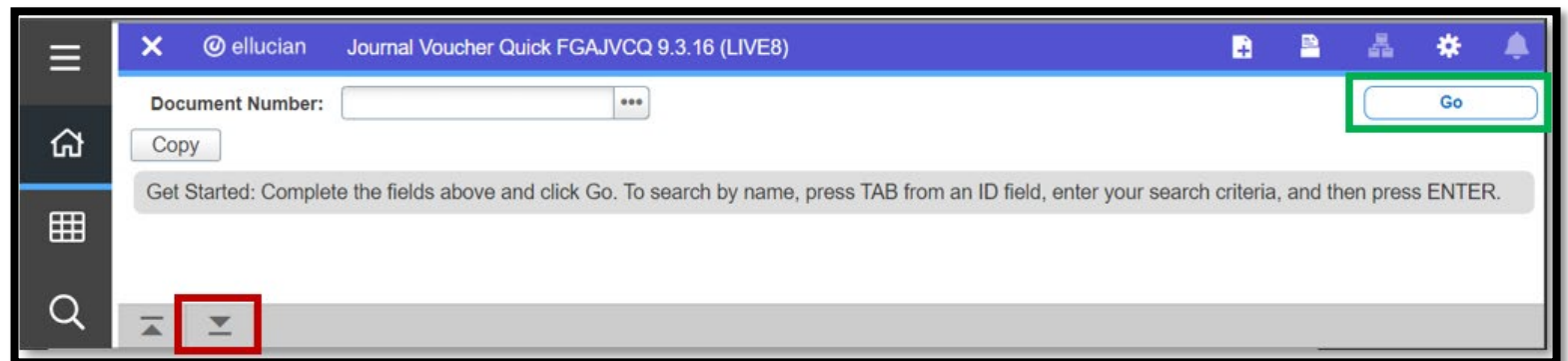
Banner 9: Entering the Budget Transfer

Step 5: The current transaction date will populate. Change the transaction date to the 1st of the current month of budget transfer.

Click or Tab to "Document Total" and type in the hash total.

Click the drop-down arrow "Next Section" at the bottom of the page.

Banner 9: Entering the Budget Transfer

Step 6: Enter the following parameters under the Journal Voucher Detail by 'Tab" button:

- Sequence is automatic
- Journal Type: BD02
- "W" Under Chart is automatic
- Fill in FOAPALs
- Amount
- Debit/Credit: Budget transfers documents require a "+/-" and not "D/C"
- Description
- Budget Period: **Enter budget period based on fiscal month**

Q1		Q2		Q3		Q4	
Period	Month	Period	Month	Period	Month	Period	Month
01	Jul	04	Oct	07	Jan	10	Apr
02	Aug	05	Nov	08	Feb	11	May
03	Sep	06	Dec	09	Mar	12	Jun

Banner 9: Entering the Budget Transfer

Click *Insert* to produce another blank journal voucher detail.

Step 7: Repeat step 6 for each line item required. Make sure to review each Journal Voucher Detail entries.

Step 8: Click the drop-down arrow, and then select **Complete**.

For any errors, Banner will populate an alert message on the top right of the form prompting correction before completion.

Once completed, the system will provide a notification message with the journal number indicating it has been completed and forwarded to the approval process.

Note: It is essential to keep the journal voucher number for recordkeeping.

Changes in Self-Service BanWeb (SSB)

Enter the following parameters:

- **Transaction Date: 1st of transaction month**
- Journal Type as BD02
- Document Amount (Transfer Amount)
- "W" Under Chart of Accounts
- From and To FOAPALs
- Description
- **Budget Period: Apply period based on fiscal month.**

Then click, **'Complete'**

Q1		Q2		Q3		Q4	
Period	Month	Period	Month	Period	Month	Period	Month
01	Jul	04	Oct	07	Jan	10	Apr
02	Aug	05	Nov	08	Feb	11	May
03	Sep	06	Dec	09	Mar	12	Jun

Note: After the user clicks complete there will be a message with a journal voucher number stating that it has successfully gone through. **It is highly recommended to keep this number for recordkeeping.**

Checking the Status of a Budget Transfer

Step 1: Under the **'Financial Services Menu'** in Self-Service, click on **'View Documents'**
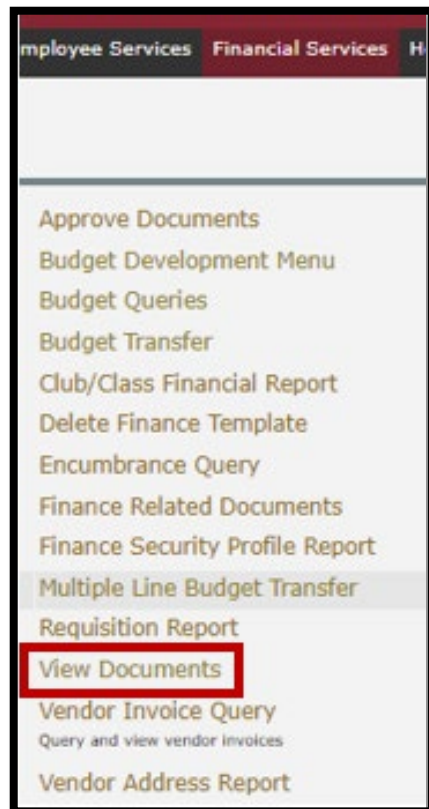
Step 2: Select **'Journal Voucher'** and input the Document Number.
Note: If the Journal Voucher number was not retained, clicking on the **'Document Number'** button in the above screenshot and inputting the user's ID in the appropriate field will display a history of all budget transfers processed by the corresponding user.

Step 3: The resulting screen will detail the budget transfer. A Status of **'Pending'** indicates that the budget transfer is likely still under review.
A Status of **'Posted'** indicates that the budget transfer has been completed and will be reflected in the Adjusted Budget.

Thank you

Q&A Session