UMD Accounting Practices for Unrestricted Funds

A comprehensive review of the basic components of KFS financial transactions.

KFS Financial Transactions

Updated 5/21/19
UMD Accounting Practices for Unrestricted Funds
KFS Financial Transactions

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Accounting is the language of business.

— Warren Buffet
Today’s Learning Objectives

1. Understand and identify unrestricted accounts.

2. Understand and the basic components of a KFS financial transaction, including accounts, object codes and sub-fund groups.

3. Learn how to locate and review transactions after they have posted.

CELL PHONES: Please put them away during the session.

If you have a compelling need to check messages, please do so discretely under the table. If you must respond to something, please step outside as a courtesy to your fellow participants.
ACTION IDEA LIST

Write down every idea you hear today that you believe will give you a better understanding of KFS and the UM accounting system. What’s the most important thing I’ve learned? How will I put it into ACTION at work?

_________________________________________________________________________________
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_________________________________________________________________________________
_________________________________________________________________________________
**Learning Objective 1**: At the end of this segment, you will be able to identify an unrestricted account, and take steps to decide if a new account should be unrestricted or restricted.

**What is an unrestricted account?**

<table>
<thead>
<tr>
<th>Unrestricted Account</th>
<th>Restricted Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds can be from any source (state, other departments, outside source).</td>
<td>Funds are <em>usually</em> from an outside source.</td>
</tr>
<tr>
<td>The organization receiving the funds (UMD) determines how and where the funds will be used.</td>
<td>Non-UMD sponsor requires that funds can only be used for a specific purpose or department.</td>
</tr>
</tbody>
</table>

**Is my KFS account restricted or unrestricted?**

<table>
<thead>
<tr>
<th>UMD’s Unrestricted Accounts</th>
<th>UMD’s Restricted Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account number</strong> begins with: 0, 1, 2, 3, 6, 7, 8 or 9</td>
<td><strong>Account number</strong> begins with: 4 or 5</td>
</tr>
<tr>
<td><strong>KFS Account Restricted Status Code</strong> = U - Unrestricted</td>
<td><strong>KFS Account Restricted Status Code</strong> = T – Temporarily Restricted</td>
</tr>
<tr>
<td><strong>Fund</strong> = 40 Auxiliary/E&amp;G, 46 Loan, 47 Endowment, 48 Plant or 49 Agency</td>
<td><strong>Fund</strong> = 43 Restricted</td>
</tr>
<tr>
<td><strong>Sub-fund group code</strong> begins with 40, 46, 47, 48 or 49 (e.g. 401100).</td>
<td><strong>Sub-fund group code</strong> begins with 43 (e.g. 433115)</td>
</tr>
</tbody>
</table>
What is a sponsored account?

Sponsored accounts are restricted accounts. All sponsored accounts are restricted, but all restricted accounts are not sponsored. Sponsored accounts are administered by ORA and SPAC. See ORA’s definition below:

*Sponsored Project vs. Gift:*

*The term "sponsored project" (or "sponsored program"), is used to distinguish this funding from a "gift" or "grant" provided by a donor. The term "sponsored project" relates only to a research, service, or instruction project that is conducted with support provided by some entity external to the campus (the sponsor, governmental or private organizations). A sponsored project grant or contract is based on a commitment from UMD to carry out one of those programs in keeping with terms agreed upon by both parties. The sponsored project will always require some use of UMD resources and the sponsor will receive some benefit (which could range from a single technical and financial report through substantial material benefits).*

What is a C&G account?

Contract or grant accounts, as determined by their funding.

What is a gift account?

Includes donations, contributions, some grants, promises to give, pledges and any other term used to define a private gift (i.e. non pro quo).

Should my new account be restricted or unrestricted???

Not sure? You’re not alone!!! There are often grey areas when determining unrestricted/restricted status. Call the central administration office that you *think* should handle your account and we will be happy to assist you.
Exercise – Identifying an unrestricted account

Which of these accounts are unrestricted?

1182000 Finance Administration   2931000 DRIF General
4340195 General Gifts   5230500 NSF Project

Is this account restricted or unrestricted? Is it a sponsored project?
Learning Objective 2: Understand the components of a KFS financial transaction.

What is a KFS financial transaction?

KFS financial transactions include:

1) Auxiliary Voucher (AV)
2) Distribution of Income and Expense (DI)
3) General Error Correction (GEC)
4) Transfer of Funds (TF)
5) Internal Billing (IB)
6) Service Billing (SB)
Components of a KFS Financial Transaction

1. Chart Code
2. Account Number
3. Object Code
4. Line Description
5. Sub-fund group code
Chart (Campus) Code

- Used in data entry and search screens in KFS
- Highest hierarchal level in KFS
- Chart of account values are unique within a chart (accounts, object codes)

01 = University of MD College Park (UMCP)
04 = University of MD Eastern Shore (UMES)
07 = Center for Environmental Science (UMCES)
08 = University System of Maryland (USM)

20 = UM Consolidated Reporting
21 = UM State Reporting

What happens if I don’t enter my chart code??
Account Number and Account/Organization Hierarchy

- Specific to an activity, department and fund
- Managed and created by departments (reviewed by central administration)
- Used to post transactions in KFS
- Has its own fund balance/net position
- First digit determines 'Ledger'
- Routes KFS documents to fiscal officer
- Account attributes are assigned to accounts when accounts are created and cannot be changed during data entry
### Account Lookup

Search Tip: Place an * before/after a word or phrase for which you are searching.

<table>
<thead>
<tr>
<th>Chart Code</th>
<th>Account Number</th>
<th>Account Number</th>
<th>Account Name</th>
<th>Sub-Fund Group Code</th>
<th>Fiscal Officer Principal Name</th>
<th>Closed?</th>
<th>Account Manager Name</th>
<th>Account Create Date</th>
<th>Account Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1123101</td>
<td>1123101</td>
<td>FINANCE</td>
<td>ADMINISTRATION</td>
<td>001</td>
<td>Description, Paul</td>
<td>No</td>
<td>Description, Paul</td>
<td>11/01/1999</td>
<td></td>
</tr>
</tbody>
</table>

You have entered the primary key for this table (Chart Code, Account Number) in the search criteria. Since these fields can be used to uniquely identify a row in this table, the other search criteria entered will be ignored.
Account Hierarchy

Payroll Human Resource (PHR) Unit Code

Chart Code

Executive Level

Division

School

Organization Code
(Department and Sub Department)

KFS Accounts

KFS Accounts

KFS Accounts

Organization Inquiry

Organization Details

Organization Hierarchy

https://kfs.ur
Object Code

- Determines expense, income, asset or liability in financial transactions (object type code)
- Created/managed by central administration
- Sometimes routes KFS transactions
- Determines KFS financial transaction form
- Similar to chart of accounts
- All object codes will hit either the income statement or balance sheet
Object Types

- Attribute of the object code, used for financial reporting
- Determine which financial statement data appears on
- Most commonly used object types:

  Revenue       IN   (Income Statement)
  Expense       EX   (Income Statement)
  Asset         AS   (Balance Sheet)
  Liability     LI   (Balance Sheet)
Object Level

- Also an attribute of the object code, used for financial reporting
- Group or category of object codes
- Created and managed by central administration
- Determines placement of transactions on financial statements
- Categories can be seen in the Income Statement/Balance Sheet section of the account overview in KFS Web.
Income Statement Object Codes

**Income Types**
- **IN = Income or Revenue**
  - TE = Tuition & Fees
  - OOPR Other Op Rev
  - SSED Sales/Serv of Ed
  - AUXR Aux Ent Rev Etc...
  - Includes all object codes that start with zero (0) 0***

**Expense Types**
- **EX = Expense, most Transfers**
  - SAWA Salary/Wage
  - FBEN Fringe Ben
  - TRAV Travel
  - OPMA Oper/Maint
  - CONT Contractual Services
  - SUPP Supplies/Mat
  - CAPE Capital Equip Etc...
  - Object codes that start with 1-5 and most transfer object codes 1***
  - 2***
  - 3***
  - 4***
  - 5***
  - 99** except for TE Transfers

**TE Transfers**
- **TE = Some Transfers**
  - NMTR Nonmandatory Transfers
  - 9923, 9925, 9934, 9970, 9971, 9973, 9974
  - Generally only used by central administration
Balance Sheet Object Codes

Object Types

Asset

Liability

Object Levels

Object Codes

Includes all object codes that start with six (6) 6***

Includes all object codes that start with seven (7) 7***

AS = Asset

CSEC Cash/Cash Equivalent
RCEQ Restricted Cash/Cash Equiv
AREC Accts Rec net
CPAN Capital Assets Etc...

LI = Liability

APAL Acct Pay & Accrued Liabilities
DREV Deferred Revenue
NPNC Notes Payable Etc...
Restrictions on Income Statement Object Codes (for unrestricted accounts)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0*** Revenue</td>
<td>Revenue object codes for ledger 3 accts are limited to 07**-08** 075*-0869 can only be used with ledger 3 accounts 0378 - capital activity only 0969 - Miscellaneous - use should be limited</td>
</tr>
<tr>
<td>2*** Payroll Expense</td>
<td>2775 – Tuition remission transfers for ledger 1 accounts must be processed through HR</td>
</tr>
<tr>
<td>3*** Expenses</td>
<td>3000 is not an expense – should be used for budget entries only 3772</td>
</tr>
<tr>
<td>4*** Expenses</td>
<td>4938 can only be used for inter-campus transactions acknowledged by USM See Capital Equipment Guidance for object codes with level code CAPE</td>
</tr>
<tr>
<td>5*** Plant and Project Expenses</td>
<td></td>
</tr>
<tr>
<td>96**</td>
<td>9601:6962 Transfers Both side of entry must use the same object code See Transfer Object Code Guidance 9970-6999 Overhead allocations - Expenses</td>
</tr>
</tbody>
</table>

Restrictions on Balance Sheet Object Codes for unrestricted accounts (Generally not used by departments for KFS transactions)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6*** Assets</td>
<td>6100 = claim on cash – do not use Cash, accounts receivable, etc. Should not be used in place of an income or expense **Generally not used for KFS transactions</td>
</tr>
<tr>
<td>7*** Liabilities</td>
<td>Accounts payable, control accounts. Should not be used in place of an income or expense Any control balances must be reconciled at least quarterly **Generally not used for KFS transactions</td>
</tr>
<tr>
<td>8*</td>
<td>Encumbrances, Net Position **Generally not used for KFS transactions</td>
</tr>
</tbody>
</table>
Exercise – Choosing an Object Code

Where can you find a list of available object codes?

Which of these object codes can be used for a p-card?

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Object Code Name</th>
<th>Level Code</th>
<th>Object Type Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Operating Expenses Pool</td>
<td>POOL</td>
<td>X</td>
</tr>
<tr>
<td>3100</td>
<td>Technical and Special Fees Pool</td>
<td>TFP</td>
<td>X</td>
</tr>
<tr>
<td>3110</td>
<td>Honorariums</td>
<td>TFP</td>
<td>X</td>
</tr>
<tr>
<td>3120</td>
<td>Outside Consultants</td>
<td>TFP</td>
<td>X</td>
</tr>
<tr>
<td>3130</td>
<td>Research Study Grant</td>
<td>TFP</td>
<td>X</td>
</tr>
<tr>
<td>3140</td>
<td>Research Study Payments – non-monetary</td>
<td>TFP</td>
<td>X</td>
</tr>
<tr>
<td>3150</td>
<td>IMPREST – Research Study Payments</td>
<td>TFP</td>
<td>X</td>
</tr>
</tbody>
</table>

Which of these object codes can be used for a check deposit?

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Object Code Name</th>
<th>Level Code</th>
<th>Object Type Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>0101</td>
<td>Undergraduate Resident Full Time</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0102</td>
<td>Undergraduate Nonresident Full Time</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0103</td>
<td>Undergraduate Resident Part Time</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0104</td>
<td>Undergraduate Nonresident Part Time</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0105</td>
<td>UGRAD Differential Tuition Prong</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0106</td>
<td>UGRAD Differential Tuition Allocation</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0110</td>
<td>Graduate Resident</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0111</td>
<td>Graduate Nonresident</td>
<td>TREE</td>
<td>N</td>
</tr>
<tr>
<td>0112</td>
<td>Laboratory Fees</td>
<td>TREE</td>
<td>N</td>
</tr>
</tbody>
</table>
Line Description

- Do I need a line description?
- Where does it show up?
**Sub-fund Group Code**

- Subset of a fund
- Specified on the account level
- Routes KFS document to central administration
- Can only use specific account ranges
- Managed by central administration
What is a sub-fund group code?

First two digits = fund

40 = E&G/Auxiliary
43 = Restricted
46 = Loan

Second digit = support indicator

1 = state support
2 = self support
3 = dedicated funds
4 = non budgeted

Fourth digit = campus code

1 = University of MD College Park (UMCP)
4 = University of MD Eastern Shore (UMES)
7 = Center for Environmental Science (UMCES)
8 = University System of Maryland (USM)

Last two digits = sequential numbers used to further break down the sub-fund groups

402115
Learning Objective 3: At the end of this segment, you will know how to locate transactional information after it has posted.

Balance Inquiries

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### General Ledger

- Available Balances
- Balances by Consolidation
- Cash Balances
- General Ledger Balance
- General Ledger Balance By BankCode
- General Ledger Entry
- General Ledger Pending Entry
- Open Encumbrances
- Encumbrances By Commitment
- Encumbrances By Commitment/Account
- Encumbrances By Commitment/Account/Object Code

---

**General Ledger Balance Lookup**

- Fiscal Year: 2019
- Chart Code:  
- Account Number: 
- Sub-Account Number: 
- Object Code: 
- Sub-Object Code: 
- Balance Type Code: AC
- Object Type Code: 
- Consolidation Option: Consolidation
- Amount View Option: Monthly, Accumulate
- Include Pending Ledger Entry: No, Approved, All

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**Kuali Financial Systems**

- Main Menu
- Maintenance
- Administration

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- KFS Web
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KFS Web – Account Overview

Document Search
Please let us know what you think....

Please take the survey at:  www.surveymonkey.com/r/JT56TH7

Thank you!