

The University of Alabama

General Accounting Information and Procedures

The purpose of the Accounting Manual is to provide campus with direction and guidance on offices involved in the accounting process, accounting for transactions, policies and procedures concerning transactions, and reports that are available in assisting with the financial management of university business.

Objectives of Accounting

- Assure proper compliance with GAAP (generally accepted accounting principles) and other appropriate and applicable requirements, including those related to external funded awards and contracts.
- Internal controls
- Accurately evaluate financial position
- Effectively allocate and use resources
- Oversight and control through University wide accounting system
- Safeguarding assets
- Provide meaningful reports and analysis of financial data
- Support and advise departments in their efforts
- Educate and train campus on accounting policies, procedures and proper usage of accounting data.

Accountability

- Donors, sponsors, students and the public
- State – annual compliance audit
- Specific – accountability for restricted resources and compliance with award and contract terms and conditions.
- General – accountability for effective use of all resources

Official Accounting Record - BANNER

Ellucian product that allows posting to a subsidiary ledger which rolls into the general ledger – reported data will balance to a closed accounting period within the accounting system.

a) **Grant/Account/Fund Structure within Banner**

Blueprint of financial structure, used to classify financial transactions and identify fund groups, functions, organizational units and important internal and external reporting.

1. Grant – way to account for projects that cross fiscal years and budget periods.
2. Account – code used to expense or record items to a category
3. Fund – unit to classify an accounting entity and allow segregation of resources and activities.

b) **Creation of account codes, organization codes, program codes, activity codes, grants and funds within Banner Accounting System.**

• **Financial Accounting and Reporting** creates

1. Account codes
2. Organization codes
3. Program codes
4. Activity codes
5. Grants for project accounts such as plant and athletics
6. Other Funds not related to sponsored projects and have numbering schemes of
 - a. 11XXX
 - b. 12XXX
 - c. 13XXX
 - d. 15XXX
 - e. 16XXX
 - f. 18XXX
 - g. 3XXXX
 - h. 39XXX
 - i. 41XXX
 - j. 42XXX
 - k. 49XXX
 - l. 5XXXX
 - m. 6XXXX
 - n. 8XXXX
 - o. 9XXXX

• **Contract and Grant Accounting** creates

1. Grants –sponsored project accounts for external (restricted) and internal funding and normally accompanied by an agreement.
2. All sponsored project funds for awards and contracts and related cost sharing.
 - a. 2XXXX
 - b. 7XXXX
 - c. 14XXX
 - d. 17XXX
 - e. 19XXX

c) **FOAPAL Elements used in Banner to record expenditures appropriately in the ledger - Chart, Fund, Organization, Account, Program, Activity and Location.**

- **Chart**
 1. Chart A – The University of Alabama
 2. Chart C - Capstone Foundation
 3. Chart D – Donor Advised Fund
 4. Chart E – The 1831 Foundation
 5. Chart L – Law School Foundation
 6. Chart N – The National Alumni Association
 7. Chart T – The Crimson Tide Foundation
- **Fund Codes** - Fund code groupings for Chart A (numbering scheme)
 1. 11XXX Operations and Maintenance (departmental/organizational funds)
 2. 12XXX Designated Operations
 3. 13XXX Research Overhead (cost reimbursed through sponsored projects)
 4. 14XXX RGC - Research Grants Committee (internal research funds)
 5. 15XXX Unrestricted Endowment Income
 6. 16XXX Unrestricted Gift
 7. 17XXX Collaborative Funds (internal sponsored projects – working with other areas on campus and off)
 8. 19XXX Cost Share for RGC funding
 9. 7XXXX Cost Share (related to externally funded sponsored projects)
 10. 18XXX Auxiliaries
 11. 2XXXX Restricted Grants (sponsored projects)
 12. 3XXXX Restricted Gifts
 13. 39xxx Gifts to be Endowed
 14. 41XXX Federal Loan Funds
 15. 42XXX Institutional Loan Funds
 16. 49XXX Agency Funds
 17. 5XXXX Endowment Income
 18. 6XXXX Endowment Funds
 19. 9XXXX Plant Funds
- **Organization Codes** (departments)
 1. Another way to classify income and expenses
 2. Broken out by divisions
 3. Area that gets to use the resources
 4. Creation of Organizations – Financial Accounting and Reporting

- **Account Codes** (numbering scheme) – way to meet reporting needs and classify resources.
 1. 1XXXXX Assets
 2. 2XXXXX Liabilities
 3. 3XXXXX Control Accounts and Fund Balances
 4. 5XXXXX Revenues
 5. 6XXXXX Labor and Fringe Benefits Expenses
 6. 7XXXXX Operating Expenses
 7. 790XXX Transfers
- **Program Codes** (numbering scheme) – way to classify expenses by a function and used for surveys, facilities and administrative rate (F&A or IDC), internal management and state reporting.
 1. 100 Instruction
 2. 200 Research
 3. 300 Public Service
 4. 400 Academic Support
 5. 500 Student Services
 6. 600 Institutional Support
 7. 700 Operation and Maintenance of Plant
 8. 800 Scholarships
 9. 900 Auxiliaries
- **Activity Codes** (optional) – often used to track conferences, courses or other types of expenses or revenues within an organizational unit. Budgets cannot use activity codes.
- **Location Codes** (optional)

d) **Expenses** – payment/purchase method to get items recorded to a FOAPAL unit within Banner for employees, students, vendors, etc.

- **Concur**
 1. The University of Alabama’s (UA) web-based tool that fully integrates travel reservations and expense reporting data into one application and is accessed through MyBama by navigating to the Employee Tab and clicking on the Concur link under Procurement Services.
 2. Concur allows electronic processing of the following:
 - a. P-card transactions (travel and non-travel)
 - b. Travel reimbursements
 - c. Miscellaneous reimbursements
 - d. Payments to vendors
 - e. International travel approvals
 3. Information and reference materials can be found at <https://concur.ua.edu/>. Specific questions may be emailed to concur@fa.ua.edu.
 4. Points to remember

- a. No user should have a grant fund as the default FOAP.
 - b. For sponsored projects, PI approval is required and should be documented if the purchaser/buyer doesn't have specific signature authority on the PI's grants and contracts.
 - c. Supporting documentation must be attached including but not limited to receipts, invoices and justification/business purpose.
 - d. Concur uses primarily 5-digit account codes (some 6-digit codes are allowed)
 - e. Subcontracts (Subs) or Professional Service Agreements (PSAs) that have encumbrance numbers will be handled outside of Concur since the system currently doesn't account for encumbrance numbers.
 - f. International travel should be requested and submitted for approval prior to booking travel so that UA can consistently assess the risk and benefit of the travel ensuring or enhancing the safety of the university traveler. Federally sponsored grants and contracts must also follow the Fly America Act.
 - g. Approvals route to the employee supervisor and org approver prior to payment. If any Foundation funds or Contract and Grant Accounting Funds are used, the report will require approval of those areas as well.
- **BuyBama**
 1. UA's electronic procurement system is accessed through MyBama by navigating to the Employee Tab and clicking on the BuyBama link under Procurement Services.
 2. Some features of BuyBama
 - a. Allows users to shop from multiple contract vendors from a single sign on.
 - b. Process of entering requisitions is simplified and streamlined.
 - c. Orders over \$5,000 require a business purpose explanation.
 3. Information and reference materials can be found at <http://fawp.ua.edu/purchasing/buybama/>.
 4. For sponsored projects, PI approval or someone with signature authority for the PI should approve. This can be in the form of attached emails or documentation within the system.
 5. BuyBama interfaces with Banner to verify if the person has authority to purchase using the FOAP and if there is money available in that budget for purchase.
 6. Approvals route to the org approver, then if over \$15,000 to college/division approver. If the funds relate to sponsored projects, the purchase will require Contract and Grant Accounting approval. Environmental Health and Safety reviews chemical purchases and requires all chemicals to be delivered to their office. Items over \$15,000 will also require the purchasing buyer to review for bid law requirements or sole source documentation.
 - **GA Tops** (graduate assistant tuition)
 1. The University of Alabama system to account for graduate tuition, which may be accessed at <https://oirax.ua.edu/gatops/>.
 2. Types of awards processed under GA Tops
 - a. Tuition scholarships for all permanently budgeted graduate assistantships

- b. Tuition scholarships for all other departmental funded graduate assistantships
 - c. Tuition scholarships for all contract and grant funded graduate assistantships
 - d. Tuition scholarships for some special permanent awards such as Law School, MINT, Academic Affairs, Student Affairs and Graduate School.
 - e. Tuition scholarships for some special awards funded by the Provost through Academic Affairs as supplemental permanent awards
 - f. Tuition scholarships for graduate fellowships which are approved by Academic Affairs for processing on this system
3. Information and reference materials may be found at http://granduate.ua.edu/admin/gatops_manual.pdf.
 4. MyBama ID is used for login and then there will be a selection of Banner orgs that you have access within Banner based on your CWID.
 5. Within the system, FTEs for students should match the FTE distribution on the corresponding ePA (electronic personnel action form).
 6. Approvals are directed to graduate school and/or Contract and Grant Accounting based on FOAPAL entered.
- **Scholarship System**
 1. Departmental scholarships may be awarded through ASAS (Alabama Scholarship Awarding System). Scholarships have sub-codes that tie to detail codes in Banner Accounts Receivable. The detail code corresponds to a FOAPAL that is charged when the scholarship is awarded. Enrollment management administers the ASAS.
 2. For need based scholarships, please work with financial aid to ensure eligibility.
 - **ePA-Electronic Personnel Action Form (Everest – software platform)**
Designed business application using forms to establish payroll for faculty and staff. Detail instructions on filling out the forms and routing process is available within MyBama.
 1. Department Administrators originate the ePA and routing for the individual that is to be paid.
 2. ePA approvers will receive an email notification to review and approve the form for their department/division.
 3. FOAPAL elements dictate others in the queue to approve such as Academic Affairs, Contract and Grant Accounting or the Graduate School.
 4. Access to the system is managed through MyBama.
 - **Other Transactions**
 1. Departmental Transfers (DTA) – internal transactions where a service or good is provided from one department to another.
 2. Journal Entries (JEs) – Entries to correct expenses that have already occurred within a closed accounting period. All JEs should correct an actual item that has already hit within the accounting system. All JEs for CGA (Contract and Grant Accounting) must be accompanied by appropriate documentation of where the charge originally hit along with a cost transfer form, which requires an explanation for why it was not reconciled correctly. All JEs and cost transfer

forms for CGA must be approved by the Director of CGA and if over 90 days also by the Assistant VP of Research.

3. **FUPLOADS** – Large journal entries are uploaded from an Excel spreadsheet into Banner. Entries with CGA funds are approved by Contract and Grant Accounting. All other entries are approved by Financial Accounting and Reporting. See <http://financialaccounting.ua.edu/forms/> for FUPLOAD template. See <http://financialaccounting.ua.edu/policiesandreferences/> for FUPLOAD training.

e) **Banner Security and Training**

- Finance Banner Training
- Research Banner training pertaining to sponsored projects should be requested from Contract and Grant Accounting. Access to these funds is not received provided until training is given.

f) **Fiscal Oversight**

- Departments are responsible for performing control activities that help present financial activity accurately.
- Preventive controls include authorization and approval of transactions. Segregation of duties is another preventive control. No one person should:
 1. Initiate the transaction
 2. Approve the transaction
 3. Record the transaction
 4. Reconcile balances
 5. Handle assets
 6. Review reports
- Departments should also perform detective controls, including:
 1. Reviews – Budget to actual comparisons, current to prior period comparison, performance indicators, follow-up on unexpected results or unusual items. Tools that can be used to do this are below.
 - a. Banner – drill down on FGIBDST, FRIGITD, FGITRND or FRIGTRD will allow information by FOAPAL.
 - b. Eprint CAS authentication through MyBama – this is after the fact and after a month end close. Listed below are a few reports that may be of some help.
 - i. Banner Finance - Organization Detail Activity or Organization Detail Activity – YTD
 - ii. Banner Finance - Budget Status and Budget Summary
 - iii. Banner Finance - Grant Inception to Date Report (plant funds and sponsored projects as well as athletics).
 - iv. Banner HR – Positions by ORGN or Active Positions by Org
 - v. Banner HR - U of A Labor Distribution

- vi. Banner HR – Positions Ending in Current Month or Monthly Terminations Employees
 - c. Sponsored Projects and/or Construction Dashboard – display of real-time Banner data, advanced notification of upcoming award end dates and ad hoc reporting capabilities.
2. Reconciliations

g) Equipment

- Vendor purchases over \$5,000 and with a useful life of at least one year.
- Equipment inventory management and review is within AIM and performed by Property and Inventory Management.

h) Monthly Closing Procedures

Please refer to the following website for UA closing dates and information <http://financialaccounting.ua.edu/month-end/> .

i) Reporting

- Yearly financial reports for UA campus and foundations handled by Financial Accounting and Reporting
- Any invoicing or reporting of financial information on sponsored projects is managed by Contract and Grant Accounting.

j) Audits

- Internal Audits are directed to Departments/Organizations, Financial Accounting and Reporting and/or Contract and Grant Accounting based on FOAPALS.
- Audits related to non-sponsored FOAPALS should be reported to Financial Accounting and Reporting for facilitation
- Audits related to sponsored project's FOAPALS whether financial or programmatic must be reported to the Director of Contract and Grant Accounting. The Director will facilitate all audits related to these grants/funds.