FIT ACCOUNTING GUIDE

This guide is meant to be a general use guide to accounting at FIT. Links to forms and other procedures are identified by blue text. Any questions on this Guide or other accounting questions should be directed to the Controller’s office, see the contact listing on our webpage.

TABLE OF CONTENTS:

1. ACCOUNTING SYSTEM
2. CHART OF ACCOUNTS OR FOAPAL STRING
3. FUNDS
4. INDEX
5. PROGRAM CODES
6. ACTIVITY CODES
7. SETTING UP A NEW FUND, ORGANIZATION, OR ACTIVITY CODE
8. REVENUE
9. DEPOSITS of Cash, Checks, ACH or wire transfers
10. PAYROLL
11. FRINGE BENEFITS
12. OPERATING EXPENSES
13. PREPAID EXPENSES
14. DEFERRED REVENUE
15. JOURNAL VOUCHER
16. FIXED ASSETS
17. PHYSICAL INVENTORY
18. PATENTS AND INTELLECTUAL PROPERTY
1. ACCOUNTING SYSTEM

BANNER is an integrated system that maintains all financial data of the University. If your Manager has designated you to prepare journal vouchers or review budget versus actual expenses, you need access to BANNER.

Access to BANNER can be established by Admin Computing by completing a BANNER Access Form; please click here for the link.

2. CHART OF ACCOUNTS OR FOAPAL STRING

The chart of account or FOAPAL string point accounting transactions to appropriate funds, organizations, accounts, and program codes. The FOAPAL is as follows and the link shown will take you to the current active listing of the codes. (Listings will be linked once website is live)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Fund – self-balancing set of accounts for specific activities</td>
</tr>
<tr>
<td>O</td>
<td>Organization – department, college, budget separation</td>
</tr>
<tr>
<td>A</td>
<td>Account – numeric code for assets, liabilities, revenue, expenses</td>
</tr>
<tr>
<td>P</td>
<td>Program Code – code to group organizations or activities</td>
</tr>
<tr>
<td>A</td>
<td>Activity Code – used to group short duration projects (not required)</td>
</tr>
<tr>
<td>L</td>
<td>Location code – used to identify location (not used)</td>
</tr>
</tbody>
</table>

3. FUNDS

Funds are used to capture transactions for various purposes. The following are the funds that are used here at the University:

01 Fund – Educational & General – includes all tuition and fee revenue and expenses for the core business which includes departments for each college, administrative departments, support functions, etc.

01A Fund – (new in FY18) Ancillary support/Accountability units – revenue generating but organized to provide support services to our primary programs of instruction, research, and public service. These include Continuing Education, Scott Center, Museums, FIT Consulting, WFIT, Camps, and WeVenture.

02 Funds – Federal, State, Local and Private Sponsored Grants – restricted

03 Funds – Revenue generated with specific “designated spending” such as funds for research, greencard incentives, or one-time gifts.

05 Funds – Scholarships

06 Funds – Endowments – permanently restricted gifts
07 Funds – Annuity Funds – Gift agreements that stipulate a distribution to an annuitant with the University as beneficiary.

08 Funds – Agency Funds – Funds received on behalf of others when the University is acting on behalf of other entity; ownership stays with the other entity.

09 Funds – capital items with a cost of $1,000 and useful life of greater than one year such as buildings, furniture, computers, etc.

4. INDEX

An index links fund, organization and program code. If you type in an index in Banner, the fund, organization and program code will populate and cannot be modified in the JV process. Indexes are not required and have limited use.

5. PROGRAM CODES

Program codes are used to group functional areas of our university. The expense program codes are assigned to a fund/org combination. Program codes for expenses start with a “6” or “7”; program codes for revenue start with a “5”. Your program code defaults with the fund/org entered, but please note that if you are identifying a revenue you must override the program code with a “5” code. See program list link above for a listing.

6. ACTIVITY CODES

Activity codes are not required, but may be used to identify a grouping of transactions. Since activity codes are not required, the data gathered by activity code is only good if all transactions use the activity code. See activity code link above for a listing.

7. SETTING UP A NEW FUND, ORGANIZATION, OR ACTIVITY CODE

A Chart of Accounts Request Form will allow you to request a new fund, organization or activity code; this link takes you to the form and instructions.

8. REVENUE

Revenue is the income that the University receives from its normal business activities and includes Tuition and fees; Federal, state and private grants and contract revenue, gifts, interest income, and Auxiliary activity revenue such as housing and meal plans. The Revenue Recognition Policy gives further details for our recognition of revenue types.
9. DEPOSITS of Cash, Checks, ACH or wire transfers

A Deposit Form should be completed and submitted to cashier’s office (Harris Commons) or controller’s office for processing (if cash is being deposited you must go to the cashier’s office). Deposit forms require a fund/org/account/program code designation. We are discontinuing the use of Journal Vouchers to record deposits, effective with FY2018, but you can begin using the deposit form immediately. Please note that deposits should be recorded timely so please submit deposits throughout the month; with all deposits for the month received by month end, where possible.

10. PAYROLL EXPENSE

Payroll is processed bi-weekly and is recorded in BANNER directly to each fund/org’s labor accounts. Hourly employees must complete a timesheet weekly showing hours worked; salaried employees must complete a timesheet only to identify vacation, sick or other “non-regular” time. Payroll accounts begin with “60 and 61”.

If a payroll charge has posted to your fund/org in error, a Position Redistribution Form is required to be completed to correct payroll that has already hit the expense accounts.

A Human Resources Action Form is required to change where an employee labor costs will post in the future periods.

11. FRINGE BENEFIT EXPENSE

Fringe benefit expense is what the University pays for employee benefits; it includes Social Security tax, Medicare tax, medical, dental, vision and life insurance, short term and long term disability, 403(b) retirement, tuition remission, etc. These charges hit accounts that begin with “64, 65, and 66”.

Fringe benefits are pooled and allocated to difference labor classifications, as follows:

   a. Full time, benefit eligible employees are charged a fringe rate for all items described above. (Current rate is 31%)
   b. Part time, supplemental pay, and temporary employees are charged a fringe rate that only includes social security tax and Medicare tax. (Current rate is 7.65%)
   c. College work study, college roll, and graduate student assistant (EClass 20, 21, and 22) – do not get charged a fringe rate.

12. OTHER OPERATING EXPENSES

Other Operating expenses include items such as supplies, subscriptions, travel, utilities, rent expense, professional services, scholarships, etc. These charges hit accounts that begin with “7”.

Expense transfers are made through the 82100 account.
13. PREPAID EXPENSES

Prepaid expenses are any expense that is actually paid for before the expense is incurred. Prepaid expense of $25,000 or more will be charged to fund 01 account 16104 for PREPAID ASSETS (the previous limit was $5,000, but was increased as of 4/30/17). Then monthly, the Controller’s organization will journal voucher the expense to or over the period that the expense covers. Common examples are as follows:

- Insurance, license fees, maintenance contracts or subscriptions – where you pay one amount for use generally over 12 months
- Travel expense paid in advance of a trip
- Summer camps expense incurred before the camp begins

14. DEFERRED REVENUE

Deferred revenue is similar to Prepaid Expense because it applies to revenue that is received in advance of when the expenses will be incurred. Summer camp revenue is an example of revenue that is not recognized when received but when the summer camp is held. Deferred revenue is charged to fund 01 account 26101.

15. JOURNAL VOUCHER (JV)

A journal voucher is used to record certain transactions in Banner. A JV would be used for the following types of transactions:

a. To correct errors in your fund/department/organization accounts
b. To allocate expenses between 01 Fund and 03 Fund
c. To allocate expenses within the 01 Fund such as copier charges, work order charges, etc.

The Journal Voucher form and instructions are linked. JV’s are due to the Controller’s office by the fourth working day of the month, based on Monday through Friday being working days.

16. FIXED ASSETS

Certain items are purchased by the University that have a life that extends for more than one year and greater than $1,000. These items are capitalized as Fixed Assets and depreciated over their useful life. Fixed Assets are recorded in accounts starting with “79” and then are reclassed by the Controller’s organization to several balance sheet accounts starting with “17”. Overall depreciation expense is allocated among the functional categories of the University. Fixed Assets are physically tagged by Property Administration and are included in the University’s Fixed Asset System.
17. PHYSICAL INVENTORY

A physical inventory is done approximately every two years to ensure that all assets on our financial books are actually here on campus. A third-party company is accompanied by University personnel on a walk-through of the campus. All inventory items will be scanned during the walk-through. A campus wide notification will be sent out with information pertaining to the process before the inventory count starts.

It is imperative that Property Administration and the Office of Controller are advised immediately if any tagged assets are relocated or disposed of.

18. PATENTS AND INTELLECTUAL PROPERTY

Patents provide exclusive rights to making, using, offering for sale or selling of an invention. This right is recognized as an Intangible Asset. Patents that are owned by the University are set up as Intangible Assets are then amortized over its useful life or legal life, whichever is shorter, not to exceed forty years.