

Chart of Accounts Foundations

March 18, 2024

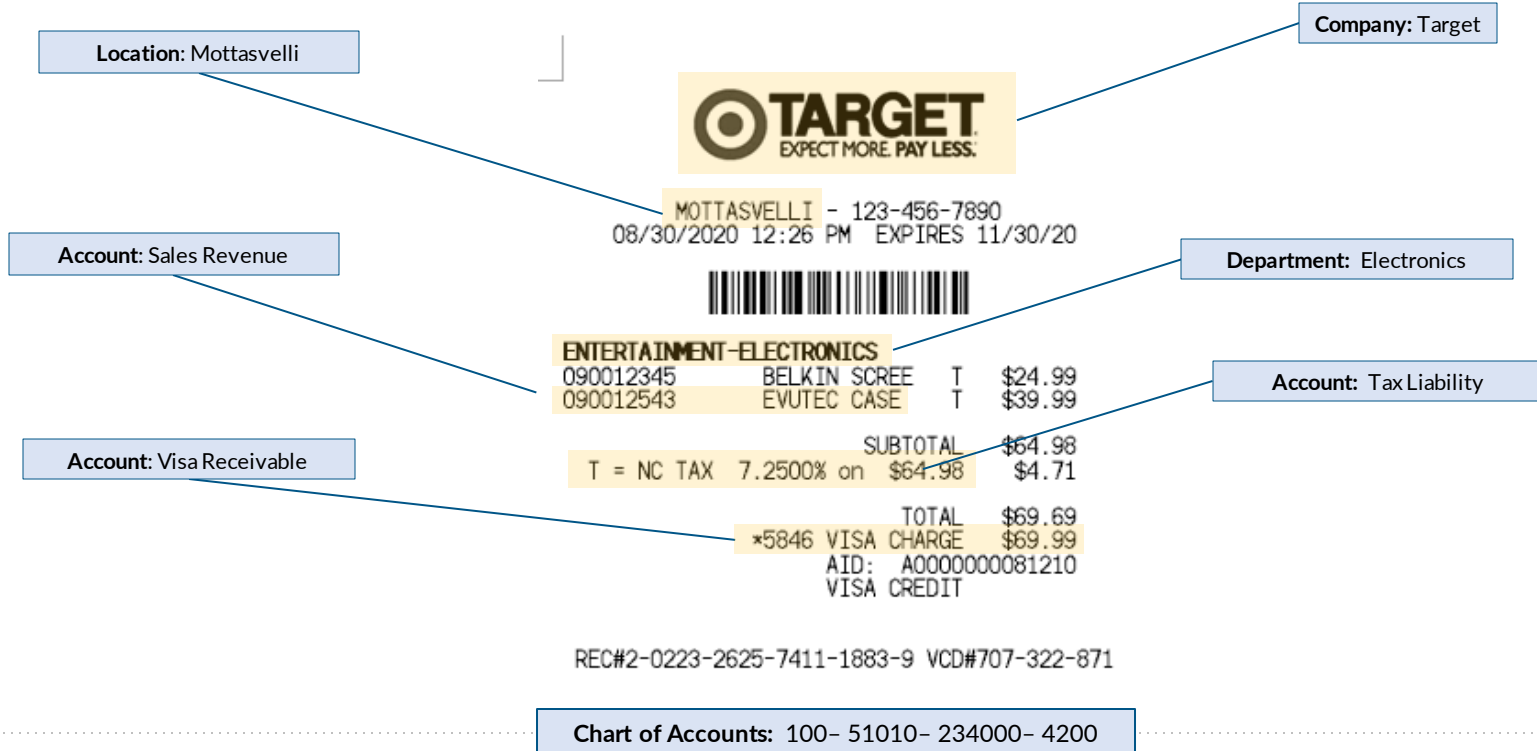
Stony Brook University

Agenda

- What is a Chart?
- Old Chart
- New Chart
- Additional Concepts
- Questions and Answers

What is a Chart?

What is a Chart? Example



What is a Chart? Definition

- Chart of accounts is the primary way to classify financial transactions which often drive key reports and queries around operation results.
- Chart of accounts is comprised of multiple segments with each segment is separate definition put together to a specific structure.
- Chart of accounts is typically supplemented with attributes and details captured in transactions and subledgers to create the full picture of operation results.

WHAT IS THE CHART



The chart of accounts is a set of **pre-defined segments** (in a pre-defined **sequence**), with a **fixed list** of values available under each segment



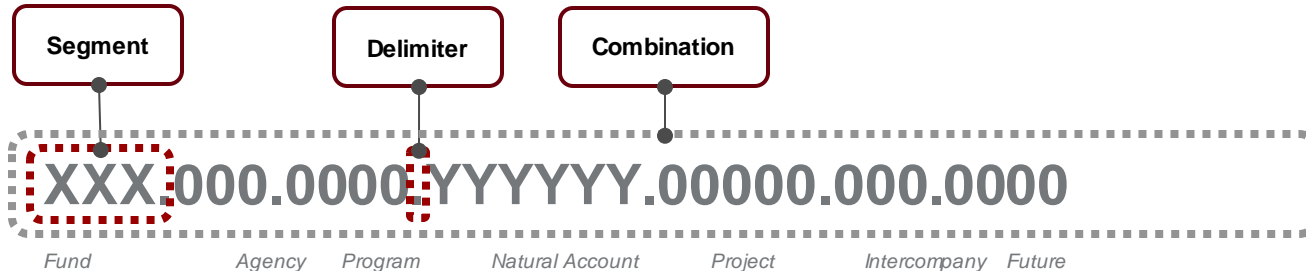
Every segment is a critical **dimension** in representing some aspect of the business – legal, financial, operational, management – on the books for every transaction



Every **event** on a transaction that has a **financial impact** generates accounting entries posting it to a **combination** of segment values in the General Ledger



All segments may not be relevant for all transactions, but **all segments** of a combination entry is always **mandatory** and cannot be blank



*For illustration purpose only

Terms to Remember

Code Combination

Refers to a unique combination of all segments

Segment

Can refer to any single segment of the combination

Delimiter

Typically "." (dot) or "-" (Dash)

Old Chart

Old Chart Segments

Element	Description	Characters
Unit	Denotes an entity for which balanced financial reports are desired, such as SBU or SBF	5
Fund	A self-balancing set of accounts categorized by purpose, ownership, responsibility or restriction	5
Account	General ledger account, denotes categorization of assets, liabilities, revenues, expenditures that would traditionally be found on a line of a financial statement (often with further levels of granularity, with reporting at a aggregated level)	10
Department	Department ID - used to categorize transactions for reporting purposes, the use of dept ID varies depending on the business unit	10
Program	Revenue: categorizes student financial activity (charges, refunds, financial aid activity, etc.) Expense: denotes broad purpose of expense, generally aligned with NACUBO classifications and used for external reporting (IPEDS)	5
Bud Ref	Refers to a specific appropriation	8

Old Chart Segments (cont.)

Element	Description	Characters
Class	Stony Brook Foundation: used to categorize for FASB reporting purposes. State Revenues: differentiate term-based and other transactional categories at a more granular level than is required for SUNY reporting. State Expenses: Categorizes at a more granular level than is required for SUNY and state reporting, primarily for budget, encumbrance and expenditure purposes.	5
Effective Date	Date the new account is established or changed if existing account (via addition of panels)	Date

Old Chart Dept Hierarchy

Element	Description	Characters
VP Area	Department Level 1 is the highest organizational level of five levels of the department organizational chart. It consists of two digits.	2
Schools and Division	Department Level 2 is the second-highest organizational level of five levels of the department organizational chart. It consists of two digits. This includes the VP area as the first two digits.	2+2
Deans	Department Level 3 is the third-highest organizational level of five levels of the department organizational chart. It consists of two digits. This includes the VP Area and Schools and Division in the first four digits.	2+2+2
Parent Organization	Department Level 4 is the fourth-highest organizational level of five levels of the department organizational chart. It consists of two digits. This is the state account.	8
Department (See CoA)	Department Level 5 is the fifth-highest organizational level of five levels of the department organizational chart. It consists of three to ten characters. The value can be three to ten characters depending on the area (RF for example uses 10, FSA uses 3 or 4.)	3 to 10

Old Chart Challenges

- Multiple uses of the same segment
- Not able to leverage hierarchies other than in the Dept segment
- Mixes view of SUNY and SBU
- Old values no longer used

New Chart

New Chart Background

Documents Gathered

- Current CoA Structure
- Current CoA Manuals
- Current CoA Values
- State or System CoA Requirements
- Affiliated Organization CoA Requirements
- Boundary System List
- Current CoA Governance
- CoA Combination List
- High Level CoA Stakeholder List

Questionnaires

- Boundary System
- CoA Attributes Rules and Other
- CoA Reporting
- Internal Stakeholders
- Additional Internal Stakeholders
- Key Concepts
- Pain Points and Gaps

Interviews Conducted

- Central CoA Team Kickoff (9/27)
- Procurement Process Discussion (9/27)
- Stony Brook Foundation Discussion (9/27)
- Other Concepts, Governance and Combo Workshop (10/4)
- All Receipt and Payment Flow Discussion (10/4)
- And several more

New Chart Leading Practice

#	Parameter	Description
1	Relevance	<ul style="list-style-type: none">• Key dimensions of the business required to be tracked and reported. The COA design should support statutory, regulatory and managerial reporting requirements. The value added by each segment must be articulated. Although some segments are necessary (e.g., Org, Account), we need to confirm that each is an important dimension for managing the business – be relevant now and in the future
2	Uniqueness	<ul style="list-style-type: none">• Separate segment for each reporting dimension• If the value of a segment can be derived from another, then perhaps it may not be a separate segment
3	Single Purpose	<ul style="list-style-type: none">• Segment should have only one definition and one purpose. Combining definitions (e.g., Org and Account – Engineering Tuition) can create reporting issues in the future and cause confusion to end users.
4	Normalized	<ul style="list-style-type: none">• Segments should not duplicate data from within the GL or other integrated transactional applications (e.g., supplier). Subledger information should remain in the subledger and be reported with appropriate tools.
5	Known Value	<ul style="list-style-type: none">• User must be able to populate the segment at time of data entry
6	Flexibility & Scalability	<ul style="list-style-type: none">• Field lengths need to accommodate growth of the enterprise• The design should be flexible to accommodate reorganizations, acquisitions, and other business changes i.e., adding “Future” segments

- **Entity** – Major operational unit at the University (e.g. SBF, SBU)
- **Org** – An operating area that is responsible or benefits from the specific transaction.
- **Fund Type** – Overall spending restriction of the fund source
- **Fund Source** – Individual pot of money that's being budgeted for or funded, and spent against
- **Account** – Nature of the transaction (e.g. asset, liability, expense, revenue, net position)
- **Classification** – A grouping of the balance sheet, revenue or expense transaction which crosses organization
- **Initiative** – A cross-organization used segment to identify activity for organization initiatives and/or where two or more departments contribute
- **Budget Year** – An identification of the budget year for prior budget spending.
- **Future** – A segment that allows for growth in the future.

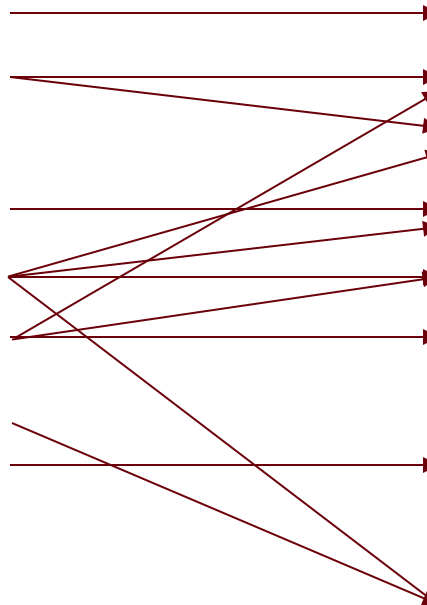
New Chart Connections

Old Chart

- Unit
- Fund
- Account
- Department
- Program
- Class
- Bud Ref
- Effective Date

New Chart

- Entity
- Fund Type
- Fund Source
- Account
- Org
- Classification
- Budget Year
- Initiative
- Future



Additional Concepts

	Parent 1	Parent 2	Parent 3	Parent 4	Parent 5	Parent 6	Child	Description
Default/ Primary Hierarchy	10000A							Summary Level 1
		10000B						Summary Level 2
			10000C					Summary Level 3
				10000D				Summary Level 4
					10000E			Summary Level 5
						10000F		Summary Level 6
							100000	Posting Level 1
							100001	Posting Level 2
							100002	Posting Level 3
				11000D				
					11000E			
						11000F		
						110000	Other Posting Level 1	

- Segments act independent of one another meaning one segments values can be combined with any other segment values. This creates more robust reporting capabilities.

Example: Two academic departments, Physics and Chemistry, provide a joint program to students called Science Squared. By using the Org segment and the Initiative segment, we can create various reporting.

- Org 1000 Physics
- Org 2000 Chemistry
- Initiative 452 Science Squared

Reporting

Option One – See all Physics spending

- Query on Org 1000 Physics

Option Two – See Physics spending on Science Squared

- Query on Org 1000 Physics + Initiative 452 Science Squared

Option Three – See Physics spending not including Science Squared

- Query on Org 1000 Physics + Initiative is blank

Option Four – See combined spending of Physics and Chemistry on Science Squared

- Query on Initiative 452 Science Square

Old Chart Method

PeopleSoft Org Structure				
Department - Level 4		Account Level 5		
42007600	Physics	42007600	Physics & Astronomy	State Purpose
		83002200	Physics CFNS Simons Operating	State Purpose
		85009724	Protected Masters-Physics&Astr	State Purpose
		86003000	Simons Physics Operating Fund	State Purpose
		86007403	BNL MOU - Physics	State Purpose

New Chart Method

1

Org	
40000	Physics & Astronomy

2

Fund Type	
University Fund Types	
	Unrestricted Rollup
	Unrestricted Operating
	100 Balance Sheet Default
	110 Unrestricted-Operating
	120 Unrestricted-Operating Reserve

3

Fund Source	
State and Tuition	
	State
	State Purpose
	100000 Department Allocation
	100001 Physics CFNS Simons Operating
	100002 Protected Masters-Physics&Astr
	100003 Simons Physics Operating Fund
	100004 BNL MOU - Physics

Crosswalk		Account Level 5
40000-110-100000	=	42007600 Physics & Astronomy
40000-110-100001	=	83002200 Physics CFNS Simons Operating
40000-110-100002	=	85009724 Protected Masters-Physics&Astr
40000-110-100003	=	86003000 Simons Physics Operating Fund
40000-110-100004	=	86007403 BNL MOU - Physics

- An attribute acts like a static tag of the chart segments to provide an alternative way to write reports.

Example: Academic vs. Non Academic Orgs

Questions and Answers