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EXHIBIT NUMBER

3-1 JOURNAL ENTRY FORMS
3-2 MISCELLANEOUS DISBURSEMENT VOUCHER
3-3 BUDGET TRANSFER REQUEST
3-4 DEPARTMENTAL CHARGE AUTHORIZATION
3-5 PURCHASING REPORTS
3-6 ACCOUNTS PAYABLE REPORTS
3-7 CHECK CYCLE REPORTS
3-8 FINANCIAL ACCOUNTING REPORTS
3-9 DATA CONTROL FORMS
3-10 ON-LINE INQUIRY SCREENS
3-11 FBM040 (CHART OF ACCOUNTS G/L AND S/L)
3-12 FBM097 (REVENUE AND EXPENSE SUB-CODES)
3-13 MONTH-END PROGRAMS
3-14 YEAR-END PROGRAMS
3.01 OVERVIEW

This chapter provides an overview of the accounting system, including the flow of transactions, the computer-based processes, the books of accounts, the chart of accounts' structure, the types and sources of transactions, and the processing required for daily, monthly and year-end processing. This chapter also includes a description of the procedure for processing journal entries into the accounting system and procedures for controlling the general ledger accounts.

3.01.1 CURRENT POLICY

The policy and procedures regarding the operation of the accounting system are as follows:

Responsibility for the Accounting System: The Director of Accounting Services has the responsibility for overseeing the operation and maintenance of the accounting system. The Accounting Services Office has the responsibility of processing transactions and for the timely production of accounting reports. The Accounting Services Office also has the responsibility for submitting the daily program requests.

Fund Accounting: The University maintains accounting records within the accounting system based on the principles of fund accounting; that is, the accounting system provides for separate, self-balancing sets of accounts or fund groups in accordance with generally accepted fund accounting principles and procedures for colleges and universities, as specified by the National Association of College and University Business Officers' publication, College and University Business Administration, and by the requirements of the industry audit guide entitled, Audits of Colleges and Universities, published by the American Institute of Certified Public Accountants.

Fund groups of the Institute are:

Current Funds
Loan Funds
Endowment and Similar Funds
Plant Funds
Agency Funds

Approvals of Entries to Accounting System: All journal entries to the accounting system must be signed by the person creating the entries and approved by the Director of Accounting Services.
3.02 THE ACCOUNTING SYSTEM

3.02.1 SOURCES OF TRANSACTIONS

The accounting system at Rowan University is a computer-based system maintaining all the accounts of the University and producing computer-generated reports on a scheduled basis. The reports can be produced daily, monthly, or on an "as needed" basis. The computer-based system was developed and maintained by Information Associates/SCT. The accounting systems, sources of transactions, and the related types of information are listed below.

Transactions that are processed into the accounting system can be classified into the following groups:

- **Journal Entries** - Journal entries are prepared for various transactions. These transactions include student account charges, correcting entries, monthly entries, and department reimbursements (see Exhibit 3-1).
- **Encumbrances** - Encumbrances arise from purchasing entries and entries to cover blanket orders. An encumbrance can be put on an account when a direct payment is used to pay a bill.
- **Disbursements** - Direct payments and reimbursements are processed by the Accounts Payable Office. These payments are made on Miscellaneous Disbursement Vouchers (MDV) and are used for reimbursements, memberships, subscriptions and prepayments (see Exhibit 3-2).
- **Budgets** - An original budget or budget transfer document serves as the source for the budget entry (see Exhibit 3-3).
- **Payroll Feeds** - Payroll feeds are produced by the Human Resource System (HRS). The feeds are then entered into the accounting system.
- **Departmental Charge Authorization** - This form is used when a University department buys something from another University department (see Exhibit 3-4).
- **Account Maintenance** - Accounts are created, changed, or deleted from the accounting system by use of an approved account maintenance form.

3.02.2 SYSTEM DESCRIPTION

Rowan University of New Jersey has purchased an automated accounting system known as the Financial Records System (FRS) from Information Associates/SCT. The Information Associates/SCT Financial Records System consists of four modules: Purchasing, Accounts Payable (which includes Check Cycle), and Financial Accounting. The Purchasing module allows departments to enter requisitions, converts requisitions to purchase orders, and allows for
a three-way match of the purchase order, receiving report and vendor invoice for payment. Data is entered on-line and immediately updated within the module. The Purchasing programs produce separate reports which are used by the Purchasing Office and Accounts Payable Office (see Exhibit 3-6). These reports are listed below:

- PBD050 - Financial Accounting Feed. This is fed into the Financial Accounting Cycle and a copy goes to the Accounts Payable Office.
- PBD080 - Accounts Payable Feed. This is fed into the Accounts Payable Cycle and a copy goes to the Accounts Payable Office.
- PBD085 - This is an error report and goes to the Purchasing Office.
- PBR110 - This produces requisition orders and goes to the Purchasing Office.

The Accounts Payable module allows for the direct vouchering of payments along with payments produced by the PBD080 Accounts Payable feed from the Purchasing cycle. An integral part of the module is the vendor voucher file. The Accounts Payable cycle takes information from the on-line entries and the feed from the PBD080 Purchasing program and produces an Accounts Payable feed. The feed produced is called "APDxxx" and is fed into the Financial Accounting cycle. The Accounts Payable module allows for the delayed payment of bills (see Exhibit 3-7). The Accounts Payable cycle produces the following reports:

- VBD009 - Data Collector and Transaction Analyzed
- VBD010 - Daily File Maintenance Diagnostics
- VBD020 - Accounting Feed - Accounts Payable
- VBD030 - Daily Voucher Register

The Check Cycle is a batch program which identifies vouchers scheduled for payment and executes a check printing cycle for those payments identified for payment. The Check Cycle produces four reports for each Check Cycle run (see Exhibit 3-8).

These reports are listed below:

- VBC010 - Check Cycle Extract
- VBC025 - Check Cycle Update
- VBC030 - Check Cycle Cash Disbursement Report
- VBD020 - Accounting Feed - Check Cycle - The VBD020 Accounting Feed - Check Cycle produces a feed "APCxxx" that is fed into the Accounting cycle.

The Financial Accounting module takes the feeds produced by the Purchasing cycle, Accounts Payable cycle, and Check cycle and updates all the financial records and files. Payroll feeds from the HRS system are also fed into the Financial Accounting cycle. The Financial Accounting cycle produces several reports that are used to verify that all the feeds were accepted and that the dollar amounts agree with the feeds (see Exhibit 3-9). The reports produced are listed below:
The reports are checked the next day and are given to the applicable office staff responsible for each area.

**System Controls**
On-line input to the various systems are controlled by the use of Data Control Forms (see Exhibit 3-10). The employee who enters the on-line data fills out the form and turns the form in to the Accounting Services Office. The totals are checked against the information that comes out on the reports from the different cycles.

**System Reports**
The different modules produce several reports and have on-line inquiry screens (see Exhibit 3-11). The reports and screens can be used by the office to check on accounts. The Accounting Office has the responsibility for the running of all batch programs. A description of each report can be found in the Information Associates/SCT's Financial Records System User Reference Guide.

### 3.03 CHART OF ACCOUNTS

The chart of accounts is based on information supplied by Information Associates/SCT and on the State accounting system. The chart identifies the general ledger numbers and the subsidiary ledger accounts used by the University. The report that lists the account numbers is called FBM040 (see Exhibit 3-12). Another report that shows all the valid revenue and expense subcodes is FBM097 (see Exhibit 3-13). All general ledgers and subsidiary ledgers are grouped by major account groups.
3.03.1 OBJECT/DETAIL BALANCE SHEET CLASSIFICATION

Account Classifications: General Ledger Accounts

- **Ledger 1**: Current Unrestricted Funds
- **Ledger 2 & 3**: Current Restricted Funds and Revolving Accounts
- **Ledger 4**: Loan Funds
- **Ledger 5**: Endowment Funds
- **Ledger 6**: Unassigned
- **Ledger 7**: Plant Funds
- **Ledger 8**: Unassigned
- **Ledger 9**: Agency Funds

Subsidiary Ledger Accounts

- **Ledger 1**: Current Unrestricted Revenue
- **Ledger 2**: Current Unrestricted Expenses
- **Ledger 3**: Current Unrestricted Auxiliary and Revenue Producing Accounts
- **Ledger 4**: Loan Funds
- **Ledger 5**: Grants and Contracts
- **Ledger 6**: Other Restricted Funds
- **Ledger 7**: Plant Funds
- **Ledger 8**: Unassigned
- **Ledger 9**: Agency Funds

3.03.2 PROGRAM IDENTIFIER ATTRIBUTES

The program identifier attributes used by Rowan University are those which are recommended by NACUBO.

**Account Purpose**

10 Instruction
11 General Academic Instruction
12 Vocational Technical Instruction
13 Special Session Instruction
14 Community Education
15 Preparatory/Remedial Instruction
20 Research
21 Institutes and Research Centers
22 Individual and Project Research
30 Public Service
31 Community Service
32 Cooperative Extension Service
33 Public Broadcasting Services
40 Academic Support
41 Libraries
42 Museums and Galleries
43 Educational Media Services
44 Academic Computing Support
45 Ancillary Support
46 Academic Administration
47 Academic Human Resources Development
48 Course and Curriculum Development
50 Student Services
51 Student Services Administration
52 Social and Cultural Development
53 Counseling and Career Guidance
54 Financial Aid Administration
55 Student Admissions
56 Student Records
57 Student Health Services
60 Institutional Support
61 Executive Management
62 Fiscal Operations
63 General Administration and Logistical Services
64 Administrative Computing Support
65 Public Relations/Development
70 Operation and Maintenance of Plant
71 Physical Plant Administration
72 Building Maintenance
73 Custodial Services
74 Utilities
75 Landscape and Grounds Maintenance
76 Major Repairs and Renovations
80 Scholarships and Fellowships
81 Scholarships
82 Fellowships
90 Auxiliary Enterprises
91 Auxiliary Enterprises - Student
92 Auxiliary Enterprises - Faculty/Staff
93 Intercollegiate Athletics
94 Mandatory Transfers/Auxiliary Enterprises
98 Mandatory Transfers
99 Non-Mandatory Transfers

3.03.3 EXECUTIVE LEVEL ATTRIBUTES

Description: Designates the executive level officer who is responsible for this account. This attribute will be used for summary reporting purposes.

01 President's Division
02 Executive VP & Provost
03 VP Administration & Finance
04 Executive VP University Advancement
05 VP Student Services

3.03.4 DIVISION ATTRIBUTES

Description: Designates major segment or campus to which this account pertains.

10 President's Division
20 Executive Vice President/Provost
21 Deputy Provost
22 Dean of Students
23 AVP Academic Administration
24 Dean-College of Liberal Arts and Sciences
25 Dean-College of Education
26 Dean-College of Fine and Performing Arts
27 Dean-College of Business Administration
28 Dean-College of Engineering
30 Vice President for Administration and Finance
31 Director of Facilities Planning
32 Vice President of Information Resources
33 AVP/Residence Life
34 Business Services
35 Executive Vice President for University Advancement
36 General University

3.03.5 UNIVERSITY ATTRIBUTES/COLLEGE

Undefined
01 Liberal Arts & Sciences
02 Education
03 Fine and Performing Arts
04 Business Administration
05 Engineering
89 1989 Fiscal Year
90 1990 Fiscal Year
91 1991 Fiscal Year
92 1992 Fiscal Year
93 1993 Fiscal Year
94 1994 Fiscal Year
95 1995 Fiscal Year
96 1996 Fiscal Year
97 1997 Fiscal Year
98 1998 Fiscal Year
99 1999 Fiscal Year
00 2000 Fiscal Year

3.03.6 DEPARTMENT ATTRIBUTES

Description: Five digit code which designates departments within colleges or units for which fiscal reports may be necessary. This attribute can be used to summarize one or more subsidiary ledger accounts which need to be summarized on a departmental level. This information may be viewed online on FRS screen 006 or on Report #FBM-040, monthly Chart of Accounts.

3.04 ACCOUNTING SYSTEM PROCESSING

Processing in the accounting system can be thought of as being daily, monthly, and yearly. The procedures related to each of these cycles are discussed below.

3.04.1 DAILY JOURNAL VOUCHER PROCESSING

During the month, Journal Vouchers are prepared by various business offices before being processed by the Accounting Services Office. Most of the journal entries are prepared by the Accounting Office staff. The staff in the Bursar's Office, Budget Office, and Cash Management Office prepare some journal entries and forward them to the Accounting Services Office for processing.
Journal entries are usually prepared for the following reasons:

<table>
<thead>
<tr>
<th>Bursar's Office</th>
<th>Correct accounts/transfer receipts between accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Correct misposting/divide charges</td>
</tr>
<tr>
<td>Cash Management/AP</td>
<td>University Purchasing Card</td>
</tr>
<tr>
<td>Accounting Services Office</td>
<td>Monthly Journal entries and all corrections</td>
</tr>
</tbody>
</table>

All journal voucher entries are received by the Accounting Services Office and reviewed by the accountants. After being reviewed, they are signed and given to the clerks for entry into the system. Before they are entered, the following procedures are performed for each journal voucher:

- Group all journal vouchers together and prepare a Data Control Form (see Exhibit 3-10). A control number is assigned to each form. The number consists of the clerk's initials and number, such as ABC123.
- The data control number and date entered is written on each journal voucher as it is entered into the system.
- Add up total number of entries and dollar amounts and enter these on the Data Control Form.

### 3.04.2 UNIVERSITY CHARGES AND DEPARTMENTAL CHARGES

All University charges and departmental charges are entered either by the Accounting Services Office clerks or fed to FRS via Batch Feed. The University charges are received in the form of a computer program printout. The printout shows the type of charge, account number, amount and date. These types of charges are:

- Telephone
- Duplicating
- Xerox
- Central Receiving
- Mail Room

Departmental charges are used when one University department buys something from another University department. They are used for Dining Service, University Store, SGA Bus Account and other purchases. The form is submitted by the supplying office and is received and reviewed by the Budget Office and the Accounting Services Office. The form includes a description of the service, amount, and the accounts to be charged.
• The entries are reviewed by the appropriate staff for amounts and account numbers.
• Entries are grouped together and assigned a Data Control number.
• If any account numbers show up as not being valid, the entry is pulled and sent back to the supplying office.

3.04.3 CASH RECEIPTS AND DEPOSITS

Except for four Auxiliary Service Projects (Dining Service, Student Center, University Store, and SGA), the Bursar's Office (Revenue) has the responsibility for all University deposits and for recording cash receipts.
• The Bursar's Office clerk counts all receipts and prepares a transmittal form and deposit slip. The clerk is escorted to the bank by University Public Safety.
• Another clerk gets the transmittal and posts the cash receipt totals to the proper account.
• Dining Service, Student Center, University Store and SGA make their own deposits and then give the deposit slip and transmittal to the Bursar's Office. A copy of the transmittal also goes to the Accounting Services Office. The Bursar's Office clerk posts the receipts to a clearing account and the Accounting Services Office staff then transfers the money from the clearing account to the proper Dining Service, Student Center, University Store, and SGA revenue account.
• A Data Control Form is also made up for all deposits and transfers of funds.

3.04.4 VERIFICATION OF TOTALS

A Data Control Form is filled out by each of the following offices for all on-line entries and given to the Account Office:
• Accounting Services Office
• Bursar’s Office
• Accounts Payable
• Budget Office
• Fixed Assets

After the Financial Accounting Cycle is run, the Accounting Services Office staff compares each Data Control Form to the FBD013 Daily on-line transcript totals. The FBD013 sheet is then attached to the matching Data Control Form and both are returned to the person who made the entry. A copy of the Data Control Form remains in the Accounting Services Office.

When the office gets the Data Control Form and FBD013 back, they check the original documents against the FBD013. If any errors were noted by the Accounting Services Office staff or if the employee preparing the Data Control Form finds any errors, the errors are researched and corrected.
The FBD013 Daily on-line transcript is also used if the system crashes and the information must be re-entered. The sheets are given back to the offices so they can see which must be re-entered.

### 3.04.5 MONTH-END PROCESSING

The month-end processing consists of two main components. These two components are month-end journal entries and month-end report programs. The entries are prepared by Business Office Accountants or done by Batch. Some of the accounts to which entries are made are:

- Housing
- Dining Service
- University Store
- Student Center
- Student Government Association (SGA)
- General University Revenues

An example of entries that need to be made are:

- Deferred room and board
- Deferred tuition
- Deferred fees
- Salary charges from HRS
- Central charges

Month-end report processing consists of the daily report cycles plus the month-end report cycles. The Accounting Services Office prepares the month-end report request and submits the request to the Management Information Systems. The month-end processing cycle consists of the following reports (see Exhibit 3-14 for details).

- Purchasing
- Accounts Payable
- Check Cycle (if month-end falls on Monday or Wednesday)
- Financial Accounting
- Chart of Accounts
- Accounts Payable Month-End Cycle
- Financial Accounting Month-End Reports
- Financial Accounting Month-End Cycle
- Accounts Payable Month-End Reports
- Any local reports

The month-end reports are delivered to the Accounting Services Office. The reports are checked for accuracy and to make sure all the requested prints were printed.
The reports are then distributed to the appropriate offices based on what reports each office requested.

Month-end reports are put on CD and stored in a fireproof file cabinet for safekeeping. The Accounting Services Office keeps a copy of the CD for everyday use.

### 3.04.6 YEAR-END PROCESSING

Year-end processing includes all month-end processing, year-end adjustments, and year-end programs. The year-end adjustments include the following:

- Record all outstanding bills not paid by June 30th.
- Post accruals for payroll and interest.
- Post all receivables.
- Review all clearing accounts
- Post all inventories based on a physical count at year-end.

The year-end process is accomplished in three (3) stages with two (2) sets of accounting files being maintained. One file is in the old year and one file in the new year (see Exhibit 3-15).

- The first step is to create a new file with just the account numbers. This is done so the Budget Office can set up budgets for the new fiscal year.
- The second step brings across certain balances from the Purchasing, Accounts Payable, and Accounting files. At this point, the University has active files for two (2) fiscal years.
- The third step brings across all general ledger balances and any remaining account balances. The third step is run after all audit adjustments and corrections have been posted to the old fiscal year.

The year-end process is run under the close supervision of the Accounting Services Office and the FRS Programmer. This is to assure that the right files are carried across and the correct programs are merged to create the files in the new year. Certain Daily Cycles and Month-End programs are run in connection with the Year-End Cycle to make sure the right files and programs were used and that the two years were merged correctly.