

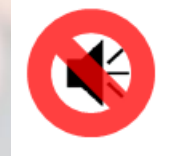
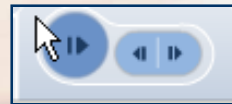


# Chart of Accounts Segments Knowledge Building

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has no audio*

# Chart of Accounts - Objectives

- Understand your stewardship responsibility at Penn
- Understand how the Chart of Accounts (COA) is used at Penn
- Understand what the COA tells us about each financial transaction
- Understand what each segment of the COA represents

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# Chart of Accounts

What is your Stewardship Responsibility?

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# Stewardship- Understanding What We Do

- It is important to accurately capture, understand, and report how resources are being used because:
  - Lenders want to know before lending Penn money
  - Donors want to know when they “gift” money to Penn
  - Government agencies want to know when they commit research money
  - The University Trustees want to know so they can guide Penn’s future

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# Stewardship- Why it's Important

- It's in everyone's long-term interest to manage Penn's resources better
  - More funds are available to help Penn fulfill its mission
  - The University is better prepared to meet rapidly changing and/or challenging financial conditions
  - Penn is able to excel against the competition
  - Penn will continue to thrive for many years to come

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# Stewardship- It's Up To You

- You give Penn the ability to accomplish this because:
  - Under the Responsibility Center Management (RCM) model, you have the authority and responsibility to originate financial transactions
  - You are also accountable for processing these transactions correctly
  - Getting the information right is important because accuracy and completeness:
    - Improves overall effectiveness by eliminating rework and delays
    - Provides timely and high quality data for planning and reporting purposes
    - Gives Penn stakeholders confidence that their money is being used properly and effectively

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# Chart of Accounts

## Why Seven Segments?

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# COA Seven Segments- Overview

- Each financial transaction is made up of 7 unique segments
  - All 7 segments together are known as the **Accounting Flexfield**
- Each transaction captures specific financial information for the purposes of reporting:
  - How resources (i.e. monetary) are obtained and used (spent)
  - Managing finances on different levels of the institution

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx



# COA Segments- Why 7 Segments?

- Provides a structure for gathering comprehensive information for planning and management in a complex environment
  - Schools/Centers are able to manage resources at both School/Center and department levels
  - Facilitates the budgeting process because both organizational (department) and program (activity) information is detailed
  - Tracking and analysis of resource flow is improved
  - Financial management is more comprehensive

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# COA Segments- What They Tell Us

- Each segment represents information relevant to the transaction
  - Allows information to be aggregated for financial reporting
    - The various segments provide for varying levels of reporting, for example: Department level, School/Center level, and University level
  - Each segment provides different views of the data
  - The segments provide the basis for funds checking
  - All Schools/Centers use the first 6 segments uniformly
    - Center Reference is specific to and defined by each School/Center

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# COA Segments- Where They Are Used

- Every financial system application makes use of the information contained in the various segments on each transaction
  - **BEN Financials** -- BEN Balances, BEN Buys, BEN Pays, BEN Assets
  - BEN Deposits
  - Budget Planning (Hyperion Planning)
  - Payroll/Salary Management/PennWorks

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# Chart of Accounts (COA)

## COA Segments

### Penn Accounting Flexfield

CNAC ■■■  
ORG ■■■■  
BUDGET CHK ■  
FUND ■■■■■■  
OBJECT ■■■■  
PROGRAM ■■■■  
CENTER REF ■■■■

# COA Segments- Center Net Asset Class

- The CNAC facilitates the aggregation and segregation of financial information at School/Center level
- CNAC is defined as three digits:
  - First 2 digits (Center) - School/Center code
    - Identifies the specific School or Center responsible for the transaction
  - Last Digit (Net Asset Class) - Existence or absence of a donor imposed restriction on when the money can be used
- Each value is unique across the University

## Penn Accounting Flexfield

CNAC ■■■

ORG ■■■■

BUDGET CHK ■

FUND ■■■■■■

OBJECT ■■■■

PROGRAM ■■■■

CENTER REF ■■■■

# COA Segments- Center Net Asset Class

- The last digit identifies externally imposed donor restrictions
  - 0: Unrestricted** - all donor restrictions (if any) have been met and the funds can be used now
    - All general purpose funds are always unrestricted
    - Grants and contracts are always unrestricted because they are agreements with sponsoring agencies, not gifts from donors
  - 1: Temporarily Restricted** - funds can be spent once the donor restriction is satisfied
    - Restricted gift
    - Endowment income
  - 2: Permanently Restricted** - gift can never be spent
    - True endowment
    - Only investment income can be spent

Penn Accounting Flexfield

CNAC 070 Wharton UR

ORG ■■■■

BUDGET CHK ■

FUND ■■■■■■

OBJECT ■■■■

PROGRAM ■■■■

CENTER REF ■■■■

# COA Segments- Organization

- A subdivision of the University created for management purposes
  - An Organization is sometimes referred to as a “department” or “ORG”
- Each organization is defined by four digits:
  - The first 2 digits identifies the School/Center to which the organization belongs and generally match the first 2 digits of the CNAC
  - All 4 digits combined make each organization unique within a School/Center
- May contain human, financial, physical and information resources
  - People work within the structure of an organization (i.e. department)
  - Example: Academic unit within a School/Center
- Each value is unique across the University

## Penn Accounting Flexfield

CNAC 070 Wharton UR

ORG 0702 Finance

BUDGET CHK ■

FUND ■■■■■■

OBJECT ■■■■

PROGRAM ■■■■

CENTER REF ■■■■

# COA Segments- Organization

- Within a financial transaction, the “ORG” code identifies the organizational unit associated with the transaction
- Facilitates segmentation and/or aggregation of budget and financial information at various levels within the School/Center
- Organization may refer to any unit in the organizational hierarchy, for example:
  - 0701 Wharton Accounting
  - 0702 Wharton Finance
  - 0728 Wharton Financial Aid Office

Penn Accounting Flexfield

CNAC **070 Wharton UR**

**ORG 0702 Finance**

BUDGET CHK ■

FUND ■■■■■■

OBJECT ■■■■

PROGRAM ■■■■

CENTER REF ■■■■



# COA Segments- Budgetary Control

- Budgetary Control identifies the funds checking methodology that is used by the transaction and is defined as 1 digit
- Funds checking is the procedure by which BEN Financials checks whether sufficient funds are available before processing a transaction
  - If sufficient funds are not available, the user will receive an warning message

To fully understand 'Funds Checking', it is necessary to be familiar with the remaining segments. Budgetary Control will be covered in more detail later.

## Penn Accounting Flexfield

CNAC 070 Wharton UR

ORG 0702 Finance

**BUDGET CHK 1 FYTD**

FUND ■■■■■■

OBJECT ■■■■

PROGRAM ■■■■

CENTER REF ■■■■

# COA Segments- Fund

- A fund contains money and has specific guidelines for the money's use
- A Fund is defined as six digits
- General purpose funds are common across the University, and Sponsored Research, Gift, and Endowment funds are unique based on the fund's purpose
  - The number assigned to the fund is the same for all of Penn, regardless of the School/Center and Organization associated with the fund.
  - More than one School/Center or Organization can use the same fund for example, 'Unrestricted funds' use fund '000000'

[Click to view Fund Aggregation information](#)

[Click to view Fund Usage information](#)

## Penn Accounting Flexfield

CNAC 070 Wharton UR  
ORG 0702 Finance  
BUDGET CHK 1 FYTD  
FUND 000000 Gen Unres  
OBJECT ■■■■  
PROGRAM ■■■■  
CENTER REF ■■■■

# COA Segments- Fund

- Funds have a specific numbering convention:
  - General Purpose and Special Purpose Funds begin with “0”
  - Endowments are “4” funds
  - Gifts are “6” funds
  - Sponsored Projects (i.e. Grants) are “5” funds

[Click to view Fund Aggregation information](#)

[Click to view Fund Usage information](#)

Penn Accounting Flexfield

CNAC **070 Wharton UR**

ORG **0702 Finance**

BUDGET CHK **1 FYTD**

FUND **000000 Gen Unres**

OBJECT ■■■■

PROGRAM ■■■■

CENTER REF ■■■■

# COA Segments- Object Code

- An Object Code contains specific information about what kind of financial category (i.e. natural account) a transaction falls under
- The Object Code is defined as four digits:
- Identifies account transaction as an asset, liability, revenue or expense
  - 1xxx - Assets
  - 2xxx - Liabilities
  - 3xxx - Net Assets
  - 4xxx - Revenue
  - 5xxx - Expenses
- Each value is common across the University

**Penn Accounting Flexfield**  
CNAC **070** Wharton UR  
ORG **0702** Finance  
BUDGET CHK 1 FYTD  
FUND **000000** Gen'l Unrestricted  
**OBJECT 5220** Office Supplies  
PROGRAM ■■■■  
CENTER REF ■■■■

# COA Segments- Object Code

- Within each major Object Code division, there is a specific hierarchal structure, for example:
  - The Object Code 'Expense' is further sub-categorized into 'Current Expense', which is further broken down into such things as:
    - Supplies
    - Travel
    - Telecommunications
  - These sub-categories are further defined into such things as 'office supplies', 'lab supplies', etc.

[Click to view detailed Object Code definitions](#)

Penn Accounting Flexfield

CNAC **070** Wharton UR

ORG **0702** Finance

BUDGET CHK 1 FYTD

FUND **000000** Gen'l Unrestricted

**OBJECT 5220** Office Supplies

PROGRAM ■■■■

CENTER REF ■■■■

# COA Segments- Program

- The Program defines the **activity** being supported by the transaction and is four digits
- The Program Code has a clearly defined structure:
  - 0xxx- General
  - 1xxx - Instruction only programs
  - 2xxx - Research only programs
  - 3xxx – Service programs and Capital Projects
  - 4xxx - Instruction, Research and Service programs
  - 5xxx - Other academic programs
  - 6xxx - Academic Support
  - 7xxx - Administrative
  - 8xxx,9xxx - Capital Projects/Programs

**Penn Accounting Flexfield**  
CNAC **070** Wharton UR  
ORG **0702** Finance  
BUDGET CHK **1** FYTD  
FUND **00000** Gen'l Unrestricted  
OBJECT **5220** Office Supplies  
**PROGRAM 7311 Alumni Relations**  
CENTER REF ■■■■

# COA Segments- Program

- Using the Program Code facilitates cross-organizational reporting
  - Allows a particular type of activity to be tracked and aggregated within a specific School/Center **or** across the University from School/Center to School/Center
    - For example, 'Staff Training' activity can be tracked from Human Resources to the Medical School, to the Division of Finance even though they are each separate School/Center entities
- Program Codes are used in common across the University

Penn Accounting Flexfield

CNAC **070** Wharton UR

ORG **0702** Finance

BUDGET CHK **1** FYTD

FUND **000000** Gen'l Unrestricted

OBJECT **5220** Office Supplies

**PROGRAM 7311 Alumni Relations**

CENTER REF ■■■■

# COA Segments- Center Reference

- The CREF provides a unique, additional reference that is specific to an individual School/Center
- The CREF is four digits and is defined by the School/Center:
  - Used to record information that is important to a School or Center
  - Used specifically for information which does not fit in any other segment
  - Permits financial information to be aggregated at a level other than Organization and Program within a School/Center

Penn Accounting Flexfield

CNAC **070 Wharton UR**

ORG **0702 Finance**

BUDGET CHK **1 FYTD**

FUND **00000 Gen'l Unrestricted**

OBJECT **5220 Office Supplies**

PROGRAM **7311 Alumni Relations**

CENTER REF **1234 Ben Franklin**



# COA Segments- Center Reference

- Each School/Center uses this value as they require, for example:
  - School 07 (Wharton) may have a Center Reference 1234 meaning ‘Support of Professor Benjamin Franklin’
  - School 13 (SEAS) may have a Center Reference 1234 meaning ‘Research for Robotic Manipulators’
- This segment value is maintained by the School/Center
  - Your School/Center Senior BA can tell you how this segment is used in your School
    - Many Schools use this segment to define the Principal Investigator of a project

Penn Accounting Flexfield  
CNAC **070** Wharton UR  
ORG **0702** Finance  
BUDGET CHK **1** FYTD  
FUND **000000** Gen'l Unrestricted  
OBJECT **5220** Office Supplies  
PROGRAM **7311** Alumni Relations  
CENTER REF **1234** Ben Franklin

# Funds Checking - Budgetary Control Segment

- The Budgetary Control segment defines the funds checking methodology by **Fund** type and **CREF** (if necessary), and consists of one digit:

**BC 1** : Checks **fiscal year** Funds at the Organization level, no CREF

- The current **fiscal year total expense budget**
  - any **actual expenditures** incurred to date
  - any **encumbrances** incurred to date**= Funds available** to process this transaction

**BC 2** : Checks **fiscal year** Funds, at the Center Net Asset Class, Organization and Center Reference level

- The current **fiscal year total expense budget**
  - any **actual expenditures** incurred to date
  - any **encumbrances** incurred to date**= Funds available** to process this transaction

Penn Accounting Flexfield

CNAC **070** Wharton UR

ORG **0702** Finance

BUDGET CHK **1** FYTD

FUND **000000** Gen'l Unrestricted

OBJECT **5220** Office Supplies

PROGRAM **7311** Alumni Relations

CENTER REF **1234** Ben Franklin

# Funds Checking - Budgetary Control Segment

- Budgetary Control of:
  - 4 : Checks **project** period Funds, at the Center Net Asset Class, Organization, and Center Reference level
    - The current **project to date total expense budget**
      - any **actual expenditures** incurred to date
      - any **encumbrances** incurred to date= Funds available to process this transaction
    - Normally crosses fiscal years
    - All Grants and contracts use project budgets and are always “BC” = 4

## Penn Accounting Flexfield

CNAC **070 Wharton UR**  
ORG **0702 Finance**  
BUDGET CHK **1 FYTD**  
FUND **000000 Gen Unres**  
OBJECT **5220 Office Supplies**  
PROGRAM **7311 Alumni Relations**  
CENTER REF **1234 Ben Franklin**

# Funds Checking - Budgetary Control Segment

- What is meant by 'total expenses'?

Sample Budget - Funds Checking			
	Budget	Actual	Available
Supplies	200	200	0
Travel	300	100	200
Computers	<u>500</u>	<u>200</u>	<u>300</u>
<b>Total</b>	<b>1000</b>	<b>500</b>	<b>500</b>

Specific Expense Category

*For example, if you want to order \$50 worth of Supplies, you will 'pass' funds check, even though the specific expense is \$0, as there is \$500 available in the overall 'Total Expenses'*

Total of all Expense Categories

- Funds Checking answers the question, “**Can** I spend the money?” but not necessarily the question “**Should** I spend the money?”
  - **You** and your department must evaluate the budgetary impact on future plans if a specific expense category will be overspent

# COA Segments- Stewards

- Segment values are maintained by different Penn organizations
  - **Center Net Asset Class** -- Budget and Management Analysis
  - **Organization** -- Budget and Management Analysis
  - **Fund** -- Comptroller's Office
    - Grants Funds – Office of Research Services
    - Gift Funds – Office of the Treasurer
  - **Object** -- Comptroller's Office
  - **Program** -- Budget and Management Analysis
  - **Center Reference** -- Each School/Center

## Penn Accounting Flexfield

CNAC **070 Wharton UR**  
ORG **0702 Finance**  
BUDGET CHK **1 FYTD**  
FUND **00000 Gen'l Unrestricted**  
OBJECT **5220 Office Supplies**  
PROGRAM **7311 Alumni Relations**  
CENTER REF **1234 Ben Franklin**

# COA Segments- Review Information

- If you would like to review the material before proceeding, use the navigation bar to return to a specific topic

**Penn Accounting Flexfield**  
 CNAC **070 Wharton UR**  
 ORG **0702 Finance**  
 BUDGET CHK **1 FYTD**  
 FUND **000000 Gen Unrestricted**  
 OBJECT **5220 Office Supplies**  
 PROGRAM **7311 Alumni Relations**  
 CENTER REF **1234 Ben Franklin**

Center Net Asset Class	Organization	Budgetary Control	Fund	Object	Program	Center Reference
xxx	xxxx	x	xxxxxx	xxxx	xxxx	xxxx

# COA Segments- Next Steps

- Upon completion of Chart of Account Segments Knowledge Building
  - You may register for:
    - BEN Balances General Ledger Inquiry and Reporting
  - Successful completion of General Ledger Inquiry and Reporting satisfies the prerequisite for the following courses:
    - BEN Balances Manual Journal Entry
    - BEN Balances Budget Journal Entry
    - BEN Buys Purchase Order Manager
- For information about these and other Financial Training course offerings and pre-requisites go to:
  - [Financial Training Courses](#)

# COA Segments- Quiz Instructions

- Ready to begin the quiz?
  - In order to receive credit for completing this course, you must successfully complete the quiz with a score of 100%
  - If you would like to review the material before proceeding, navigate to a specific topic and review the material
  - You may retake the quiz as needed by clicking on **[Retry Quiz]**
  - Important! Be sure to click on **[Finish]** when you have successfully completed the quiz



# Chart of Accounts Knowledge Building

Question 1 of 10 ▾

Point Value: 10

A Budget Control (BC) of '1', checks what kind of Funds?

- Fiscal Year funds
- There is no Budget Control code of '1'
- Both Fiscal Year and Project Period funds
- Project Period funds
- Calendar Year funds

## PROPERTIES

On passing, 'Finish' button:

On failing, 'Finish' button:

Allow user to leave quiz:

User may view slides after quiz:

User may attempt quiz:

[Close Window](#)

[Close Window](#)

[After user has completed quiz](#)

[At any time](#)

[Unlimited times](#)



Properties...



Edit in Quizmaker