

# Common Accounting Mistakes

PRESENTED BY CAMPUS SERVICES

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# Campus Services

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Campus Services, a financial customer services unit within Business and Financial Services, partners with the campus community by providing professional, knowledgeable, and responsible business and financial solutions.

More information can be found under [Campus Services](#) located under the Business and Financial Services website

# Overview

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Accounting Methods

Common Kualu Document Errors

Account Errors

Object Code Errors

Transfer of Funds Matrix

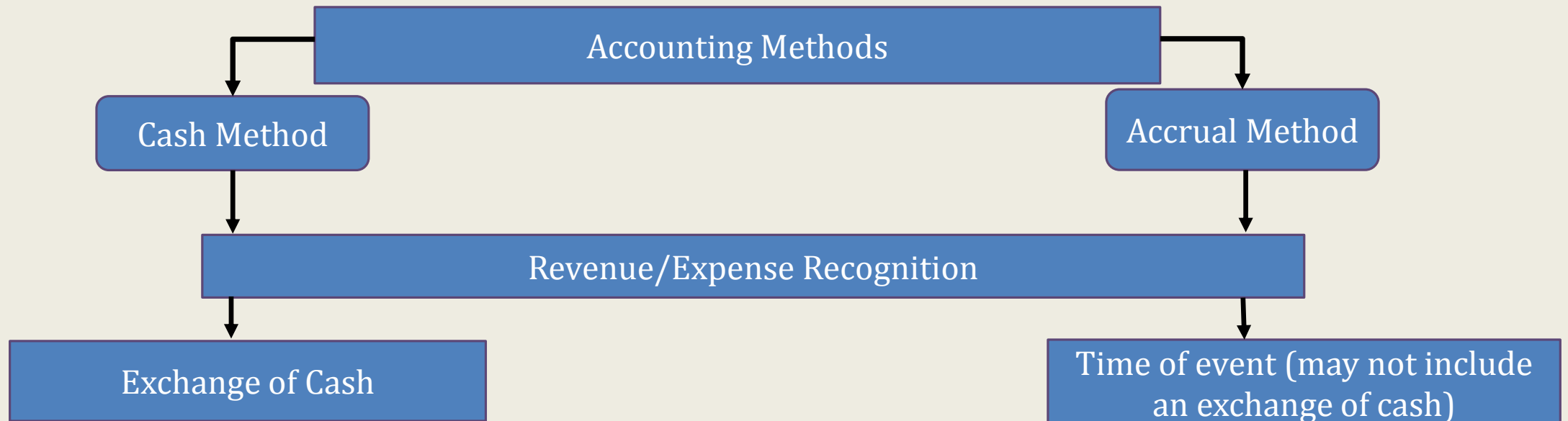
Other Errors Campus Services Comes Across

Monthly Checklist

# Common Mistake #1:

What accounting method should I use?

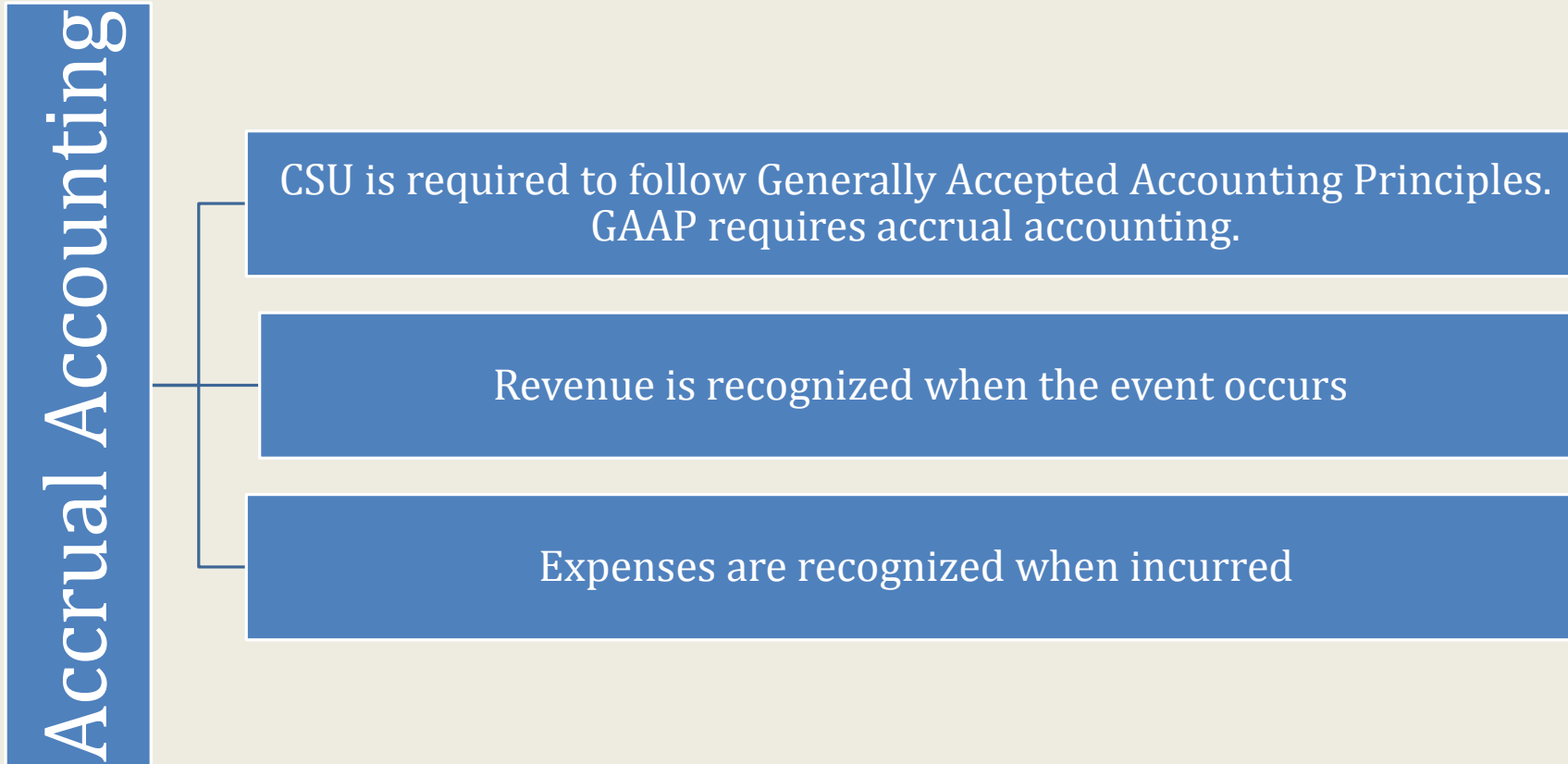
- **Cash Accounting Method:** Revenue is recognized when cash is received and expenses are recorded when cash is paid or
- **Accrual Accounting Method:** Revenue is recognized when earned and expenses are recognized when incurred



# Cash vs Accrual Accounting:

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**ANSWER: Accrual Accounting!**



# Accrual Accounting Examples:

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**\$1,000 of revenue is received in FY17 that will cover sports/youth camps occurring in FY18. How should this be recorded?**

**ANSWER:**

Entire \$1,000 amount should post to the “other unearned revenue” object code 2590. Revenue cannot be recognized until the event occurs. Amount can be moved to revenue object codes as soon as the event occurs.

**A 12 month service agreement was entered into covering January 1<sup>st</sup> 2017 – December 31<sup>st</sup> 2017. How should this be recorded assuming fiscal year 2017 ends June 30, 2017?**

**ANSWER:**

- 6 months of service agreement expense should be recorded to FY17
- 6 months of the service agreement should be recorded to “other prepaids” object code 1740. This can move to an expense object code once we are in FY18.

# Accrual Accounting

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Year End Accrual Accounting Tips:

- ❖ Reference the accrual accounting training and examples located on the [Campus Services website](#)
- ❖ Attend Campus Services year-end accrual accounting training
- ❖ Consider when the expense has been incurred and when the revenue has been earned to make sure it is posting to the correct fiscal year
- ❖ Make sure to record any external receivables you know of for fiscal year end

**\*\*\*\*Contact your campus services representative if you have any questions!**

# Common Mistake #2

Why is the Kualu document I submitted not posting how I intended?

- ❖ Are you paying attention to your FROM/TO sections?
  - **FROM** section will **DECREASE** items
  - **TO** section will **INCREASE** items
- ❖ View General Ledger Pending Entries (located in the document) after you have saved to see how debits and credits are increasing/decreasing

General Ledger Pending Entries ▼ hide

Seq #	Fiscal Year	Chart	Account Number	Sub-Account	Object	Sub-Object	Project	Doc Type	Balance Type	Obj. Type	Amount	D/C
1	2017	CO	1300330	----	9650	---	-----	GEC	AC	IC	50.55	C
2	2017	CO	1300330	----	1100	---	-----	GEC	AC	AS	50.55	D
3	2017	CO	2219500	----	9550	---	-----	GEC	AC	EX	50.55	D
4	2017	CO	2219500	----	1100	---	-----	GEC	AC	AS	50.55	C

- ❖ If you “save” the document and view the overall account balance within Kualu, you can see how the document balance is changing the account (include “all” pending ledger entries)



# Kuali Document Example

Receipts from customers were deposited into an expense object code (6201) but should have been recorded as revenue (4380). Using a GEC document, how should this be corrected?

ANSWER

Increase expense (**TO**) – This will **increase** expenses (remove expense credits)

Increase revenue (**TO**) – This will **increase** revenue

To									import lin
	* Chart	* Account Number	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amount	Actions
add:	CO <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00	
	* Reference Origin Code	* Reference Number	Line Description						add
	<input type="text"/>	<input type="text"/>	<input type="text"/>						
1	CO <input type="text"/> <small>Colorado State University</small>	2702200 <input type="text"/> <small>Ram Welcome:College Orientation</small>	<input type="text"/>	6201 <input type="text"/> <small>General Supplies</small>	<input type="text"/>	<input type="text"/>	<input type="text"/>	100.00	
	* Reference Origin Code	* Reference Number	Line Description						bal inquiry refresh delete
	01 <input type="text"/>	10467200 <input type="text"/>	<input type="text"/>						
2	CO <input type="text"/> <small>Colorado State University</small>	2702200 <input type="text"/> <small>Ram Welcome:College Orientation</small>	<input type="text"/>	4380 <input type="text"/> <small>Other Sales+Services-Auxiliary/Self-Fund</small>	<input type="text"/>	<input type="text"/>	<input type="text"/>	100.00	
	* Reference Origin Code	* Reference Number	Line Description						bal inquiry refresh
	01 <input type="text"/>	10467200 <input type="text"/>	<input type="text"/>						

# Common Mistake #3

Why do I keep getting questioned on my documents after I submit them?

Does the account have available funds to cover the expense?

Are you transferring funds from a 21 account to cover expenses? If so, did you explain within the support how it is in line with the business plan?

Does the description, explanation, and support attached to the document provide enough information to explain what is being done and why?

Is the attached support in PDF format? If not, reattach in PDF format.

Are all necessary forms attached? (ex. Authorized business function form when using object code 6649, etc.)

# Characteristics of a “well-documented” document


## ❖ Answers the following questions:

What are you trying to record?

Why are you preparing the entry?

Document Overview	
* <b>Description:</b> Rev Hughes Parking Lot Paving WO073316	<b>Explanation:</b> Reverse partial billing for WO073316 Hughes Parking Lot Paving on doc #1398996. FAMIS will bill in Sept.
<b>Org. Doc. #:</b> 1398996	
Financial Document Detail	
<b>Total Amount:</b> 271,209.52	
* <b>Accounting Period:</b> SEP 2011	

Are the amounts substantiated/documents attached in PDF format?

Notes and Attachments				
	Posted Timestamp	Author	* Note Text	Attached File
add:			<input type="text"/>	<input type="text"/> Browse... CANCEL
1	09/26/2011 08:32 AM	Wright, Virginia S	FAMIS cannot make a partial billing, so a partial billing for this work order was made 7/6/2011 (FY2011) on KFS IB document #1398996. This GEC reverses the partial billing. The work order will bill in full through FAMIS in September. IB document #1398996 is attached.	 1398996 Hughes Parking Lot IB_1688.pdf (433 KB, application/pdf)

# Does the Account have Available Funds?

Understand what account you are working with!

## ❖ Self-funded (cash based) accounts?

Use “Available Balance” screen and calculate assets (1xxx object codes) less liabilities (2xxx object codes). The below account has \$309,894.65 available.

<u>Fiscal Year</u>	<u>Chart Code</u>	<u>Account Number</u>	<u>Sub-Account Number</u>	<u>Object Code</u>	<u>Sub-Object Code</u>	<u>Budget Amount</u>	<u>Actuals Amount</u>
2017	CO	2292200	*ALL*	1100	*ALL*	0.00	309,589.65
2017	CO	2292200	*ALL*	1404	*ALL*	0.00	305.00
2017	CO	2292200	*ALL*	2100	*ALL*	0.00	0.00

## ❖ Budget based accounts?

Use “Balance by Consolidation” screen to look up balance. Factoring in Budget less actuals less encumbrances, the below account has \$76,589.81 available.

<u>Type</u>	<u>Budget Amount</u>	<u>Actuals Amount</u>	<u>Encumbrance Amount</u>	<u>Variance</u>
Income	0.00	0.00	0.00	0.00
Income From Transfers	0.00	0.00	0.00	0.00
<b>Total Income</b>	0.00	0.00	0.00	0.00
Expense	440,328.00	159,503.16	201,522.63	79,302.21
Expense From Transfers	0.00	2,712.40	0.00	(2,712.40)
<b>Total Expense</b>	440,328.00	162,215.56	201,522.63	76,589.81

# Does the Account have Available Funds?

How do you tell if the account is self-funded (cash based) or budget based? The majority of the time you can click into the account details to know, but consider unique situations may exist to where you cannot follow the steps below:

Look up the Account and click on account number:

**Click into the account #:**

<b>Actions</b>	<b>Chart Code</b>	<b>Account Number</b>	<b>Account Title</b>
<a href="#">edit</a> <a href="#">copy</a> <a href="#">CO</a>		<b>2600000</b>	Athletics Administrative Account

**Once in that screen, click on “SubFund Group Code”**

**SubFund Group Code:** ATHLET - Athletics

**The next screen will show you if it is Self-Funded or Budget Based:**

• An example of a self-funded account:

**Fund Group Code:** B \*.\* Auxiliary + Self Funded

• An example of a budget based account:

**Fund Group Code:** A \*.\* Unrestricted Funds



# Does the Account have Available Funds?

In the Sub-Fund Group Lookup search your subfund and the far column says “Spending Authority”

<u>Return Value</u>	<u>Sub-Fund Group Code</u>	<u>Description</u>	<u>Sub-Fund Group Type Code</u>	<u>Fund Group Code</u>	<u>Wage Indicator</u>	<u>Financial Reporting Sort Code</u>	<u>Active Indicator</u>	<u>Budget Adjustment Restriction Code</u>	<u>CORE Fund Code</u>	<u>Spending Authority</u>
<u>return value</u>	<u>AEP</u>	Academic Enrichment Program	<u>G</u>	<u>F</u>	Yes	02	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>AGENCY</u>	Agency Fund	<u>N</u>	<u>C</u>	Yes	03	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>ATHLET</u>	Athletics	<u>N</u>	<u>B</u>	Yes	05	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>AUX</u>	Auxiliaries	<u>N</u>	<u>B</u>	Yes	06	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>BANK</u>	Bank Accounts	<u>N</u>	<u>Z</u>	Yes	01	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>BOG</u>	Board of Governors of CSU System	<u>N</u>	<u>A</u>	Yes	07	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>BOGSF</u>	Board of Governors-Self Funded	<u>N</u>	<u>B</u>	Yes	08	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>CAPAU</u>	Capital Assets, Auxiliary	<u>N</u>	<u>I</u>	Yes	11	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>CARGEN</u>	Capital Assets, General	<u>N</u>	<u>I</u>	Yes	12	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>CONFER</u>	Conference	<u>G</u>	<u>B</u>	Yes	19	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>CONTE</u>	Continuing Education	<u>N</u>	<u>B</u>	Yes	20	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>COSFA</u>	Student Financial Assistance	<u>N</u>	<u>C</u>	Yes	53	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>COURSE</u>	Student Course Fees	<u>N</u>	<u>A</u>	Yes	52	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>CPAD</u>	Capital Projects, Auxil/Debt	<u>G</u>	<u>F</u>	Yes	13	Yes	S	<u>320G</u>	Cash
<u>return value</u>	<u>CPLB</u>	Capital Projects, Long Bill	<u>G</u>	<u>F</u>	Yes	15	Yes	S	<u>320G</u>	Budget

# Common Mistake #4

I continuously have to move certain postings off accounts. What are some things I should watch for?

- ❖ **Certain expenses are not allowed on 21 accounts unless a rare exception exists. Avoid posting the following items to a 21 account:**
  - Authorized Business Functions (object code 6649)
  - Promotional Items (object code 6205)
  - Advertising & Publicity (object code 6615)
  - Receivables (object codes 1410 and 1415)
- ❖ **Alcohol postings can only post to specific accounts:**
  - Alcohol is only allowed on Gift Funds 6430000-6499999 and Auxiliary Funds 2602000-2799999
- ❖ **13 (EG) accounts have specific accounts for revenue postings and specific accounts for expense postings**
  - Miscellaneous revenue accounts 1300xxx through 138xxxx
  - Expense accounts are all other 13xxxxx accounts excluding the 1300xxx through 138xxxx listed above
  - Make sure revenue is recorded in revenue accounts and expenses are recorded in expense accounts!

# Common Mistake #5

I keep getting emails that I need to move revenue from one object code to another due to it being under a specific sub-fund. How can I confirm items are posting correctly going forward so I can avoid the emails?

❖ **What sub-funds does this affect?**

- 13 accounts (EG sub-fund)
- 14 accounts (PVM, PVMSTA sub-funds)

❖ **What do you need to remember?**

- Object code 4377 cannot be used on the sub-funds listed above, instead use 4390 – General Merch Sale – Ed Activities
- Object code 4378 cannot be used on the sub-funds listed above, instead use 4392 – General Sales of Service – Ed Activities
- Object code 4380 cannot be used on the sub-funds listed above, instead use 4401 – Other Sales and Services – Ed Activities

❖ **Using the correct object codes helps to ensure line items are reporting correctly on the financial statements!**



# Common Mistake #6

I keep getting told I am not allowed to use a Transfer of Funds document to transfer between specific accounts or that I'm using the incorrect object codes on the TF document. What am I doing wrong?

- ❖ When possible, use a Distribution of Income and Expense document to detail expenses down to specific object codes! Transfer of funds documents don't give much detail on what the revenue or expenses relate to.
- ❖ When it isn't possible to complete a Distribution of Income and Expense document, make sure the transfer follows the [Transfer of Funds Matrix](#). If it doesn't, contact either Campus Services or Budget Office for suggestions.
- ❖ For Plant Fund Transfers always use object codes 9904 and 9905. For all other transfers use object codes 9900 and 9902.

# Transfer of Funds Matrix

Colorado State University  
Allowable Transfers of Funds between Sub Funds Matrix

		TO																				
		Fund Group A					Fund Group B				Fund Group C	Fund Group D	Fund Group E	Fund Group F	Fund Group H	Fund Group I						
		State Appropriated Funding					Auxiliary & Self-Funding Activities				Restricted Funding	Student Loans	Endowment Fund	Capital Projects	Reserve Fund	Capital Assets						
Subfunds		EG	PVM	EXPSTA	EXTEN	CSFS	RARSP	COURSE	ATHLET	Includes subfunds: ATHLET, AUX, CONFER, CONTED, CSFSSF, DCEUP, ENTERP, EXPSF, EXTSF, GENOP, INSURE, INTLPR, ONLPL, PVMSF, RECHAR <sup>2</sup> , SPWIP, STUORG, WIP				Includes subfunds: AARA, COSFA, DIRLN, EXPRHF, EXPRHM, EXPRMC, EXTR, EXTREF, EXTRRR, EXTRSK, FEDSFA, FRP, GIFT, HEAFOR, PVMFED, PVMSTA, SLICE, SPONPR, WATER, WORKST				LOANS	ENDOW	Includes subfunds: AEP, CPAD, CPLB, CPOTH, CPRR	Includes subfunds: BOG, CSUSDR, RESERV	Includes subfunds: CAPAUX, CAPGEN
F R O M	EG	BA-IS	BA-IS	BA-IS	BA-IS	BA-IS			Scholarships	Only ONLPL allowed							Yes	Yes				
	PVM	BA-IS	BA-IS	BA-IS	BA-IS	BA-IS										Yes	Yes					
	EXPSTA	BA-IS	BA-IS	BA-IS	BA-IS	BA-IS										Yes	Yes					
	EXTEN	BA-IS	BA-IS	BA-IS	BA-IS	BA-IS										Yes	Yes					
	CSFS	BA-IS	BA-IS	BA-IS	BA-IS	BA-IS										Yes	Yes					
	RARSP										ENTERP-RBRF Lease & Bond Payments						Yes	Yes				
	COURSE															TECH <sup>4</sup>						
	ATHLET															Yes						
	Auxiliary & Self-Funding Activities															Yes	Yes	Yes				
	CONFER <sup>3</sup>	Yes	Yes	Yes	Yes	Yes			Yes		Yes											
	Restricted Funds															Yes						
	53 Sweep Process															OSP <sup>1</sup>						
	LOANS																					
	ENDOW																					
Capital Projects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	TECH <sup>4</sup>	Yes		Yes		Yes				Yes					
Reserve Fund	Yes	Yes	Yes	Yes	Yes	Yes									Yes							

Any exceptions to this matrix must be formally requested by department(s) with detailed justification. Each request must be reviewed on a case-by-case basis by both Business & Financial Services and Office of Budgets to determine if allowable.

Reference FPI 3-1 on Business & Financial Services website for detailed information for each Fund Group/Sub Fund.

[FPI 3-1](#)

**Matrix purpose:**

**Yes** Allows transfer of funds documents. Departments have ability to initiate action via a KFS TF document without Business & Financial Services Campus and Office of Budgets preapproval.

**BA-IS** Indicates a Budget Adjustment (BA) document will need to be processed and the associated Income Stream (IS) entry will automatically be made.

**Unallowed transfer of funds.**

**Subset of Subfunds that are allowed on an exceptional basis as noted.**

<sup>1</sup> Transfers initiated by Office of Sponsored Programs (OSP)

<sup>2</sup> When deficits occur in the RECHAR (21 accounts) often these are cleared by transfer of funds (TOF). In the case a deficit needs to be cleared in one of these funds before submitting a TOF document it must be approved by Campus Services. When approved, attach the approval email to the TOF so the reviewers know it has been approved. In all other cases the Transfer of Funds document would follow this matrix.

<sup>3</sup> Upon completion of a Conference, Conference Services closes accounts and moves remaining balance to the department/college where the person responsible for the conference resides.

<sup>4</sup> Only 259xxxx accounts in the COURSE subfund are allowed to have plant transfers that relate to upgrades to their technology fees. SCF accounts 250xxxx-2589999 are not allowed to transfer to a plant account.

# Common Mistake #7

What are some other mistakes Campus Services comes across that I should try to avoid?

- ❖ Errors when trying to bill customers through an Internal Order document (object code type not allowed)
  - Are your customers truly internal? Factor in that subfunds SLICE, and AGENCY (this includes INTO) account revenue is external to us and you need to complete a Distribution of Income and Expense document instead!
- ❖ Reusing an account or changing the accounts overall purpose
  - Make sure there has been at least 2 years of inactivity within the account prior to reusing.
- ❖ Employees listed as fiscal officer have since terminated but their role within Kualu hasn't been updated
  - When an employee terminates make sure to double check all the roles they held within Kualu. If you don't update these roles the documents may become "stuck" in the terminated employees action list until some kind of action is taken to resolve the problem.

# Monthly Review Checklist

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How can I remember to check for everything I need to?

❖ **Create a monthly checklist!**

- **Include all items you feel need checked in order for everything to be posting correctly**
- **This training went over some examples we see, what else do you feel needs added to your checklist?**



# Monthly Review Checklist

Monthly Checklist:		
Description	Task	✓
<b>21 Account Review</b>	no postings to object code 6649	
	no postings to object code 6205	
	no postings to object code 6615	
	no postings to receivable object codes 1410	
	no postings to receivable object codes 1415	
	21 account balance in line with goal of break-even	
<b>Alcohol Postings</b>	Object code 6650 is posting to approved account ranges (6430000-6499999 or 2602000-2799999)	
<b>13 Misc. Revenue Review</b>	No expense postings to Misc. Revenue accounts	
<b>13 Expense Account Review</b>	No revenue postings to 13 expense accounts	
<b>Object Code Review</b>	No object code corrections needed	
<b>Credit Card Clearing</b>	Monthly credit card clearing document completed	
<b>Continuation Account</b>	Continuation account has been reviewed and all postings moved off of account	
<b>Terminated Employees</b>	Access has been removed and all roles the terminated employee held within KFS has been updated to a current employee	
<b>Fiscal Officer Account Review</b>	All deficits have been reviewed and have a goal in place to cover deficits	

# Questions?

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Erin Mercurio 491-6752

Summer Leaming 491-2801

Publina Meldrum 491-4148