FINANCIAL MANAGEMENT

Preparing new Financial Managers and Authorized Signers for financial accountability.

At the end of class, you will be able to:

- Describe each code in the FOAP string
- Research the guidelines that govern your FOPs
- Describe Budget Pools, Account Codes, and budget checking
- Describe the fiduciary responsibilities of FOP managers and authorized signers

AFISM Resource Center:

- Phone Assistance (Help Desk): 2-KNOW (742-5669)
- Outlook Address (Help Desk): AFISM 2KNOW
- Registration System for AFISM Classes
- Training Materials, Job Aids, Video Tutorials
- Knowledge Base (Q&A, FAQ)
F O P Codes Identify My Budget(s)

Which budget is mine? What can I use it for?

Chart
A code represents each state agency of Texas Tech in the database:
- E - HSC El Paso;
- H - HSC Lubbock;
- S - TT System;
- T - TT University.

F = Fund
A cash account, separated and coded according to the purpose of the provider (operations, scholarships, grants, etc.). Each fund has a Fund Manager who is accountable to Texas Tech and to the provider to use the funds according to the provider’s purpose.

Example
11A006 (six position code) Dept Operating Expense
1st position Fund Group: “1” is “Current Unrestricted”
1st two positions Fund Category: “11” is “Education & General”
1st three positions Fund Class: “11A” is “Appropriations”
All six positions identify the specific fund for your budget.

RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter >
- Diagram of Fund Group, Category, and Class (.pdf Format), to see where your fund fits in the Fund Hierarchy
- Query of Fund Group, Category and Class (Opens a new tab/window), to find three levels of guidelines for using your FOP. Once the three levels are populated, keep your mouse hovered over the left panel where you clicked down the levels, and do a Ctrl-Rt-Click to cause a printable page to pop up in a new window.

RaiderLink > A&F Work Tools > Finance “channel” > Contact List By Fund Class >
RaiderLink > Research Administration > My Grant Specialist

Back at the Office: Use the Query of Fund Group, Category, and Class to print (Ctrl and Rt-Clik) the fund guidelines for the FOPs you will be using.
**Back at the Office**

A user of a Fund. It might be a department or office of Texas Tech, or it might identify a budget set up for a specific activity. Each organization has an Organization Manager (also Financial Manager) who is accountable to Texas Tech to use the budget according to its purpose.

**Example**

B56004 (six position code) Chemical Engineering Dept
1st position Division: “B” is “Sr Vice President and Provost”
1st three positions College or Area: “B56” is “College of Engineering”
All six positions identify the department or budgeted activity.

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**FOP Codes Identify My Budget(s)**

Which budget is mine? What can I use it for?

**O = Organization**

- **RaiderLink > A&F Work Tools > AFISM “channel” > Reports (Cognos) > TTU Finance “folder” > FI028 “Organization Hierarchy” > Cognos Report with Division, Area, etc.**
  - The Organization Manager enters the eRaider of the employee and follows the instructions to request access for Finance, TechBUY, Human Resources, etc.
  - **TEAM App Reports > Financial Profile Access Report** provides reports of organization or individual access (view by your eRaider; choose another eRaider; or clear the eRaider and enter the ORGN code).
  - **Operating Policy 70.40** defines employee responsibility for online usage.

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**Back at the Office:** Ask your department which Level 7 organizations you support; view the Financial Profile for assigned accesses; request access for your duties:

- **Shopper** – Select items for the shopping cart
- **Requestor** – Shop and approve POs up to $5000
- **Approver** – Shop and Approve up to Budget Limit
F O P Codes Identify My Budget(s)

Which budget is mine? What can I use it for?

**P = Program**

Classifies the fund for reporting purposes, starting with the primary objectives of a university Mission Statement: Teaching, Research and Public Service.

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**RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Program Code Definitions”**

Program Code Definitions (Opens a new window), to review definitions

Descriptions are based on the National Association of College and University Business Officers Financial Accounting and Reporting Manual:

- 100 Instruction
- 200 Research
- 300 Public
- 400 Academic Support
- 500 Student Services
- 600 Institutional Support
- 700 Operations and Maintenance
- 800 Scholarships and Fellowships
- 900 Unexpended Plant
- A10 Auxiliaries
- E10 Endowment
- G10 Agency Operations
- L10 Loan Funds
- R10 Retirement of Indebtedness
- S10 Service Department Funds
# Farmer Brown and His Sons

## Funds and Programs

<table>
<thead>
<tr>
<th>Fund</th>
<th>Prg</th>
<th>Opening Balance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>12A010</td>
<td>500</td>
<td>300,000</td>
</tr>
</tbody>
</table>

## Budgets

### Freddy’s Farm, B92011

- **Revenue:**
  - 5E1 External Sales: $100,000

- **Expenditures:**
  - 6A4 Salaries: $60,000
  - 7B0 Travel: $8,000
  - 7C0 Supplies: $19,000
  - 7F1 Repairs: $13,000

**Total:** $100,000

### Spending Management

<table>
<thead>
<tr>
<th></th>
<th>Mod Bud</th>
<th>Encumb</th>
<th>Rev/Exp</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orig Bud</td>
<td>Bud Adj</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freddy’s Farm, B92011</td>
<td>$100,000</td>
<td>$100,000</td>
<td>72,800</td>
<td></td>
</tr>
</tbody>
</table>

|               | 100,000 | 27,200  | 72,800  |

### Larry’s Livestock, B92012

- **Revenue Budget Pool(s):** $100,000
- **Expense Budget Pool(s):** $100,000

### Dad’s Operating, B92013

- **Revenue Budget Pool(s):** $25,000
- **Expense Budget Pool(s):** $25,000

## Accounts

- **Uncommitted Bal:** 75,000
FOAP Codes Identify Transactions
What did I spend/buy? What did I receive/deposit?

A = Account

The code for an expenditure (salary/supplies) that subtracts from the budget balance or a receipt (tuition/fees) that adds to the budget balance. Account codes for revenues and expenses are grouped in categories called “Budget Pools.”

Example

7C0001 (six position code), Postage
1st position Account Type: “7” is “Operating Expense”
1st three positions Budget Pool: “7C0” is “Supplies”
All six positions identify the budget pool and account distribution.

Account types:
General Ledger: What I own, what I owe, and the net difference:
10-Assets, 20-Liability, 30-Control Accts, 40-Fund Balance

Operating Ledger: Deposits, withdrawals, and budget adjustments::
50-Revenue, 60-Salaries, 70-Operating Expense, 80-Transfers

Examples of Expense Budget Pools: 5A0- Tuition 5A1-Fees
6A1-Faculty 6A2-Staff 7B0-Travel in State 7C0 Supplies 7F1-Repairs

To Choose an Account Code: RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Account Crosswalk”

1. What examples are listed in 7C0001, Postage? ________________________________
2. What account code might you use for paper towels to clean desks? ____________________
3. 7C0010, Consumables Office, includes what examples? ____________________________
4. 7C0011, Consumables Non Office, includes what examples? _______________________

For Account Descriptions: (same as above) “Account Code Descriptions”

5. 7C0010: ___________________________________________________________________
6. 7C0011: ___________________________________________________________________
7. Based on your answers to questions 5-6, would you change your answer to question 2? Y N

Back at the Office:
- Does your department have a list of commonly used Account Codes?
- Plan on attending the “Account Code Training for Expenditures” class.
**FOAP Control** versus **FOP Control**

When an expenditure is entered in the system, budgets are checked to verify funds are available

- Budgets might be checked at the **FOP** level: Does the **Total Available** have sufficient funds?
- Budgets might be checked at the **FOAP** level: Does the **Pool Available** have sufficient funds?

<table>
<thead>
<tr>
<th>Budget Pool</th>
<th>Budget</th>
<th>Expended</th>
<th>Available</th>
<th>FOAP Control checks the Budget Pool Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6A4 Salaries</td>
<td>60,000</td>
<td>20,000</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>7B0 Travel</td>
<td>8,000</td>
<td></td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>7C0 Supplies</td>
<td>19,000</td>
<td>14,700</td>
<td>4,300</td>
<td></td>
</tr>
<tr>
<td>7F1 Repairs</td>
<td>13,000</td>
<td>5,500</td>
<td>7,500</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$100,000</td>
<td>$40,200</td>
<td>$59,800</td>
<td></td>
</tr>
</tbody>
</table>

How can you determine budget checking for your FOP(s)?

- Your Fund Guidelines include the FOP budget checking
- Rule of Thumb: State funds and Research Grants require FOAP budget checking
- Your RaiderLink Available Budget tab provides balances according to FOP or FOAP (You must remember that Salary Fringes are not encumbered!)
- Another reference is: *RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Budget by FOP or FOAP”*

Using the budget above, will a repair PO estimated at $6000 submit for processing: Answer

- **FOAP**: If the budget pool available balance is $__________ can I spend $6000?  
  - Y  N
- **FOP**: If the total budget available balance is $__________ can I spend $6000?  
  - Y  N

Using the budget above, will a PO to restock supplies estimated as $6300 submit: Answer

- **FOAP**: If the budget pool available balance is $__________ can I spend $6300?  
  - Y  N
- **FOP**: If the total budget available balance is $__________ can I spend $6300?  
  - Y  N

**Back at the Office**: View FI002 and determine if your department has Fund Management as well as Organization Management responsibilities. Does this affect your job duties?
Finance Charts & Systems

Names of Applications and Systems

60’s Wage and Salary Expenditure Transactions are entered from:
- **Electronic Personnel Action Forms (ePAF)** – Used to enter employee assignments for payroll processing.
- **EOPS, Employee One-time Payment System** – Used for single payments to employees for occasional duties not associated with their normal assignment.

70’s Operating Expenditure Transactions are entered from:
- **TechBuy** – Used to enter Purchase Orders when buying goods and services
- **Travel System** – Used to enter Travel Applications (requests to travel) and Travel Vouchers (completed travel expenses).
- **Citi-Bank Procurement Card (P-Card)** – Credit card used for purchases under $5,000.
- **Gateway** – For posting transaction batches, such as IVs entered by service activities.
- **Financial Transaction System (FiTS)** – For Cost Transfers and Revenue Transactions.

80’s Budget Revision and Transfer Transactions are entered from:
- **Online Budget Revision System** – Used to transfer funds to a new FOP (FOP combination must be approved first), and to revise current FOPs; uses Gateway to upload revisions.

Report for Daily Review and Monthly Reconciliation are generated by:
- **Cognos** – A tool for generating reports from information systems such as Banner.

Digital Documents are stored by:
- **Xtender** – Electronic storage and retrieval system

Access to Online Date:
- **TEAM App** – Allows Financial Managers to assign online permissions for job duties

Finance Document IDs and Rules

RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter >

**Document Prefix Identifiers (examples)**

<table>
<thead>
<tr>
<th>Character</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>31, !</td>
<td>Checks</td>
</tr>
<tr>
<td>*, E</td>
<td>Encumbrances</td>
</tr>
<tr>
<td>B</td>
<td>Budget Revisions</td>
</tr>
<tr>
<td>F</td>
<td>Payroll / Student</td>
</tr>
<tr>
<td>G</td>
<td>Grant (SPAR)</td>
</tr>
<tr>
<td>I</td>
<td>Invoice</td>
</tr>
<tr>
<td>J</td>
<td>Journal Voucher, Intra Institutional Voucher, Cost Transfer</td>
</tr>
<tr>
<td>P, R</td>
<td>Purchasing &amp; Contracting</td>
</tr>
<tr>
<td>Y, Z</td>
<td>Revenue Journal</td>
</tr>
</tbody>
</table>

**Rule Class Codes and Descriptions**
FINANCE FORMS

RaiderLink > A&F Work Tools > Finance channel > Finance Forms:

Banner Forms and Instructions

- New Fund Request System
- Closeout Checklist
- FOP Combination Form
- Financial Manager Form
- Interchart Institutional Voucher
- Revenue Form
- Fund Transfer Request
- Interchart Cost Transfer & Account Code Change Form

- Or use the FiTS application, next page

To Request a new Fund, or a new FOP, or a new Financial Manager:

**New Fund Request System** – To establish a new fund and assign the new fund code.

**FOP Combination Form** – Associate an F-code, O-code and P-code to establish a budget (FOP).

**Financial Manager Form** – Used to assign or reassign Financial Managers to Funds, FOPs and Organizations. The Financial Manager has the fiduciary responsibility of managing activity related to the funds and organizations for which they are assigned including the activities of the assigned delegates. The level 7 organization financial managers are responsible for delegating authority to the subsequent levels of approval (signature authority).

Back at the Office: Consider whether you need to attend
- The New Fund Request System training (by request)
- FiTS, Financial Transactions System training
- Gateway voucher entry application (by request)
To Deposit Sales or Services Revenue:

1. Deposit the sales (non-gift) - Use the **DDIS Form** to deposit revenue receipts to a fund/clearing account (balance sheet). State law requires that all deposits must be made within 2 days of receiving the funds.
   - All gift fund deposits must go through Institutional Advancement.
   - Areas collecting funds in exchange for goods or services may be subject to Unrelated Business Income Taxes (UBIT).
   - Areas receiving credit card revenue need to be aware of PCI-DSS (Payment Card Industry Data Security Standards).

2. Distribute the Deposit – Use the **Revenue Form (or FiTS)** to transfer the deposit from the clearing fund/account into the proper revenue FOAP or expenditure reimbursement FOAP. The clearing fund/account must be reconciled monthly. Talk to FST before starting revenue activity; revenue activities must be pre-approved and accounted for in the proper fund class. Different income types include:
   - **Gifts** - Deposited by Institutional Advancement
   - **Internal service center** - Entities supporting university functions charge campus departments
   - **Education related business activity** - Sales and services of education related business activity
   - **Auxiliary** - income from furnishing goods or services to students, faculty, staff or other institutional departments or incidentally to the general public
   - **Workshops and seminars** - receive funds to support workshops, conferences and seminar activity.
   - **Expense reimbursement** - receive funds to offset expense such as rebates or reimbursements.
   - **Contractual agreements** – Research contracted through Research Services; deposits are managed by SPAR.
   - **Student Tuition and Fee Income** - Processed though the student system
   - **Agency** - (non-foundation) Funds held in trust by TTU and TTUSA

To Buy from TTU Service Departments:

**Intra-Institutional Voucher (IV) or FiTS** – For purchases from service activities [such as Education Related Business Activities (18D), Designated Workshops and Seminars (16G), Service Centers (17A) and Auxiliaries (31A) approved by FST]. The Service Activity prepares an IV to charge departmental FOPs.

To Correct Expense Entries:

**Banner Cost Transfer Request: FiTS or Job Labor Form** – Use **FiTS to move a 70’s expense** from one FOP to another. Use the Budget Office’s **Job Labor forms to correct 60’s Salary expenses**. Other transfers must be submitted via paper forms. (If restricted grant or contract funds are utilized (12D, 12E, 211 through 23Z, 25B, 25C and 29B), an additional **Cost Transfer Explanation & Justification Form** must be attached.)
The ABC’s of Financial Management

Regents’ Rules 07.01: Financial Managers and Fund Managers have the fiduciary responsibility of managing activity related to the funds and organizations for which they are assigned, including the activities of assigned delegates.

A - Practice Accountability

- Know funding source and policy
  - Query of Fund Group, Category and Class
- Follow proper accounting guidelines
  - OP Series 62 – Finance and Accounting
- Follow procurement guidelines
  - OP Series 72 – Procurement
- Complete appropriate training

B - Maintain Signature Authority

- Organization Manager uses TEAM App to request access
- Manager can assign his own access
- Request Procurement access
  - Shopper – create a purchase order
  - Requestor – order, approve up to $5000
  - Approver – order, approve to budget; has financial manager privileges also
- Request HR access (personal, confidential)
  - ePAF Approver
  - Web Time Entry, Web Leave Reporting
  - HR Reporting access
- Request Budget Prep access
- View your Financial Profile
- Reports of Assignments granted

C - Review Reports Regularly

- Review Balances before transacting; Expenses cannot exceed Receipts; Maintain positive Fund/FOP balances:
  - RaiderLink “Available Budget” tab
  - FI002 / FI004 – Revenue Expense Budget by FOP
  - FI009 – Changes in Fund Balance
  - FI010 – Balance sheet
- Review recent transactions
  - FI026 – Operating Ledger Transactions
  - FI027 – Balance Sheet Transactions
  - FI030 – Encumbrance Transactions
- Conduct reconciliations
  - FI045 – Monthly Ledger Report

NOTE: Each month is held open for final entries until the 10th of the following month.
TEXAS TECH UNIVERSITY

CONFIDENTIALITY STATEMENT

I agree to hold as strictly confidential all Texas Tech University System information regarding personnel and/or student records, communications, and activities and all other information made confidential by TTU policy or law (including, but not limited to, the Family Educational Rights and Privacy Act of 1974 and the Gramm-Leach-Bliley Act of 1999) to which I have access or obtain as faculty, employee, student, agent, representative or affiliate of TTU.

I agree that I will not read or otherwise gain access to such confidential information except as required to perform my duties and responsibilities at TTU. Further, unless disclosure is authorized or required by law, I agree that I will not disclose any such confidential information now or at any time in the future, either directly or indirectly, except as required to perform my duties and responsibilities at TTU and, then, only to the extent disclosure is consistent with the authorized purpose for which the information was obtained.

I agree to handle all confidential information, whether written, computerized, oral or in some other form, in such a way that it shall not be inadvertently revealed or disclosed to any other person. Except as authorized by my responsibilities and duties, I agree that I will not maintain for my files any permanent record that contains confidential information and will provide for the complete destruction of any rough drafts or unofficial copies of confidential information.

I acknowledge and agree that any breach of the Confidentiality Agreement by me may result in disciplinary action, consistent with Texas Tech University policy, up to and including termination of employment; further, I understand that such a breach may result in legal action.

The terms of this Confidentiality Agreement are effective immediately and apply to all confidential information I have attained in the past as well as future information. I understand that this document will become a part of my permanent personnel and/or student record.

__________________________________________   __________________________
Signature of Faculty, Employee, Student, or Affiliate   Date

__________________________________________   __________________________
Print Your Name and Your R# ID   Witness
Financial Management