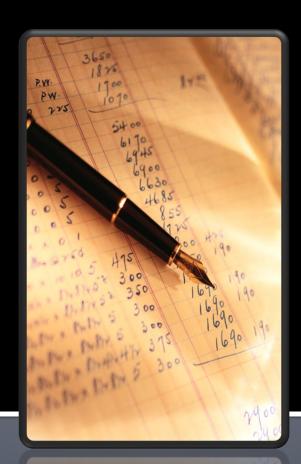# Choosing the Right Account Code

Presented by The Office of General Accounting

Objectives

Participant's will be able to….

- ✓ **Identify State required account codes**

- ✓ **Interpret account code descriptions**

- ✓ **Discuss frequently used account codes**

- ✓ **Assign account codes to purchases**

- ✓ **Prepare Interdepartmental Order Form**

- ✓ **Prepare Journal Entry Form**

Types of Accounts

Type	Debit	Credit
Asset	Increase *	Decrease
Liability	Decrease	Increase *
Fund Equity	Decrease	Increase *
Revenue	Decrease	Increase *
Expense	Increase *	Decrease

* Normal account balance (debit or credit).

Assets

- **Definition: Resources owned by the University**
- **Examples: Cash, Inventory, Accounts Receivable, Land, Buildings**
- **Account Range: 1000-1999**
- **Dept Use: H-documents deposits cash from sales; departments record cash deposits. (Automated cash entry)**

Liabilities

- **Definition: Debts or obligations the University owes**

- **Examples: AP payments owed to Vendors; payroll payments owed to employees**

- **Account Range: 2000-2999**

- **Dept Use: Invoices, P-Card and Travel card liability accounts**

Revenue

- **Definition: Income and gifts received (Cks, ACH, Cash) Examples: Revenue from students (tuition and fees) gifts from donors; interest income earned on an endowments; sales on auxiliary services**

- **Account Range: 4000-4999**

- **Dept Use: Parking permits, Ticket Sales, Commission, Advertisements**

- **Definition: Expenditures needed for University operations**

- **Examples: Salaries; supplies; equipment**

- **Account Range: 7000-7999**

- **Dept Use: Purchase supplies and equipment; compensate employees; travel expenditures**

Frequently Used Liabilities

- 2100 – Accounts Payable
- 2102 – Student Refund Payable
- 2013 – Procurement card liability
- 2013 – Travel card liability
- 2011 – Accrued Expense
- 2224 – Retainage on construction projects

Frequently Used Revenues

- **4630 – Parking Permits**

- **4649 – Commissions**

- **4531 – Transcripts**

- **4753 – Advancement Donations**

- **4763 – Gifts**

- **4880 – Miscellaneous**

Frequently Misused Revenues

- **4880 – Miscellaneous Income used for most transactions instead of specific assigned account**

- **8000 – Reserve Account used by Budget Office to carry-forward prior year authorized departmental budgets. Note: Should not be used to record current year revenues or expenditures.**

Choosing a Account

Choosing a revenue or expense account code in Banner using the drop down arrow

Frequently Used Expenses

- **7106 – Travel In-State**
- **7116 – Travel Out-of-State**
- **7210 – Fees and Other Charges**
- **7266 – Maintenance and Repair Buildings**
- **7300 – Consumables**
- **7330 – Parts Furnishing and Equipment**
- **7372,7373,7378,7379 -Capital and Controlled Accounts**

Frequently Misused Expenses

- 7266 – Maintenance and Repairs Bldg should **not** be use for Capital equipment over 5,000.
- 8000 – Reserve account is use by budget office to carry-forward prior year dept. revenue. Should not be used for YTD activity. Budget can be transferred.
- 720P – Pool Account for Budget Office use only.

Payroll Expenses

Salary & Wage Accounts

- 7008: Faculty Salaries/Academic

- 7014: Salaries Student Regular

- 7041: Employee Insurance Pay

- 7043: F.I.C.A. Employer Matching

- 7086: Optional Retirement

Contracted Services

CATEGORY	ACCOUNTS	DESCRIPTION
Professional Services	7245,7251,7253, 7258	State-licensed accountant, architects, optometrist, physician, real estate appraiser. (Perform a service)
Consulting	7240,7242,7275	Two categories: Consultants provide analysis and/or advice in the form of a report about how to solve a problem.
Other Types	7243,7248,7252, 7299	Other types that do not require a license are Lecturers, Artists, Temporary Services

Capital and Controlled Accounts

CATEGORY	ACCOUNTS	DESCRIPTION
State Controlled Assets	7374,7378	Firearms, Computers, Laptops, Printers, TV's, Cameras, $500-$4,999
Capitalized Equipment and Facilities, Property Improvement	7372,7373, 7379,7520, 7387	Motor Vehicles, Equipment > $5,000, Facilities and Improvement > $100,000
Capitalized Library Books	7389	Library use only

Common Mistakes in Selecting Accounts

Unit Cost vs. Total Cost

- If more than one unit is purchased, consider the <u>unit</u> cost when selecting the account, not the total cost.

- Example: 15 Laptops purchased for $500 is recorded as controlled account 7378.

  - Unit cost $500

  - Total cost $7,500

Common Mistakes in Selecting Accounts

Computer Equipment vs. Computer Accessories

- Use account 7379 for computers and printers costing $5,000 or more per unit.

- Use account 7377 for computer equipment purchased <u>separately</u> from the computer. Examples: monitor, mouse, keyboard, etc.

Travel

- **Employee In-State (Texas) 7100-7108**

- **Employee Out-of-State (Inside US) 7111-7118**

- **Foreign (Outside US, Mexico, and Canada) 7121**

- **Prospective Employee 7131**

- **Student (Local Funds Only) 7150,7160,7170**

- **Regent 7110,7130**

Interdepartmental Orders (IDO) Cost Reimbursement

- Scenario: Department A wants to pay for Parking permits, Dept A should contact the Parking Dept B to determine the cost of permits. Dept A then completes Interdepartmental Order to Debit expense account for receiving service and credit Dept B revenue account for issuing service.
- ODI Form:
  - Debit: Fund, Organization, Program, Expense Account for Dept A
  - Credit: Fund, Organization, Program, Revenue Account for Dept B

- See Exhibit A

Interdepartmental Orders Con't

- Scenario: Department A needs to reimburse OIT Dept B for software purchased. Dept A should contact the Dept B to determine crediting account that was charged. Dept A then completes Interdepartmental Order to Debit expense account for receiving service and credit Dept B expense for issuing service.

- ODI Form:
  - Debit: Fund, Organization, Program, Account for Dept A
  - Credit: Fund, Organization, Program, Account for Dept B

- See Exhibit B

IDO-Interdepartmental Order

INTERDEPARTMENTAL ORDER
TEXAS SOUTHERN UNIVERSITY - HOUSTON, TEXAS

Department Placing Order _____   Date_____

DEPARTMENT RECEIVING   **DEBIT ACCOUNT**

FUND _____   ORG _____   PROGRAM_____   ACCOUNT _____

DEPARTMENT ISSUING THE GOODS /SERVICE   **CREDIT ACCOUNT**

FUND _____   ORG _____   PROGRAM_____   ACCOUNT _____

QUANTITY	UNIT	DESCRIPTION	PRICE
		TOTAL	

REQUIRED SIGNATURES

Requesting Person   _____

Department Head   _____   Grants & Contracts Accountant   _____

Dean/Director   _____   Purchasing Buyer   _____

Vice-President   _____   Purchasing Director   _____

Journal Entry Form

- Scenario: Department A records copy charges to incorrect account. Dept A should prepare a journal entry form to reclass expense to correct account. And attached a copy of FGRODTA report or screen print of Banner detail transaction posting expense to the incorrect account. Dept A credits the expense account charged and debits the correct expense account.

- Journal Entry Form:
    - Debit: Fund, Organization, Program, Expense Account for Dept A
    - Credit: Fund, Organization, Program, Expense Account for Dept A

- See exhibit C

JE-Journal Entry Voucher

TSU
TEXAS SOUTHERN UNIVERSITY

BUSINESS AFFAIRS
GENERAL JOURNAL VOUCHER

								Page	
T.C.	JV	Entry Date		JV Number	JV Date	Acct. Pd.	Prepared by:	Date:	
B.O.	Y					Bdgt. FY	Reviewed by:	Date:	

Seg. No.	Rule Code	Fund	Orgn.	Acct.	Prog.	Actv.	Bank	Description	Debit Amt	Credit Amt
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
							Total:		0.00	0.00

EXPLANATION:

0.00

Who To Contact For Help with Choosing the Right Account

Revenue and Expense Accounts, IDO's, Corrections

Glenda.Wright@tsu.edu X1391

Deposits, ACH Payments

Juanita.Morgan@tsu.edu X7057

Bank Reconciliation

Ryan.Mason@tsu.edu X1392

State Fund Transactions

Jewel.Gill@tsu.edu X7365

System Administrator

Rena.Robinson@tsu.edu X7646

Transfers and Other Transactions

Bobbie.Phelps@tsu.edu X6890 or Lavonda.Horn@tsu.edu X4222

References

- TSU Financial Policies
  http://www.tsu.edu/mapp/Fiscal_Affairs.php

- State Expenditure Codes
  https://fmx.cpa.state.tx.us/fm/pubs/cma/11-10/cma_10-10_sec5.pdf

- SPA Process User Guide
  https://fmx.cpa.state.tx.us/fmx/pubs/spaproc/

- Annual Financial Reporting Requirements
  https://fmx.cpa.state.tx.us/fmx/search_results.php?q=annual+financial+reporting+requirements