

	GA-505
	Chart of Accounts Policy
	Prepared By: Ken Johnston
	Approved By: Brian Laffey
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<p>Purpose</p> <p>The chart of accounts is structured to ensure the Controller’s Office can manage the stewardship of the university’s funds, produce financial statements per Generally Accepted Accounting Principles (GAAP) and Financial Accounting Standards (FASB) and federal and non-federal funding agency regulations.</p>
<p>Policy</p> <p>The chart of accounts is a listing of elements in the university’s financial system using numeric characters to designate the transactions that comprise the Balance Sheet (Assets, Liabilities and Net Assets) and Income Statement (Revenue and Expenses).</p>
<p>Definitions</p> <p>The university’s chart of accounts consists of four segments totaling 18 digits. Each segment has a numerical value and a text description. These segments provide the organizing framework for budgeting, recording, and reporting on all financial transactions. The four segments are referred to as the Fund, Organization, Account and Program or commonly referred to as the FOAP. The FOAP string is required to post to the operating ledger while only the fund and account is required to post to the general ledger.</p> <ol style="list-style-type: none"> 1. The first segment (six digits) is the Fund. The Fund element is used to specify the funding source. The fund is also tied to a fund type which allows more consolidated reporting. 2. The second segment (four digits) is the Organization. The Organization identifies the unit that is responsible for the financial activity captured within the code. PI Org refers to organizations set up based on the principal investigator of the grant. 3. The third segment (4 digits) is the Account. The Account is used to classify the type of transaction being recorded, for example an asset, liability, revenue or expense. 4. The forth segment (4 digits) is the Program. The Program identifies major purpose of the revenue or expenditure and is not used for assets, liabilities or net assets.
<p>Procedures</p> <p>IIT Departments requesting a new fund must fill out the appropriate new fund request form which will be sent to the Controller’s Office. The Controller’s Office will review the information and add the fund to the chart of accounts. Exceptions to this would include grant funds, restricted funds and capital project funds.</p> <p>Grant funds (begin with a 3) are created based on notification of awards through Sponsored Research Office. Restricted funds (begin with a 2 and/or 6) are reviewed by the restricted funds accountant and</p>

need a new fund request completed and sent to the Controller's Office. Capital funds (begin with a 9) are created based on approved capital requests from the CFO. Refer to Capital Budgets policy.

Organizations, accounts and programs all need a request form to be filled out and are be done through the Controller's Office with the guidance of the staff accountant. Grant accountants should fill out the form on behalf of the principal investigator when the need for a new PI org is required. All requests will be reviewed by the staff accountant and e-mail request will be considered as adequate support for creating the new chart element.

Guidelines

The Deputy Controller is responsible for the development and maintenance of the university's chart of accounts. Funds can be created by the Grant and Contract Accounting department for grants and the restricted funds accountant for gifts. The Controller's Office is responsible for creating all organizations, accounts and programs as well as funds.

References

Complete fund, organization, account and program charts, can be found at this web address:
http://www.iit.edu/finance/controller/account_charts.shtml

Responsibilities

Departments are expected to work with the staff accountant to provide accurate forms.

Required Forms

Request for new funds, organizations, accounts or programs can be found at this web address:
http://www.iit.edu/policy_procedures/forms-page.shtml