

	<b>GA-506</b>
	<b>Chart of Accounts Inactivation</b>
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<p><b>Purpose</b></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><b>Policy</b></p> <p>The Deputy Controller is responsible for the inactivation of chart of account <b>FOAP</b> segments in the general or operating ledger. Funds may be inactivated by the Grant and Contract Accounting department (GCA), the Restricted Funds Accountant or the Deputy Controller based on ownership of the fund. <b>O</b>rganizations, <b>A</b>ccounts and <b>P</b>rograms can only be inactivated under the direction of the Deputy Controller.</p>
<p><b>Definitions</b></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"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>
<p><b>Procedures</b></p> <p>The fund is most commonly inactivated due to grant end dates, deficit balances or exasperated funding. The inactivation process is generally initiated by GCA or the restricted fund accountant</p> <p>Prior to inactivation, the Deputy Controller, GCA or Restricted Fund accountant will ensure the FOAP combination does not have remaining budget, actual or encumbrance balances. If a fund has an encumbrance balance, the requestor must notify Purchasing to close the PO or transfer the balance to another FOAP. In addition a verification of existing payroll authorizations are required.</p>

Once the balances are verified and corrected, the fund will be inactivated. Certain departments must be notified when funds are inactivated such as telecommunications and purchasing /procurement offices.

Inactivation for organizations, accounts and programs are done by the deputy controller and his staff and can be e-mailed to the [controller@iit.edu](mailto:controller@iit.edu) where they will be reviewed on an individual basis.

**Guidelines**

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**References**

GA-505 Chart of Accounts Policy

Complete Fund, Organization, Account and Program charts, can be found at this web address:

[http://www.iit.edu/finance/controller/account\\_charts.shtml](http://www.iit.edu/finance/controller/account_charts.shtml)

**Responsibilities**

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**Required Forms**

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