

SAP Chart of Accounts Overview



The rising STAR of Texas

Training Agenda

- Definition of Account
- Fund Accounts
- Cost / Fund Centers
- Internal Orders
- General Ledger Accounts
- Functional Areas of Expense
- Account Maintenance

What is the Chart of Accounts?

The Chart of Accounts (CoA) is a structure of codes used for the classification, budgeting, recording, and reporting of financial transactions. By classifying transactions, financial information is organized for:

- internal reporting and financial management
- external reporting and compliance

Different sections of the CoA provides information, such as:

- how an activity was funded
- who is responsible for oversight of the transactions (i.e. which department incurred the expense or earned income)

Consistent use of the CoA on transactions is crucial to enable consistent and meaningful reporting internally and externally.

What is an Account?

- An account is a number combination which gives information about the department or university organizational unit receiving or spending money and the source of funding.
- They are made up of either:
 - Fund + Cost/Fund Center
 - Fund + Cost/Fund Center + Internal Order
- Each account combination is assigned an account manager responsible for overseeing and approving expenditures and assuring those expenditures comply with university policy and any other applicable restrictions.
- Funding comes from either an original budget via budget development or is generated by receiving and depositing funds.

What is a Fund?

- Funds are grouped based on revenue type or **funding source**.
- The funding source can affect which expenses are considered allowable.
- There are four main sources of funding that cover the operations of most university departments:
 - E&G (Education & General)
 - Designated
 - Auxiliary
 - Restricted / Grants

E&G Funds

- Primary source of funds are state appropriations:
 - General Revenue Appropriations
 - E&G (Statutory) Tuition & Fees
 - Higher Education Fund (HEF) Appropriations
 - Staff Benefits Appropriations
 - Other specific purpose state appropriations and grants
- Funds that start with “1”
- Generally used for salaries and benefits, research (Core Research & MARC-Materials Application Research Center), and to purchase/construct assets (HEF).
- Funds are held in and expended from state treasury, thus more restrictive than Designated and Auxiliary funds.
 - See the FMX [Restricted Expenditures](#) webpage for details.

Designated Funds

- Sources of funds are tuition and fees, indirect costs earned on sponsored programs, and some business activities.
- Funds that start with a “2”
- The Designated fund group is comprised of the following types of accounts:
 - Designated Method
 - Indirect Costs (F&A)
 - Fees
 - Income Generating Activities
 - Service Departments
- Most departments use Designated Method as their primary maintenance and operation (M&O) account. This and E&G funds represent the bulk of operational funding (Method of Finance).

Designated Funds

- For most Income Generating and Service Department funds, budgets are set during budget development based on estimated income.
- A few funds have Revenue Increasing Budgets where there is no initial budget and budget is increased as deposits are made.
- For deposits made to Designated Funds, the revenue must be recognized in order to increase available budget. The Budget Office must be contacted.
- Most expenses are permissible with a **valid business purpose**.

Auxiliary Funds

- Funding is derived from business activities primarily for the benefit of the students and faculty.
- Funds that start with a “3”
- When using fee funds, expenses should match fee purpose.
 - Examples: Student Service Fee, Library Fee, or Computer Service Fee
- Generally, budgets are set during budget development based on estimated income.
- Most expenses are permissible with a valid business purpose.

Restricted Funds

- Funding received from gifts, donations, and grants from **outside** sources.
- Funds that start with a “4” (Restricted) or “8” (Grants).
- In addition to having a valid business purpose, expenses must meet the conditions imposed by the donor or grantor.

Restricted Funds

- Includes endowment distribution funds which must follow the restrictions of the original endowment fund.
- Employee contributions require special considerations as employee cannot directly benefit from gift/donation. Employees are considered “outside” sources.
- Budgets for “4” funds are determined by income (Revenue Increasing Budgets). Budgets for “8” funds are set by the Office of Research and Sponsored Programs (ORSP) according to the award agreement.

Fund Number Schema

- 1st digit designates the fund group.
- 7th & 8th digits designate the bank number. Any number other than “10” represents funds held in the state treasury.
- 9th & 10th digits designate the fiscal year, if applicable.
 - Example – fiscal year-based fund:
2000011020
Designated fund group for FY 2020
Primarily used for budgeted funds
 - Example – multi-year-based fund:
4700011000
Restricted fund group use multiple years

Fund Number Schema

Fund Range	Description
1*	Education & General Funds <i>(state appropriations)</i>
2*	Designated <i>(see separate slide for more detail)</i>
3*	Auxiliary <i>(see separate slide for more detail)</i>
4*	Restricted Funds <i>(see separate slide for more detail)</i>
5*	Loan Funds
6*	Endowment & Similar Funds
7*	Plant Funds
8*	Grant Funds
9*	Agency Funds

Fund Number Schema

Designated Fund	Description
20000110xx	Designated Method
20000210xx	Sponsored Programs (<i>Indirect Cost</i>)
20200110xx	Student Success Fee
20200210xx	McCoy Graduate Fee
20210010xx	Computer Service Fee
20220010xx	Library Fee
2024xx10xx	Internal Service Centers
2025xx10xx	Clearing Accounts & TRIP Funding
2027xx10xx 2028xx10xx	Income Generating Accounts
21xxxx10xx	Research Service Centers

Fund Number Schema

Auxiliary Fund	Description
30000010xx	Student Service Fee
30010010xx	Medical Service Fee
30020010xx	Student Bus Fee
30030010xx	Student Center Fee
30040010xx	Recreational Sports Fee
3005xx10xx	Athletics
30080010xx	University Dining Services
30090010xx	Parking Services
3010xx10xx	Residential Housing
30110010xx	ID Services
302xxx10xx	Auxiliary-various

Fund Number Schema

Restricted Fund	Description
40* - 42*	Restricted – General Operating
416*	Development Foundation Distributions
431*	Restricted – Endowment Distributions
44* - 45*	Restricted – Federal, Non-Grant
46*	Restricted – State, Non-Grant
47* - 48*	Restricted – Scholarships
49*	VPUA Fundraising Accounts

Higher Education Fund (HEF)

- Funds begin with 75* or 15*
- May only be used for construction-related projects or to purchase capital assets (useful life greater than a year). No consumable supplies.
- May only be used for Education & General purposes. May not be used to support Auxiliary functions, i.e. Athletics, Transportation, and Residential Life.
- Funds may be used for intangible assets, such as computer software, but may not be used for computer software licenses.
- [UPPS 03.02.05 Higher Education Funds \(HEF\)](#)

Core Research Fund

- Fund 100018XXXX
- Must support research initiatives.
- May not be used for construction-related projects (general ledger accounts 734000-734699 and 734900-735099).

State Appropriated Funds

- In addition to HEF and Core Research, Texas State also receives pass-through grants held in the State Treasury from the Texas Higher Education Coordinating Board.
- Although these grants are subject to specific spending rules based on the grant contract(s), there are also applicable state regulations which take precedence over contract rules.
- MARC (Materials Application Research Center) Fund 100021XXXX is also included in the General Revenue appropriation.

State Appropriated Funds

- Examples of restricted purchases include, but are not limited to:
 - Food/Beverages
 - Advance Payments
 - Internal Sponsorships – the agency (Texas State) cannot control whether the intended purpose is achieved, or the applicable spending rules are followed.
 - Student Travel Expenses – only faculty and staff are permitted to travel using these funds.

Cost Centers

- Identifies the university department or organizational unit.
- First six digits are utilized to define the organizational hierarchy.
- Remaining digits are utilized to segregate unique activities and operations.
- The term “cost center” is used for the Finance (FI) module in SAP, while the term “fund center” is used for the Financial Management (FM) or Budget module in SAP. **The terms are interchangeable.**

Cost Center Number Schema

➤ First 3 sets of 2 digits denote hierarchy

➤ Level 1 (L1) – President & VPs

10 – Institutional (crosses all divisions)

14 – VP Financial & Support Services

11 – President's area

15 – VP Student Services

12 – VP Information Technology

16 – VP University Advancement

13 – Provost/VP Academic Affairs

17 – Athletics

➤ Level 2 (L2) – Reports to Level

10 – Assessment

19 – College of Education

12 – RRHEC

20 – College of Liberal Arts

18 – College of Applied Arts

21 – College of Science

➤ Level 3 (L3) – Reports to Level 2

10 – CLAS

13 – The Education Institute

12 – Health & Human Performance

14 – Curriculum and Instruction

18 – LBJ Institute for Improvement

19 – Education Policy Implementation Ctr

Example: **131914**0000 tells us Curriculum and Instruction (L3) reports to the Dean of Education (L2) who reports to the Provost (L1).

Internal Orders

- Provides a way to separately account for an activity managed by a member of a university department or organizational unit.
- Unlike cost centers, IOs are generally time dependent, such as a contracted service with a start and stop date, and do not have permanent budget.
- Internal orders may be created as a statistical order, funded program, or grant.
- Grants are funded programs whose master data is maintained by ORSP.
- The distinction between the statistical orders and funded programs/grants is the level for budgetary control:
 - Funded Programs and Grants are budgeted at the IO level.
 - Statistical orders are not budgeted at the IO level, but derive their budget from the associated cost center.

Internal Orders

- The first digit of the internal order number identifies the type of internal order and, in some cases, its purpose.
 - NON-GRANTS (maintained by FR&A):
 - 5* = Statistical Orders
 - 7* = Construction/Capital projects
 - 9* = Miscellaneous temporary projects & internal “grants/awards”
 - GRANTS (maintained by ORSP):
 - 1* = State Appropriated Grant IO
 - 8* = Non-state appropriated Grant IO

General Ledger Accounts

- General Ledger (GL) accounts are used in conjunction with Funds, Cost Centers, and Internal Orders for one of two purposes:
 1. To define the type of revenue or expense involved in a transaction.
 2. To identify a balance sheet account.
- Six digits in length.
- Similar to Cost/Fund Centers, the FM module refers to GLs as Commitment Items. The terms are interchangeable.

General Ledger Accounts

- The first digit signifies whether the account is a balance sheet or income statement (revenue or expense) item:
 - 1 = Asset
 - 2 = Liability
 - 3 = Fund Balance
 - 4 = Revenue
 - 7 = Expense
 - 6 = Budget Commitment Items for revenue and expense
 - **Used only** by BFP&A to allocate budget
- When expending state appropriated funds, it is especially important to use the appropriate GL expense account.
- For the most part, the Comptroller Manual of Accounts is consistent with the SAP chart of accounts. The first four digits of the SAP general ledger account correspond with the Comptroller's account numbers.

Functional Areas

- Functional Areas represent **major classification of cost**:
 - 1100 = Instruction
 - 1200 = Research
 - 1300 = Public Service
 - 1500 = Academic Support
 - 1600 = Student Services
 - 1700 = Institutional Support
 - 1800 = Operation and Maintenance of Plant
 - 1900 = Scholarships
 - 2000 = Auxiliary Enterprises

- **Research expenditures** are captured either by the assigned Functional Area of 1200 or by use of research Cost Centers that begin with 13 and end in 50 = 13*****50

Account Maintenance

- Some examples of available request forms are:
 - New Cost Center Request
 - New Internal Order Request
 - New Operating Fund Request
 - Account Manager Change Request
 - Deactivation Request
- To access the full list of request forms, visit the Account Maintenance section of the Financial Reporting & Analysis [Forms & Resources](#) webpage.

Helpful SAP Transaction Codes

SAP Transaction Code	Description	SAP Security Role
ZCOA_BO	Chart of Accounts	Budget Restricted Display
Z_BUD_FP	Funded Program Budget Actual Report	Budget Restricted Display
ZKOB1	Statistical Orders: Actual Line Items	Financial Restricted Display for Statistical Orders
ZFMRP_RFFMEP1AX	Document Journal-All Postings Report	Budget Restricted Display or Grant Restricted Display
ZOPEN_ENCUMBRANCE	Current Open Encumbrance Report	Budget Restricted Display
F.10	G/L Chart of Accounts	General Financial Display
S_KI4_38000034	Index of Commitment Items(GLs)	Budget Display
FM5S	FIFM: Display Fund	General Financial Display
KS03	Display Cost Center	General Financial Display
S_KI4_38000038	Index of Funds Centers	Budget Display
KO03	Display Internal Order	General Financial Display
KOK5	Master Data List Internal Orders	General Financial Display
ZBUDACT	Budget To Actual	Budget Restricted Display
ZBUDGETBALANCE	Budget Balance Report	Budget Restricted Display
ZGMGRANTD	Grants Master-Display Only	General Grant Display

Helpful Links

- [Budget Office Reference Materials & Training](#)
- [UPPS 03.01.09 Fiscal Responsibilities of Account Managers at Texas State](#)
- [UPPS 03.01.05 University Income Recognition and Associated Cash-Handling Procedures](#)
- [UPPS 03.04.05 Facilities and Administration Costs \(F&A or Indirect\)](#)
- [UPPS 03.05.01, Soliciting, Accepting, and Processing Gifts and Grants from Private Sources](#)

Policy and Procedure Statements

- [University Policy and Procedure Statements \(UPPS\)](#)
- [Academic Affairs \(AA/PPS\)](#)
- [Information Technology \(IT/PPS\)](#)
- [Finance and Support Services \(FSS/PPS\)](#)
- [Student Affairs \(SA/PPS\)](#)
- [University Advancement \(UA/PPS\)](#)

For questions, please contact:

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<http://www.txstate.edu/gao/reporting/>