



FINANCIAL SYSTEM ENHANCEMENTS

GL FUNCTION SEGMENT TRAINING



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Agenda

- Introduction
- Function Overview
- Function at OHIO
- Conclusion



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Course Objectives

By the end of this session you will be able to:

- Identify the importance of correct Function categorization.
- Describe the use of Function in the new Chart of Accounts.
- Describe how Ohio defines and uses Function.



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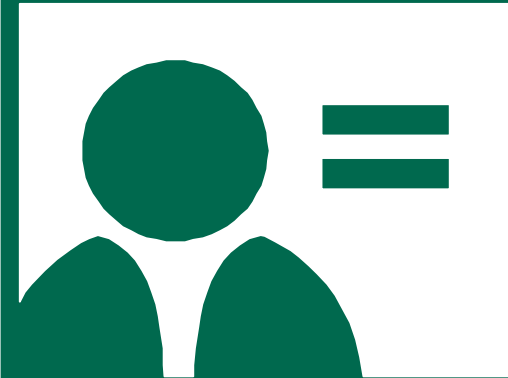
Activity Introduction

Instructions:

- Count off by number, 1-5.
- Each number, group together. This is your Team, if you don't know each other, introduce yourself.
- Pay close attention to the presentation, and take good notes.
- The goal of this activity is accumulate the most team points by:
 - Answering questions correctly.
 - Asking questions to other teams that they can't answer (stealing their points).
- You will have 5 minutes as a team to create 1 closed question (yes or no, multiple choice, true or false) and 1 open question. Make them as challenging as you can, you can steal points to win! The facilitator will select the questioning team, but the questioning team may ask any team their questions.
- If your team is chosen and answers correctly, you will get 1 point for the closed question and 3 points for the open question.
- If you answer incorrectly, the questioning team gets the points.
- Open book to write questions, closed book when answering.



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Function Overview



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Lesson Objectives

By the end of this lesson you will be able to:

- Determine the use of Function.
- Identify outside sources used to guide the Function definitions.
- Identify the purpose of Function.



Why Is Function Important?

- Function explains how universities spend.
 - Provides framework for required reporting to State and Federal government.
 - Benchmarking with peer institutions.
 - Allows measurement of spending against the mission: instruction, research, and public service.
 - General public: donors, banks, bonding agents
 - Grant sponsors
- Indirect Cost Study is based, in part, on Function segment reporting:
 - Impacts the amount of reimbursement the University receives for overhead related to administering grants.



Function Classification Guidance



National Association of College and
University Business Officers



Office of Management and Budget

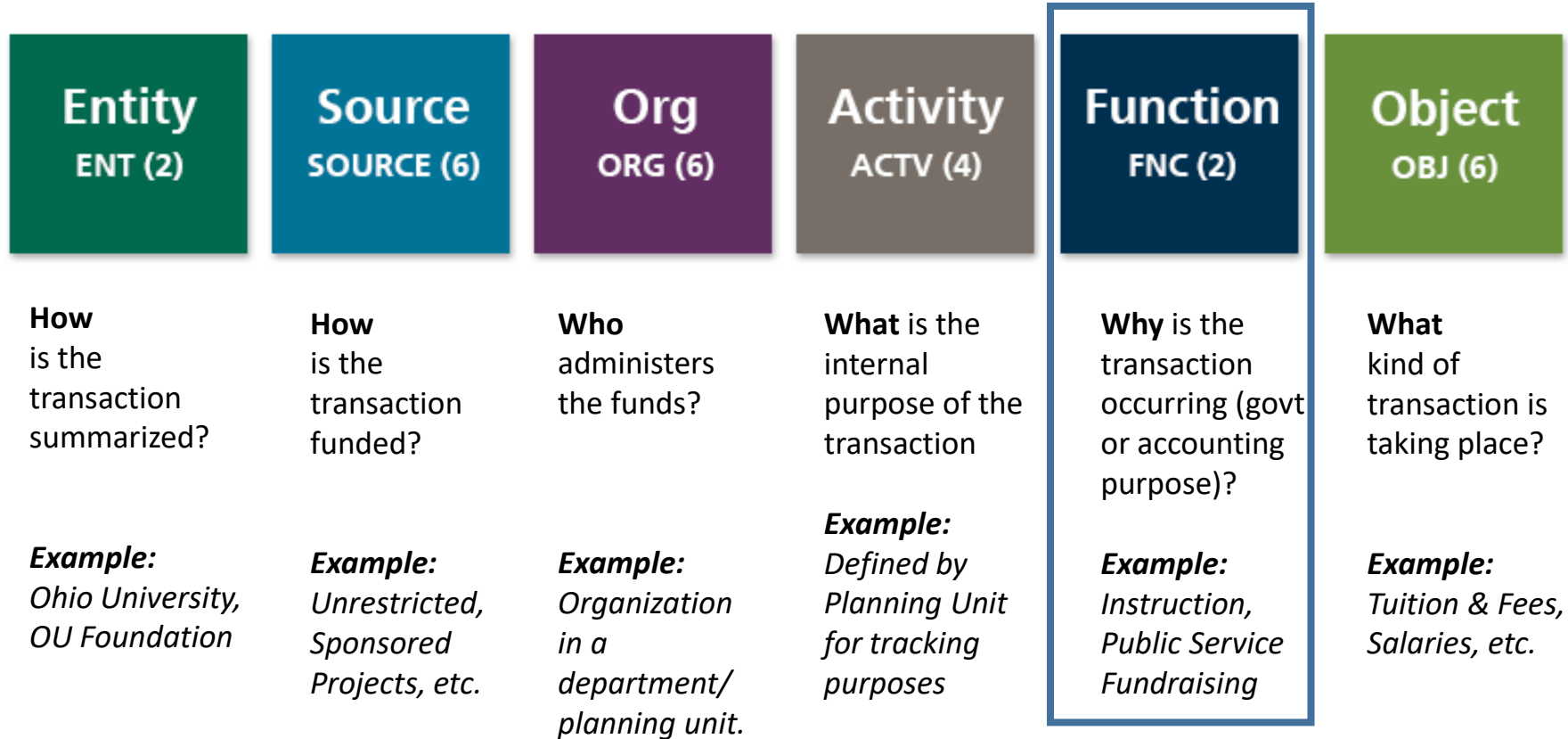


The Carnegie Classification of Institutions of Higher Education[®]



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General Ledger Account Structure





Use of Function at OHIO



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Lesson Objectives

By the end of this lesson you will be able to:

- Determine when to use Function.
- Determine the correct Function code.



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Function

FNC (2)

- Defines why the transaction is occurring.
- **Defines government and accounting purposes for spending.**
- Only used with expense object codes
 - Required for each expense transaction on both University and Foundation accounts.
 - Function is a required value for balance sheet, revenue, and investment and funding transfer transactions; it will be 00.
- Values are the same across all Planning Units.
- **Most Organization values** have a default/primary Function value
- **Deans Office** – Often expends money for multiple purposes or FUNCTIONS
- **Project-Task-Award (PTA):** Function is assigned at the time the Award is setup



Balance Sheet, Revenues, Transfers, and Expenses

Object Code Segment Value	Type of Account	Function
<i>Balance Sheet</i>		
1xxxxx	Assets	00
2xxxxx	Liabilities	00
3xxxxx	Fund Balances	00
<i>Income Statement</i>		
4xxxxx	Revenues	00
6xxxxx	Funding Transfers	00
7xxxxx	Expenses	XX
8xxxxx	Investment Transfers	00

Expenses are the only transaction you code with Function



General Ledger vs PTA

- General ledger accounts with expense object require a FUNCTION
 - Entity-Source-Org-Activity-FUNCTION-Object
- PTA accounts – do not require a FUNCTION with expense object
 - Project-Task-Award-Object



Object/Activity/Function

- **OBJECT** - identifies what is purchased (i.e. services, supplies, equipment)
- **ACTIVITY** – internal purpose and University defined
- **FUNCTION** - classifies the expense by it's intent or purpose – identifies why the expense is incurred using external guidance (i.e. instruction, research, public service, student services)
 - Required value for expense transactions
 - Cross validation rules enforce a valid Function



Sometimes Source Matters

- **SOURCE**

- Scholarship only Sources
 - FUNCTION 72 – Scholarship Discounts & Allowances
- Course/Technology Fees 110410
 - FUNCTION 10 – Instruction
- Auxiliaries Source 140000
 - FUNCTION 60
 - FUNCTION 61 - ICA
- Recharge Source 141000
 - FUNCTION 65



Functions you will not code an expense transaction with...

Value
08 – Independent Operations
70 – Scholarships/Fellowships
86 – Interest on Debt
87 – Depreciation
88 – Other Non-operating Expenses

- Functions used by Finance only

Value
15 – Sponsored Instruction
16 – Sponsored Instruction – Cost Share
24 – Sponsored Clinical Trials
25 – Sponsored Research
26 – Sponsored Research – Cost Share
35 – Sponsored Public Service
36 – Sponsored Public Service – Cost Share

- Functions setup when a Sponsored Project-Task-Award (PTA) is established – Award Purpose on Award



Functions you may use if...

- Unit specific for expense transactions.
- If you are billing these units, use these Functions when billing.

Value
60 – Auxiliary
61 – Intercollegiate Athletics
65 – Recharge
81 – Sponsored Projects Administration
82 – Other Institutional Activities
90 – Foundation Administration



Most Commonly Used Functions

Value
09 - Agency
10 - Instruction
20 – University Research
30 – Public Service
40 – Academic Support
42 – Deans & Provost
50 – Operations & Maintenance
75 – Student Services
80 – General Administration
83 – Public Relations
92 – Fundraising & Development
94 – Alumni Relations



Agency - Value and Definition

Value	Definition
09 – Agency	The agency function is to be used in connection with all expense transactions incurred under agency funds. Agency funds are funds in the custody of the university that are not legally its property

Examples:

- Student Organizations (Org # starts with 79XXXX)
- Rebill Accounts
- Foundation Alumni Chapters



Rebill Accounts & Student Orgs

- Rebill
 - Entity 85-Source 85XXXX
 - Always use FUNCTION 09 – Agency
- Student Org
 - Entity 10 with Org 79XXXX
 - Always FUNCTION 75 – Student Services
 - Entity 80-Source 800000-Org 79XXXX
 - Always FUNCTION 09 - Agency



Instruction – Value and Definition

Value	Definition
10 – Instruction	<p>The instruction classification includes expenses for all activities that are part of instruction. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and classes offered fall and spring semester; summer sessions; flexibly scheduled or modular classes, intersession, regular, special, and extension sessions should be included.</p> <p>Expenses for departmental research that are not separately budgeted also should be included in this classification.</p> <p>This classification excludes expenses for those academic personnel whose primary activity is administration—for example, academic deans.</p>

Examples:

- Instructional salaries/benefits, supplies & services (whether credit or non-credit)
- Administrative positions that serve in a support role for academic or instruction related department
- Departmental Chairs or Directors for instructional departments
- Instructional Technology – separately budgeted



Instruction

A good “Line of Demarcation” exists in determining Instruction. Simply ask yourself “Is the expense related to the student’s academic program?” If the answer is yes, generally speaking, it should fall under Instruction.



Instruction Exercise

- Tim is buying dry erase markers, a whiteboard, and an iPad for Professor Jones History 101 class using Designated funds. How should these transactions be coded for function?
 - *This is an example of an expense that should be coded as (10) Instruction.*
- Dr. Jones teaches 3 sections of History 101 and 1 section of History 201 which account for approximately 80% of his time. In addition, Dr. Jones spends 20% of his time pursuing departmental research endeavors. What function should his salary be coded as?
 - *Dr. Jones' salary should be coded as (10) Instruction.*
- What about Tim's salary?
 - *Because Tim works for a department organization that provides instruction, his efforts should be categorized as (10) Instruction as well. Tim's activities are part of the institution's instructional program.*



University Research– Value and Definition

Value	Definition
20 – University Research	All research and development activities that are separately budgeted and accounted for by the institution or under an internal application of institutional funds. For purposes of the Uniform Guidance and development of the F&A rate, University research shall be combined with sponsored research under the function of Organized Research.

Examples:

- Research Centers & Institutes
- Research Memberships/Consortia
- Foundation accounts established for university related research activities
- Research Information Technology – separately budgeted



University Research

- Can be research performed by individuals, groups, institutes or research centers.
- Departmental research that is separately budgeted IS included in University Research. Conversely, if it is not separately budgeted it would be considered Instruction.
- Used with both GL and PTA accounts



Public Service – Value and Definition

Value	Definition
30 – Public Service	The public service classification includes expenses for activities established primarily to provide non-instructional services for the benefit of individuals and groups that are external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services.

Examples

- WOUB
- HCOM Community health programs
- ILGARD local government and rural development
- Literacy Center
- Kids on Campus
- Wellworks
- Child Development Center



Public Service

- Included in this classification are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.
- If you have a class with a public service requirement, you need to use instruction not public service.



Academic Support – Values and Definition

Value	Definition
40 – Academic Support	<p>The academic support classification includes expenses incurred to provide support services for the institution's primary programs of instruction, research, and public service. It includes the following activities:</p> <ul style="list-style-type: none"> • Libraries, museums, and galleries • Services that directly assist the academic functions of the institution that are associated with a department, school, or college. Examples include academic support of information technology, academic personnel development • Educational media, such as audio-visual services, and technology, such as computing support • Separately budgeted support for course and curriculum development
42 – Deans and Provost	<p>Includes the Deans (does not include Academic Department Chairs/Directors – Instruction) and Provost administrative costs and personnel providing administrative support and management direction to the three primary missions of instruction, research and public service. Note that instruction, development/fundraising and student services conducted by these organizations should be charged to those functions and not to the Deans & Provost function.</p>



Academic Support

- Information Technology
 - Supports classroom or instruction – FUNCTION 10 Instruction
 - Supports research or researchers – FUNCTION 20 University Research
 - Otherwise, Academic Support – FUNCTION 40
- Separately budgeted activities that reward professional performance of Faculty (awards, sabbaticals, organized faculty development programs)
 - Honors Tutorial funds
- Course & Curriculum Development
- Central libraries (Alden & Regionals)
- Museums and Galleries (Kennedy)
- Reasonable estimates acceptable
 - FTE and expenses



Deans & Provost

- Administrative costs and personnel providing administrative support and management direction to the three primary missions of instruction, research and public service
- Need to identify expenses in Dean organization for many functions – separate from expenses for Deans/Provost functions:
 - Instruction
 - Fundraising and Development
 - Academic Support
 - Student Services
 - Research
 - Public Service



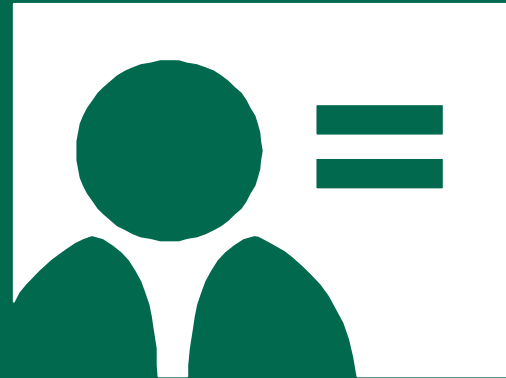
Academic Support/Deans and Provost Exercise

- Dr. Richards, Dean of the College of Business, has asked IT to purchase and install a Smart Board for his conference room.
 - *This purchase is made in support of the administrative duties of the Dean and therefore would be coded as (42) Deans & Provost.*
- Dr. Lin has just been named Dean of the College with a salary of \$250,000.
 - *Deans and their administrative support staff are considered Deans & Provost. However, if Dr. Lin were to opt to take on a 10% teaching load, then her salary should be proportioned as such (90% Deans & Provost, 10% Instruction).*
- The Campus Library is adding a part-time Librarian to the staff.
 - *Expenses related to campus or departmental libraries that are centrally operated would be coded as (40) Academic Support.*



Activity

- You have 5 minutes as a team to create 1 closed question (yes or no, multiple choice, true or false) and 1 open question.
- You will have 10 minutes to answer questions. No filibustering. You will time out if you take too long to answer any question.
- If your team is chosen and answers correctly, you will get 1 point for the closed question and 3 points for the open question.
- If you answer incorrectly, the questioning team gets the points.



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Operations & Maintenance – Value and Definition

Value	Definition
50 – Operations and Maintenance	Operations and maintenance includes the costs of administration, supervision, operation, maintenance, preservation, and protection of physical plant/facilities and utility costs such as gas, steam, electricity, water and sewage. This includes major capital projects and capital improvement accounts.

Examples:

- Foundation accounts – facilities purpose
- Facilities Management – operations in planning units, central Facilities Management on Athens & Regional Campuses
- Utilities (Object codes)



Auxiliary & Recharge – Values and Definition

Value	Definition
60 – Auxiliary	An auxiliary is defined as a self-supporting operating unit whose primary purpose is to provide goods, services, or groups of services in support of the university's education, public service and research mission or incidentally to the general public. These units are responsible for recovering both the direct and indirect costs associated with their operations through established pricing practices.
61 – Intercollegiate Athletic	Intercollegiate athletics expenses represent costs, other than student financial aid, that support the university's intercollegiate athletics programs.

Named Auxiliary Units

- ICA – Entity 20 – FUNCTION 61
- Culinary – Entity 21 – FUNCTION 60
- Housing – Entity 22 – FUNCTION 60
- Parking & Transportation – Entity 23 – FUNCTION 60
- Printing – Entity 24 – FUNCTION 60
- Auxiliaries can also use FUNCTION 72 Scholarship Discounts & Allowances as well as FUNCTION 92 Fundraising & Development



Auxiliary & Recharge – Values and Definition

Value	Definition
65 – Recharge	<p>The recharge function is to be used in connection with all expense transactions incurred with the recharge center. A recharge center is defined as an operating unit whose primary purpose is to provide goods, services, or groups of services in support of the university's education and research mission. These units are responsible for recovering only the direct costs associated with their operations through established pricing practices. Direct costs include personnel and operating expenses.</p> <p>Note: The function used when recharge services are procured would be the function supported, e.g., instruction, sponsored research, general administrative, etc.</p>

Examples:

- OHIO Ready Staff
- Specialized equipment or facilities
- MUST work through Finance to be identified formally as Recharge



Student Related – Values and Definition

Value	Definition
75 – Student Services	The student services classification includes expenses incurred for offices of admissions and the registrar and activities that, as their primary purpose, contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

Examples:

- Student and cultural related activities (VP Student Affairs, Campus Rec, The Post)
- Counseling and career guidance (excludes informal counseling by Faculty)
- Advising
- Student services (Financial Aid, Enrollment Mgt, Registrar)
- Graduation/Convocations
- Adaptive aid services
- Cultural events



Student Related Exercise

- The Registrar's Office hires two new Record Administrators.
 - *Registrars and enrollment administrators are examples of Student Services and should be coded as (75) Student Services.*
- Sarah, an incoming freshmen, visits the Career Center and is provided several pamphlets, pens and a t-shirt after discussing possible majors with career counselors.
 - *The expenses associated with the Career Center, be it staff salaries, the cost to print the pamphlets or to have the pens and t-shirts printed with university logos would all be considered (75) Student Services.*



Institutional Support – Values and Definition

Value	Definition
80 – General Administration	The institutional support classification includes expenses for central, executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative information technology (when not accounted for in other categories); space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises

Examples:

- Executive Officers (except EVP & Provost – Function 42 Deans & Provost)
- Budget, Treasury, Finance, Human Resources, Space Management, Bursar, Internal Audit, VP Research
- General Administration is not a Function that will be used in Academic units



Institutional Support – Values and Definition, continued

Value	Definition
81 – Sponsored Projects Administration	Sponsored programs administration includes the costs of organizations established primarily to administer sponsored projects.

Examples:

- Office of Research and Sponsored Programs
- Grants Accounting Office



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Institutional Support – Values and Definition, continued

Value	Definition
83 – Public Relations	<p>All advertising and public relations costs except the following: (1) the recruitment of personnel, (2) the procurement of goods and services (RFP), (3) other specific advertising or public relations costs specifically required by sponsored agreements, (4) costs of communicating with the public and press pertaining to specific activities or accomplishments which result from the performance of sponsored agreements; or (5) costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of contract/grant awards, financial matters, etc. These exceptions are charged to the function which they support (e.g., instruction, sponsored research, general administrative, etc.).</p>



Public Relations

- Charge to applicable Function (Instruction, Deans & Provost, Auxiliary, etc.)
 - Recruitment of personnel
 - Required notices to public – may be research related, compliance related, general information to public about university
- University wide function
 - Communications & Marketing
 - Public Relations



Fundraising & Development – Values and Definition

Value	Definition
92 – Fundraising and Development	Fundraising and development expenses support efforts to raise money for the institution. This classification includes printing and postage costs, professional fundraiser fees, and the salaries and wages of staff members engaged in fundraising activities.

Examples:

- VP Advancement functions
- Planning unit development functions



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Foundation & Development – Values and Definition

Value	Definition
94 – Alumni Relations	Alumni relations expenses support efforts to build relationships with alumni in support of the university. This classification includes staffing and operational costs associated with alumni communications, reunions, special events and other programs to engage alumni.

Examples:

- Alumni Association
- Planning unit alumni functions



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Reasonableness

- *80/20 or 90/10 Rule*
 - *80-90% of the time, when assigning the classification, you will use the same one or two over and over again.*
 - *The other 10-20% may take some further research and reaching out for help.*



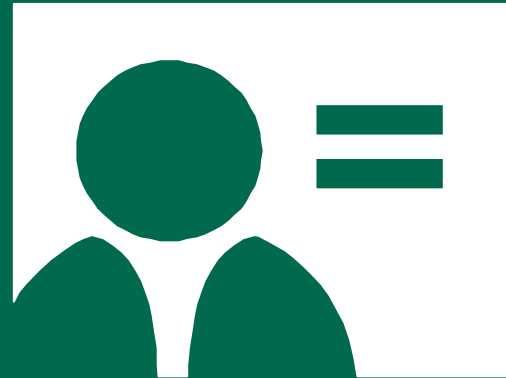
Ask for Help

- *Never feel as if you must guess. If you are entering a transaction and do not know how to code the Function, ask!*
 - *Chief Financial & Administrative Officer or Financial Support Staff in your Planning Unit*
 - *Controller's Office – General Accounting & Financial Reporting*



Activity

- You have 5 minutes as a team to create 1 closed question (yes or no, multiple choice, true or false) and 1 open question.
- You will have 10 minutes to answer questions. No filibustering. You will time out if you take too long to answer any question.
- If your team is chosen and answers correctly, you will get 1 point for the closed question and 3 points for the open question.
- If you answer incorrectly, the questioning team gets the points.



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Conclusion



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Course Objectives

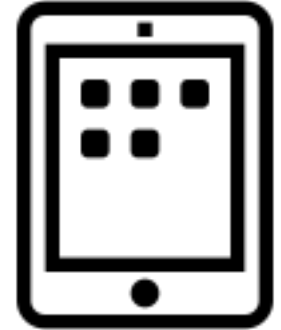
You should now be able to:

- Describe the use of function in the new Chart of Accounts.
- Describe NACUBO classifications and how they are used at OHIO.
- Identify the importance of correct function categorization.
- Determine which function category and subcategory for expenses.



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Next Steps



- System Go Live: December 12
- Pop Up Sessions:
 - Wednesday, 12/13, 11:00 AM – 12:00 PM WUSOC 302
 - Friday, 12/15, 1:00 PM – 3:00 PM, Baker 240/242
 - Monday, 12/18, 10:00 AM – 12:00 PM, HRTC 141-145
 - Wednesday, 12/20, 9:00 AM – 12:00 PM, HRTC 141-145
- Email Updates from FinanceNews



Questions?

coa@ohio.edu

[FSE Change Network](#)



Reference Materials

1. [COA Quick Reference Guide](#)
2. [COA Website](#)



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Thank you



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References

Value	Definition
08 – Independent Operations	<p>The independent operations classification includes the expenses of separately organized operations owned or controlled by an institution that are unrelated to, or independent of, the institution’s mission but that may enhance its mission. FINANCE USE ONLY</p>
70 – Scholarships/Fellowships	<p>Scholarships and fellowships expenses are amounts that exceed fees and charges assessed to students by the institution that would not have been recorded as discounts and allowances to tuition and fees. This classification includes the excess awards over fees and charges from Pell grants and other resources, including funds originally restricted for student assistance. Does not include loans to students or amounts where the institution is given custody of the funds but is not allowed to select the recipients; these are transactions recorded in balance sheet accounts and not revenues and expenses.</p> <p>Scholarships/Fellowships are booked by journal entry only and no direct expenses will charge to this function. This is reported as Student Aid expense on the Financial Statement under Operating Expenses. FINANCE USE ONLY</p>



References

Value	Definition
86 – Interest on Debt	Interest on Notes, Bonds and Capital leases. Used for consolidating costs for external financial reporting. FINANCE USE ONLY
87 - Depreciation	Depreciation expense for capital assets including facilities, equipment and infrastructure assets for purposes of external financial reporting. FINANCE USE ONLY
88 – Other Non-Operating Expenses	Revenues and expenditures specifically identified as non-operating include: Gain/Loss on property sales, trade in allowances, write-offs, and other disposals, debt issuance costs, bond subsidy rebate. This function is used to consolidate activity for external reporting purposes. FINANCE USE ONLY

