Financial Management 101
Preparing Administrators for Financial Responsibility

Before class, please write down at least 1 FOP you will be working with.

<table>
<thead>
<tr>
<th>Chart</th>
<th>Fund</th>
<th>Organization</th>
<th>Program</th>
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FOP Codes: Identifying Budget(s)

Chart
A code represents each state agency of Texas Tech in the database:

F = Fund
A cash account, separated and coded according to the purpose of the provider (operations, scholarships, grants, etc). Each fund has a Fund Manager who is accountable to Texas Tech and to the provider to use the funds according to the provider’s purpose.

Example
11A006 = Fund Group
11A006 = Fund Category
11A006 = Fund Class
11A006 = In conversation, this is often referred to as the “Fund Class”. 11A006 = All six positions identify the specific fund for your budget.

RaiderLink > A&F Work Tools > AFISM “channel” > DMFR Resources > FINANCE Filter > Diagram of Fund Group, Category, and Class to see where your fund fits in the Fund Hierarchy.

Finance Terms:

Funds 11-14: STATE Funds: Also called Educational and General, Ed & Gen, and E&G

Fiscal Year: Our Fiscal Year starts September 1st because that is when we receive our funding from the state.

Fiscal Month/Posting Period: Sept = 01, Oct = 02 … August = 12

Multi-year: Used to define funds that cross fiscal boundaries

Dedicated: Funds that are used for one specific purpose (fund 12)

HEAF: Higher Education Asset Fund: state funds that are used for capital purchases and unforeseen expenses that affect the entire institution

NRUF: National Research University Fund: state funds that are given to the Vice President of Research to distribute to different departments and research projects at Tech

Funds 15-19: LOCAL Funds: funds that are state regulated, yet generated locally through revue streams such as tuition and fees, and distributed throughout many Tech departments

Funds 21-23: Research / Grant Funds: funds that come to Tech through Federal (21), State (22), or Local (23) grants (in this situation, local refers to any grant that is not Federal or State).

Where to find help with your Fund
- RaiderLink > A&F Work Tools > Finance “channel” > Contact List By Fund Class > My Fund Accountant
- RaiderLink > Research Administration > My Grant Specialist
**FOP Codes: Identifying Budget(s)**

**O = Organization** A user of a Fund. It might be a department or office of Texas Tech, or it might identify a budget set up for a specific activity. Each organization has an Organization Manager (also Financial Manager) who is accountable to Texas Tech to use the budget according to its purpose.

**Example**  
B56004 = Division: “B” = “Sr Vice President and Provost”  
B560041 = College or Area: “B56” = “College of Engineering”  
B56004 = identify the department or budgeted activity (Chemical Engr. Dept.)

**TeamApp**  
*RaiderLink > A&F Work Tools > AFISM “channel” > TeamApp*

Access to online information is granted by the Level 5 Department Head or the Level 7 Organization Manager  
- The Organization Manager enters the eRaider of the employee and follows the instructions to request access for Finance, TechBuy, Human Resources, etc.  
- **TEAM App Reports > Financial Profile Access Report** provides reports of organization or individual access (view by your eRaider; choose another eRaider; or clear the eRaider and enter the ORGN code).

**Back at the Office:** Ask your department which organizations you support; view the Financial Profile for assigned accesses; request access for your duties:  
- Shopper – Select items for the shopping cart  
- Requestor – Shop and approve POs up to $5000  
- Approver – Shop and Approve up to Budget Limit

**Cyber Security**  
- **TTU Operating Policies Operating Policies**  
- **OP 70.40** defines employee responsibility for online usage.  
- **Confidentiality Agreement**

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DMFR

Revised 2021 05
FOP Codes: Identifying Budget(s)

P = Program  
Classifies the fund for reporting purposes, starting with the primary objectives of a university Mission Statement: Teaching, Research and Public Service.

RaiderLink > A&F Work Tools > AFISM “channel” > DMFR Resources > FINANCE Filter > “Program Code Definitions”

Descriptions are based on the National Association of College and University Business Officers Financial Accounting and Reporting Manual:

- 100 Instruction
- 200 Research
- 300 Public
- 400 Academic Support
- 500 Student Services
- 600 Institutional Support
- 700 Operations and Maintenance
- 800 Scholarships and Fellowships
- 900 Unexpended Plant
- A10 Auxiliaries
- E10 Endowment
- G10 Agency Operations
- L10 Loan Funds
- R10 Retirement of Indebtedness
- S10 Service Department Funds
Farmer Brown: Fund versus Budgets

**Fund:** 16A010  
**Program:** 400

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**Back at the Office:** Determine if your department has Fund Management as well as Organization Management responsibilities. Does this affect your job duties and the classes you need?

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### Opening Balance: 300,000

#### Freddy’s Farm, B92011

- **Revenue:**
  - 5E1 External Sales: $100,000
  - **Total:** $100,000

- **Expenditures:**
  - 6A4 Salaries: $60,000
  - 7B0 Travel: $8,000
  - 7C0 Supplies: $19,000
  - 7F1 Repairs: $13,000
  - **Total:** $100,000

**Fund Manager:** Mrs. Brown

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#### Larry’s Livestock, B92012

- **Revenue Budget Pool(s):** $100,000
- **Expense Budget Pool(s):** $100,000

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#### Brown’s Operating, B92013

- **Revenue Budget Pool(s):** $25,000
- **Expense Budget Pool(s):** $25,000

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**Uncommitted Bal:** 75,000
FOAP Identifies Transactions: What did I spend/buy? What did I receive/deposit?

**A = Account**
The code for a revenue (tuition/fees) that adds to the budget balance or for an expenditure (salary/supplies) that subtracts from the budget balance
Account codes for revenues and expenses are grouped in categories called “Budget Pools.”

**7C0001 = Account Type: 7 = “Operating Expense”**

**General Ledger:** What I own, what I owe and the net difference
10-Assets, 20-Liability, 30-Control Accts, 40-Fund Balance

**Operating Ledger:** Deposits, withdrawals, and budget adjustments:
50-Revenue, 60-Salaries, 70-Operating Expense, 80-Transfers

**7C0001 = Budget Pool: 7C0 = “Supplies”**
5A0- Tuition  5A1-Fees  6A1-Faculty  6A2-Staff  7B0-Travel in State  7C0 Supplies  7F1-Repairs

*For Allowable Expenditures from a fund, use the Expenditure Allowability Matrix*
RaiderLink > A&F Work Tools > AFISM > Resources > FINANCE Filter > “Expenditure Allowability Matrix”

**7C0001 = FOAP/Account Codes = identify the budget pool and account distribution: 7C0001 = Postage**
5A0003: Tuition Nonresident  6A1802: Faculty Tenure Track  6A2006: Salaried Library Staff
7B0051: In-state travel-Lodging  7C0905: Chemicals Lab  7N3051: Lab analysis testing service

*For Budget Pools and Account Descriptions: RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Account Code Descriptions” > DOWNLOAD LATEST VERSION*

*To Choose an Account Code:*
RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > “Account Crosswalk” (Cognos FI408)

1. What examples are listed in 7C0001, Postage? ____________________________________________________

2. What account code might you use for paper towels to clean desks? _________________________________

3. 7C0010, Consumables Office, includes what examples? _________________________________

4. 7C0011, Consumables Non-Office, includes what examples? _________________________________

5. Description for 7C0010: _____________________________________________________________________

6. Description for 7C0011: _____________________________________________________________________

7. Based on your answers to questions 5-6, would you change your answer to question 2? Y N

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**Back at the Office:**
- Does your department have a list of commonly used Account Codes?
- Be sure to attend the “Account Code Training for Expenditures” class.
  - Register on Cornerstone
**Budget Control**

*To determine whether the Budget has funds to spend, consider FOAP versus FOP Budget Control:*

When an expenditure is entered in the system, budgets are checked to verify funds are available
- Budgets might be checked at the **FOAP** level: Does the **Pool Available** have sufficient funds?
- Budgets might be checked at the **FOP** level: Does the **Total Available** have sufficient funds?

<table>
<thead>
<tr>
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<th>Original Budget</th>
<th>Budget Adjustment</th>
<th>Modified Budget</th>
<th>Expended</th>
<th>Available</th>
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</thead>
<tbody>
<tr>
<td>6A4 Salaries</td>
<td>60,000</td>
<td></td>
<td>20,000</td>
<td>40,000</td>
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**TOTAL** $100,000 $40,200 $59,800

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**TOTAL** $100,000 $40,200 $59,800

1. Using the budget above, will a Travel PO estimated for $6,000 submit for processing?
   - **FOAP:** If the budget pool available balance is $_________ can I spend $6000?  Y N
   - **FOP:** If the total budget available balance is $_________ can I spend $6000?  Y N

2. Using the budget above, will a Repair PO estimated for $8,300 submit for processing?
   - **FOAP:** If the budget pool available balance is $_________ can I spend $8300?  Y N
   - **FOP:** If the total budget available balance is $_________ can I spend $8300?  Y N
Encumbrance/Encumbering

<table>
<thead>
<tr>
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<th>Encumbrances</th>
<th>Expended</th>
<th>Available</th>
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<td>6A4 Salaries</td>
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**TOTAL** $100,000  $40,200  $59,800

_____ An **Encumbrance**
A. cannot be spent for other purposes

_____ The funds
B. sets aside funds for an upcoming payment

_____ The resulting **Available Balance**
C. is correct for the next decision

**Finance Applications**

*Raiderlink > A&F Work Tools Tab > Finance Channel*

**Financial Transaction System (FiTS):** This application provides procedures for
- Cost Transfers (move expenditures from one FOP to another)
- Intra-institutional Vouchers (IVs – Service departments sales to departmental FOAPs)
- Revenue JVs (move deposit revenues to department FOAPS).

**Finance Fund Maintenance:** This application provides procedures to create new fund codes.

**Finance New FOP:** This application provides procedures to
- Create and change new FOP combinations
- Submit Organization Code Requests
- Change Financial Managers.
Finance Systems

**Names of Applications, Systems, and Trainings**

*Note: All DMFR trainings can be registered via the Cornerstone system.*

**60’s Wage and Salary Expenditure Transactions:**
- **Electronic Personnel Action Forms (ePAF)** – Used to enter employee assignments for payroll processing. Training is conducted by Human Resources and can be registered via Cornerstone.
- **EOPS, Employee One-time Payment System** – Used for single payments to employees for occasional duties not associated with their normal assignment.

**70’s Operating Expenditure Transactions:**
- **TechBuy** – Used to enter Purchase Orders when buying goods and services.
- **Travel System** – Used to enter Travel Applications (requests to travel) and Travel Vouchers (completed travel expenses).
- **Chrome River for TTU Purchase Card (P-card)** – Credit card used for purchases under $5,000.
  - For training: email Purchasing.pcard@ttu.edu
- **Procure to Pay** – this training takes you through the Procurement process from start to finish, including information about getting bids, Ops, and encumbrances. To register, contact Techbuy.Purchasing@ttu.edu.

**80’s Budget Revision and Transfer Transactions:**
- **Online Budget Revision System** – Used to transfer funds to a new FOP (FOP combination must be approved first), and to revise current FOPs; uses Gateway to upload revisions.

**Report for Daily Review and Monthly Reconciliation are generated by:**
- **Cognos** – A tool for generating reports from information systems such as Banner.
  - DMFR conducts trainings focused on Budget, Transaction, Procurement, Grant, and HR Reports.

**Digital Documents are stored by:**
- **Xtender** – Electronic storage and retrieval system

**Access to Online Data:**
- **TEAM App** – Allows Financial Managers to assign online permissions for job duties.
  - If you need assistance, please see our documents on DMFR Resources > Filter by TeamApp

**For a complete list of our trainings and the suggested class order, please see our DMFR Training Checklist.**

**Finance Document IDs and Rules:** As you start reading data on TTU’s financial systems and applications, you will come across common prefixes and codes. See these resources for more information.

**Document Prefix Identifiers**
RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > Document Prefix Identifiers

**Rule Class Codes and Descriptions**
RaiderLink > A&F Work Tools > AFISM “channel” > Resources > FINANCE Filter > Rule Class Codes and Descriptions
The ABC’s of Financial Management

*Regents’ Rules 07.01: Financial/Org Managers and Fund Managers have the fiduciary responsibility of managing activity related to the funds and organizations for which they are assigned, including the activities of assigned delegates.*

**A - Practice Accountability**

- Complete appropriate training
- Know the Allowed Expenses for your FOPs
  - Expenditure Allowability Matrix
- Follow proper accounting guidelines.
  - OP Series 62 – Finance and Accounting
- Follow procurement guidelines.
  - OP Series 72 – Procurement

**B - Maintain Signature Authority**

- Organization Manager uses TEAM App to request access
- Manager can assign his own access
- Request Procurement access
  - Shopper – create a purchase order
  - Requestor – order, approve up to $5000
  - Approver – order, approve to budget
- Request HR access (personal, confidential)
- ePAF Approver
- Web Time Entry, Web Leave Reporting
- HR Reporting access
  - Request Budget Prep access
  - View your Financial Profile

**C- Review Reports Regularly**

- Conduct monthly reviews
  - Each month is held open for final entries until the 10th of the following month.
  - FI045 – Monthly Ledger Report
- Review Recent Transactions
  - FI030, FI137 – Encumbrance Transactions
  - FI026- Operating Ledger Transactions
  - FI027 – Balance Sheet Transactions

Back at the Office:

- Reminders on pages
  - p. 2 – Granted permission for TechBuy?
  - p. 5 – Account Code Training?
- Use the DMFR Training Checklist to plan your class schedule
- Register for classes in Cornerstone

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