

UNIVERSITY OF MAINE SYSTEM
FINANCIAL ACCOUNTING SYSTEM

INTRODUCTION

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INTRODUCTION

PURPOSE

This manual is intended to be a guide to understanding and using the Financial Accounting System (FAST). This system was purchased from Information Associates, Inc., became operational on July 1, 1975 and has since been modified extensively to accommodate user needs. Although its primary function is to assist those working directly with the accounting system, it can also be of great assistance to others in terms of an overall view of the system, and in providing an insight as to the present and future flexibility of the system.

Questions and suggestions regarding this manual are welcome and should be directed to the Office of Finance and Treasurer.

The purpose of the Financial Accounting System (FAST) for the University of Maine System is to provide the University System with a comprehensive, efficient foundation for financial accounting record keeping and management information dissemination. The System has the ability to accomplish Fund Accounting and Budgetary and Managerial Reporting from the same set of input transactions.

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OBJECTIVES

General

1. Provides flexibility in meeting management and financial reporting requirements of the University System.
2. Relieves much of the manual burden and record keeping required under old systems.
3. Makes available to management timely financial information necessary for effective decision making.

Specific

1. Satisfies the control needs of each university and system-wide services.
2. Merges the accounting and budgeting systems.
3. Utilizes data processing capabilities in an efficient manner.
4. Provides written procedures for system users.
5. Defines a chart of accounts to provide comparable account definitions among the universities.
6. Enhances the ability to manage cash flow for investment purposes.
7. Maintains an up-to-date base so that the system can function on a daily basis.
8. Provides for encumbrances.

GENERAL DESCRIPTION

The Financial Accounting System is an integrated general and subsidiary (or management reporting) ledger record keeping and reporting system. This system is designed to provide the complementary features of a budgetary control system and of a fund accounting system from the same set of input transactions. The Financial Accounting System contains those data elements required to support internal and external reporting requirements.

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The General Ledger section is the Trial Balance of the institution and as such contains the Assets, Liabilities, Fund Balance, Fund Additions, Fund Deductions, Revenues, and Expenditures broken down by individual fund. The Funds are grouped into Current Unrestricted Educational and General, Current Unrestricted Auxiliary Enterprises, Current Designated, Current Restricted, Endowment, Loan, Unexpended Plant, Investment in Plant and Agency Funds.

The Subsidiary Ledger section is subdivided into Revenue and Expenditure accounts. These accounts report to line managers their activity as compared to their budget, and they show data on a fiscal-year basis or a project-to-date basis depending upon the nature of each account. As an example, a grant would be on a project-to-date cycle while a regular operating account would be on a fiscal-year-to-date cycle. Data shown in these accounts are Budgets, Revenues, Expenditures, Encumbrances and Balance of Budget Available. A flexible object code structure is provided in these accounts so that managers may structure their reports in the manner which best suits their needs.

The General and Subsidiary Ledger accounts have a predefined relation designed into the system. Any activity posted to a subsidiary ledger account is automatically posted to its related general ledger balance sheet account to update cash, the fund balance and the revenue or expenditure summary. This maintenance of the general ledger is performed at the same time as the processing of each subsidiary ledger transaction entry. The two sets of ledgers are always synchronized, thereby assuring integrity of the reports supported from either portion of the system. Data is recorded and reported by university.

Because this relation of Subsidiary to General Ledgers is defined and designed into the system, and as Cash, Fund Balance and Summary Revenues and Expenditures are also predefined, the system is able to accept single-sided cash receipt and disbursement transactions and automatically perform double entry bookkeeping. When a journal entry (which requires that two accounts be specified on the same transaction) is processed, the cash, fund balance, and summary revenue or expense of each affected fund are automatically adjusted.

Because the general and subsidiary ledgers are integrated, it is completely logical to enter transactions against either portion of the system. A journal entry can effect the transfer of revenues or expenditures from one GL account to another GL account or to an SL account or vice versa or from an SL account to another SL account (e.g., all combinations are possible and the updating of each fund's cash and fund balance is performed automatically).

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Input to this system is categorized into one of six transaction types:

1. Maintenance - Create accounts, modify descriptive data, set condition flags.
2. Budget - Current, revisions.
Budget - Base, revisions.
Budget - Future, revisions.
3. Cash Receipts
4. Cash Disbursements
5. Encumbrances
6. Journal Entries

These transactions are submitted in batches, preceded by a batch control record. Although like transactions are generally batched together, a batch may consist of any or all types of transactions in any desired mixed order and in any quantity. The design of the system provides complete flexibility while maintaining data integrity.

The batch control record preceding each batch serves two control functions: first to identify the batch and second to provide control totals. Each batch record contains a reference field consisting of a functional letter abbreviation identifying the originator (e.g., JV for journal vouchers, BD for budget changes), a batch sequence number and the date. These data are entered on a control file as the batch is processed. Prior to processing each batch, this control file is checked to ensure against double processing of the same data. If data have been processed before, a diagnostic message is generated and the batch is skipped. Processing resumes with the next acceptable batch record.

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The batch record also contains a "hash" dollar total and a count of the records within the batch. These figures are used by the file maintenance program to compare the calculated figures against and to provide warning diagnostics when batch controls do not agree. The problem could be an erroneously stated (or keypunched) batch record or a problem with one or more of the transactions in the batch, or both. The batch is not rejected. The good data are accepted. Problems are diagnosed if there are incorrect data. If a problem prevents the posting of a transaction, it will be printed on a diagnostic report indicating that it is to be corrected and resubmitted in a new batch. Through the design of the system every dollar type transaction is automatically self-balancing. Therefore, the general ledger can never be out of balance regardless of how severe the transaction problems encountered may be.

As part of the processing procedure, all transactions submitted to the system are stored (along with system-generated data) in a disk file. The system-generated data include the account which was actually updated, all mechanically generated transactions (e.g., to general ledger), the batch reference to enhance special audit procedures and certain reports, and the computer date on which the transaction was actually processed.

The daily disk files are combined into weekly tapes which in turn are combined into a monthly tape. Each month-end tape is put into archival storage after the month-end reporting requirements are completed.

A significant feature of the system is the capability to generate journal entries automatically at month-end. The automated journal entries in this system are employee benefits, prorates, indirect costs, administrative expense, cost sharing and letter-of-credit transfers.

In summary, the Financial Accounting System is designed to function daily. There are no pre- or post-processing steps. Therefore, the data base being maintained is always completely up-to-date. Although many reports are printed monthly, it is possible to execute some of them on a weekly or semi-weekly basis, or even on a daily basis if necessary.