

# BUDGET & ANALYSIS

## *Financial Database Administration*

### General

The duties of the Associate Vice President for Budget (AVPB) include involvement in all procedures associated with the financial system and related software modules.

The primary task of the AVPB is to coordinate with the Information Services Department (ISD) in choosing software for the different areas within the finance-related departments. While software installation and maintenance is a function of ISD, the maintenance, implementation and user-defined design of the programs reside with the AVPB.

### Software

The current software used by New Mexico Tech for its financial recording is provided by Idaho Computer Services located in Twin Falls, Idaho. Active modules include General Ledger with Budgeting, Accounts Payable, Purchasing and Payroll. On hand and to be implemented are the Accounts Receivable and Human Resource modules. The Cash Receipting module will be tested for possible use, while budgeting in the General Ledger module will be expanded to better fit New Mexico Tech's reporting needs.

### Choosing Software

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The order of events for choosing and implementing software is as follows:

1. The search for operative software begins with the appointment of a search committee by the Vice President for Administration and Finance.
2. The search committee compiles a list of software companies that produce programs compatible with the Institute's hardware.
3. Each company is then invited to give a demonstration of its software to the committee.
4. The individual committee members then write an evaluation of the software that was shown. Those written opinions are distributed to the committee and a discussion follows from which a selection is made.
5. The choice is submitted to the Vice President for Administration and Finance for a final decision, subject to New Mexico Tech's purchasing policy.
6. Once the software has been chosen and purchased, ISD installs it to the HP3000.
7. The AVPB then begins to study the tables and other sections that must be set up.
8. Once the AVPB has written the lists and compiled the tables, the committee is asked to approve that documentation.
9. After approval of the user design, the AVPB proceeds to set up the system.
10. Once the system is set up, the AVPB enters and tests live New Mexico Tech data. At this point, each department (eg., General Accounting, Payroll) begins to receive training from the AVPB.

11. When the committee decides that the software is ready for live operation, ISD moves the system from the test machine to the operative machine.
12. The AVPB then closely monitors the operation of the live system until the Associate Vice President for Finance decides that it is running smoothly, and that the department can handle the day-to-day operation. The AVPB spot checks data to ensure that the database is correct and day-to-day operations are turned over to the appropriate departments. After the installation and implementation of the financial software, the AVPB provides on-going assistance and problem-solving for financial system users.

## **Software Maintenance**

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All system maintenance contracts, modifications and software upgrades are coordinated by the AVPB in conjunction with the Business Office and ISD. Final approval rests with the Vice President for Administration and Finance.

## **Peripheral Programs**

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The Associate Vice President for Budget is responsible for ensuring that all peripheral programs that interact with the financial system are doing so properly, and for informing ISD when this does not happen.

## **Problem Solving**

The AVPB communicates with software vendors and maintenance contractors to solve problems associated with the financial system and to learn of new features provided by the programs.

## **Referral**

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As the liaison between ISD and the Business Office, it is the responsibility of the AVPB to communicate with these departments to ensure that the financial system operates properly. The AVPB is responsible for referring to ISD those software or hardware problems that cannot be solved by either the Business Office or the AVPB.

## **Chart of Accounts**

The Chart of Accounts is maintained by the AVPB, and each account number is comprised of three parts. New account numbers must be approved by the Director of Finance or his/her designee and assigned and entered by the Budget & Analysis office. This account number activity applies to all accounts with the exception of those assigned by Restricted Fund Accounting (RFA). The AVPB is responsible for checking on RFA accounts to ensure that they are consistent with the overall Chart of Accounts. Balance Sheet accounts must only be entered by the AVPB.

## **Fund**

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There are 50+ funds that comprise the Chart of Accounts. These funds comprise the first major divisions of the account number, and reside in five fund groups as prescribed by the National Association of College and University Business Officers, or NACUBO. Those fund groups are:

1. Current Restricted
2. Current Unrestricted
3. Endowments
4. Loan Funds

5. Plant Funds
6. Agency Funds

## **DDA**

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This portion of the account number reflects the division and department. Account numbers ~~and~~ are kept in sequential order using the three parameters.

## **Object Code**

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The final portion of the account number serves to further break down the account into specific income, expense and balance sheet categories. Examples are:

- 150** - Accounts Receivable
- 420** - Sales of Materials
- 610** - Supplies and Expense

In setting up these accounts, a global approach is taken so that the chart will be consistent. An account may appear as **11N-N01010-610**, with the **11N** signifying the Current Unrestricted fund assigned Auxiliary Services. The **N01** stands for Auxiliaries Administration and the **610** is the object code for Supplies and Expenses.

## **Fund 525**

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Fund 525 is designated as the Institute's Renewal and Replacement reserves, and as such should have only transfer and/or deposit activity. There should be no direct expenditure of any kind. All transfers from the fund should be to finance renewal or replacement of Institute assets. To ensure that these fund accounting principles are followed, all transfers from any '525' account will require the approval of the Vice President for Administration and Finance (VPAF) or his designee. Any designation of authority to transfer any monies out of fund '525' should be in writing from the VPAF, who is the only person authorized to approve use of these funds.

## **Database Integrity**

The AVPB is responsible for checking activity that is entered into all segments of the financial system to assure that the integrity of the database is maintained. Included in this function is balancing the general ledger and accounts to be used for recording financial operations.

Transactions are divided into categories by user defined tran-codes. The tran-code used for Purchase Orders is *PO*. Physical Plant charges have been assigned as *PP*, and so forth.

Automatic entries are created by the system to keep the system in balance and to reduce the amount of data entry required by operators.

Entries to the Financial System are created and posted in Batches. Research of data or problems is traced back to these groups of transactions. After a batch has been entered, the process known as "proofing" takes place. If the account numbers are valid and open, and the batch is in balance, it is said to have been proofed, and the system produces a paper report of the transactions contained within the batch. This report lists the transactions in order of entry, and then creates a general ledger recap at the end in which all transactions are totaled into their respective accounts and each fund has a total displayed.

Once the batches are proofed, they are ready for posting to the general ledger. This procedure involves reading the automatic entries, user defined processes that tell the transactions how to react to each of the transaction codes. A paper report of automatic entries is produced.

Once the automatic entries have been processed, the actual posting to the general ledger takes place and a paper report of this posting is produced.

## Ad hoc Reports

Ad hoc reports are produced by the AVPB using report-writing programs located on the HP3000 computer. The AVPB also provides training in Datanow, a report writer.

## Year End Close

At fiscal year end, the AVPB performs the closing of General Ledger, Purchasing and Budget Data. Closing Procedures are applied to fund groups with the exception of some account numbers beginning with the numbers 29. Grants and Contracts close when they are finished with the project rather than at fiscal year end. The Grants and Contracts staff enters a close date into the DDA portion of the account number for those that should be closed on June 30 with the rest of the accounts. Because the Benefit Trust fiscal year ends on June 30, it is closed manually after that date. ICS software allows for selective closing of accounts under the following procedures:

1. GLP004 from the auditor processing menu is used to accomplish the year-end close. Each fund group is selected by using the system mask. For Fund group 1, the mask is 1@@-@@@-@@@.
2. The program uses this mask to choose those accounts to be closed. Each type of closing has its own transaction code as follows:
  - **AB** - Closes Annual Budget
  - **CL** - Closes Income and Expense
  - **CE** - Closes Encumbrances
3. The system creates transactions with the opposite sign to those that exist in the general ledger. These new transactions zero out the income, expense, encumbrance and budget accounts. The income and expense transactions close to the fund balance account. The budget transactions close the budget columns to zero and the purchasing transactions close the encumbrance columns to zero.
4. Grants and contracts are closed using GLP004 with a different parameter. This program seeks out the accounts with a matching date in the DDA portion of the account and closes those accounts in the same fashion as the regular close. The fund balance account used for closing Grants and Contracts accounts is located in fund 29Z.
5. Once the closing procedures have been completed, the year end PO regeneration program is run using option 7 on the AP Processing menu. This program goes to the AP database and finds purchase orders with a status code of EP or PE. These are gathered into a batch and posted to the general ledger.
6. Once these procedures are completed, the AVPB purges all accounts that are no longer active.
7. At the end of each year, the oldest fiscal year on the system is archived to dat-tape and stored. One copy resides with the Associate Vice President for Finance, and one with ISD.