Banner Finance User Guide

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Banner Finance

This user guide and reference is intended to help Colgate employees navigate the Banner Financial system and maximize the usefulness of their financial reports. Our goal is to make Banner as user-friendly as possible and the following information is a helpful guide to get you started. If you have any questions, please contact the Budget office for further assistance.

**Chart of Accounts**

The listing of each element in our Banner financial reporting system is called the chart of accounts. At Colgate, the chart of accounts is represented by the letter “C”.

A commonly used term describing the chart of accounts (COA) is the FOAPAL. The FOAPAL is an abbreviation of the 6 main divisions of the Banner Financial system. They represent:

***F***- Funds

***O***- Orgs

***A***- Accounts

***P***- Programs

***A***- Activity

***L***- Location

Here at Colgate, we use the first four divisions of the FOAPAL, or FOAP. Some institutions use activity and location but we currently don’t use these. Let’s define each of these so they make more sense to you.

**Funds**

A fund is classified as restricted, unrestricted or agency and has 6 digits. Many Colgate employees primarily have responsibility for fund type 100000, the unrestricted fund. Another equally important fund is fund 110000, the compensation fund. The unrestricted fund is the focus of our annual budget process and sets the course for what Colgate accomplishes during the course of its fiscal year.

Any fund that does not begin with a 1 is a restricted, endowed or agency fund. These include government grants, state grants, private grants and agency funds. Each one has certain rules as to when and how the money in the funds may be distributed. Unrestricted funds, on the other hand, are established by the budget manager during the budget process and are used for the day-to-day operations.

**Orgs**

In general terms, you might think of an org as a department or cost center. Orgs are identified as being a 5 digit number, where any org beginning with a “0” is an income or revenue org. All other orgs that start with a “1” or greater are expense orgs. Most of you will not have an Income org since they are specific to revenue producing areas.

As an example, if the Budget office buys pens, they will be charged to org 45050, the Budget office org. Notice how the org begins with a number greater than “0”? That tells us it is an expense org, not an income org. But where in the Org will that expense go? Each expense belongs in a certain category called an account.

**Account**

Accounts represent the natural classification of the transaction and are four digit numbers for revenue and 3 digit numbers for expenses. This allows budget managers to see where they are spending money. Some orgs will use only a few different accounts based on the types of expenses they regularly have; others might use significantly more. Some of the more popular accounts are:

 202 – Minor Equipment

 283 - Entertainment

 299 – General Operating/Supplies

 316 – Postage Charges

 386 – Air travel

In the example of the Budget office buying pens, the pens would be charged to 100000-45050-299. What that tells us is the expense for the pens was charged to the unrestricted fund (100000), for the Budget office org (45050) and it is an expense to the General Operating/Supplies (299) account.

**Program**

The program is a four digit number used for financial reporting by function. The program can reveal the overall financial reporting classification of the budget being used. For example, programs can help an athletics manager distinguish between Intercollegiate Athletics orgs and Physical Education orgs. The following is a list of common program predecessors. Within these categories lie more detailed subcategories. For example, Intercollegiate Athletics is program 2002 and Physical Education is program 2001.

 1000 - Instruction

 2000 - Athletics

 3000 - Research

 4000 - Academic Support

 5000 - Student Services

 6000 – Institutional Support

**Activity and Location**

Banner allows managers to further identify where income or expenses are charged by assigning an activity and location. At Colgate, we do not use these final two parts of the FOAPAL.

**Budget Titles**

**Approved Budget**

When the budget process begins, managers of various departments, divisions and areas submit their budget for the upcoming fiscal year. These budgets may go through several iterations before the final approval process. When the budget is finalized (typically in the spring), it becomes the approved budget. Budget managers then use their approved budget to help them track their spending through the fiscal year.

**Adjusted Budget/Working Budget**

In the course of a year, a manager who is responsible for multiple orgs may find they overspent one of the orgs. The manager may shift the budget from an underspent org to the overspent org bringing the org back into balance by making a budget adjustment. One important rule to keep in mind is that the adjustment must be in the same fund. For example, a manager can move funds from an org in fund 100000 to another org in fund 100000. However, it is not possible to shift funds from a restricted org to an unrestricted org. The adjusted/working budget is the most up-to-date budget available for the budget manager. It may be the same as the approved budget if there have been no budget adjustments.

 The Adjusted Budget (or Working Budget) = Approved Budget + Budget Adjustments.

**Fiscal year**

The 12 month period covered by the approved budget (or adjusted/working budget) is called the fiscal year. At Colgate, our fiscal year begins July 1 and ends June 30. That roughly follows the academic calendar and makes the most sense for revenue and expense tracking. Each month within that fiscal year is called a period.

In 2012, Colgate adjusted its fiscal year (FY) from a June 1-May 31 fiscal year to our current July 1-June 30 fiscal year. In order to do that, the fiscal year 2012 contains 13 Periods or months. Comparing FY 2012 to any other year will be comparing 13 months of expense (or revenue) to 12 months.

**Period**

A period is a month long and represents a month in the fiscal year. Period 1 is the month of July, period 2 is August, etc. That applies for periods 1-11. However, at the fiscal year-end, the Accounting department may have some special entries to close the year. If we want to know what our full year of spending is, we use period 14, which captures the prior 11 periods plus accounting adjustments, plus the last period of the year (June).

 01 – July

 02- August

 03 – September

 04 – October

 05 – November

 06- December

 07 – January

 08 – February

 09 – March

 10 – April

 11 – May

 14 – June

**Year-To-Date Actuals (YTD)**

Year-to-date actuals provide a snapshot of what has currently been spent in a particular account or org. This does not include any amounts for items currently in the ordering process or not yet billed. Any amount processed by Accounting is included in the YTD totals. For the most accurate balance, we must add in encumbrances as well.

**Encumbrance**

An encumbrance is an amount that has been committed to purchasing an item or service but has not yet been received. Reporting encumbrances is important to help budget managers stay within their budget.

**Available Balance**

If a manager adds the encumbrances to the YTD actuals and subtracts the sum from the adjusted/working budget, that will equal the available balance. The available balance is the amount available for the remainder of the fiscal year. If the balance for the org is negative, adjustments need to be made to bring the org into balance.

The Adjusted/Working Budget – (YTD Actuals + Encumbrance) =Available Balance.

**Budget Terminology**

• **Account** – a specific category for a transaction; (e.g. office supplies, minor equipment)

• **Adjusted Budget** – Approved Budget with any changes during the year (also referred to as Working Budget)

• **Approved Budget** – Budget at beginning of year that was submitted and approved during the budget process

• **Available Balance** – Total Adjusted Budget less (YTD Actuals + Encumbrances)

• **Budget** – An estimate of how much one’s department or Org will spend (or bring in) during the fiscal year

• **Budget Adjustments** – Changes to the approved budget where a budget manager moves budgeted monies from one of their orgs to another to keep their budget in balance.

 BD01 – Approved Budget

 BD02 – Permanent Budget Adjustment (current year and future years, unless changed)

 BD04 – Temporary Budget Adjustment (only for current year)

 BD05- Self-serve temporary budget adjustment input by user

•**Chart of Accounts**- where all transactions for the institution take place. Larger institutions may have several charts. Colgate has one.

• **Encumbrances** – Charges that are in process but have not yet cleared accounting, often in the Purchase Order process

•**Fiscal Year** – A twelve month period for a particular budget. At Colgate, it is July 1 – June 30.

• **Fund** – an accounting entity with specific rules regarding its disposition.

Unrestricted funds - may be spent however the institution determines

Restricted funds - have specific rules how and where the money can be spent

Agency Funds – Funds with money specifically raised and distributed to a certain area

•**Org** – a department or cost center within the institution

•**Periods** – a month within the fiscal year

•**Program** – identifies a function and allows for further classification by the institution

• **Transfer of Charges** – movement of actual expenses from one org or account to another. This transfer may be only performed by Accounting.

• **Working Budget** – Approved Budget plus budget adjustments made throughout the year (also referred to as the Adjusted Budget).

• **Year to Date Actuals** – Actual expenses through the current month