Getting Started with KFS

- Welcome! We will begin promptly at 9 a.m.
- Make sure your first and last name displays in the “Participant” list so we can mark your attendance.
- Training materials: go.iu.edu/handouts
- KFS training site: https://trn.one.iu.edu
  - Click on the “Kuali Financial System - TRN” task.
Getting Started with KFS

VPCFO TRAINING & COMMUNICATIONS
Agenda

- Your role in IU’s finance and accounting practices.
- Accounting at IU.
- Introduction to the Kuali Financial System (KFS).
- 5-minute break.
- Account and Object Code Lookups.
- Distribution of Income and Expense.
- Document workflow actions.
Learning objectives

- Summarize your role in IU’s finance and accounting system.
- Explain the purpose of IU’s finance and accounting systems.
- Define the following accounting terms: chart codes, accounts, and object codes.
- Demonstrate your ability to initiate and submit a KFS document, including your use of the Notes and Attachments and the Ad Hoc Recipients tabs.
- Demonstrate your ability to follow a KFS document to final status using the Route Log, Doc Search, and Action List.
Access to KFS

Attending a KFS training class does NOT result in access to KFS.

- Someone in your department must request KFS access on your behalf.

Complete instructions: “Become a KFS User” [https://controller.iu.edu/systems/system-access/kuali-financial-system](https://controller.iu.edu/systems/system-access/kuali-financial-system)
Your role in IU’s finance and accounting practices
IU’s financial scope

- IU employs more than 53,000 individuals.
  - Our employees live in all 50 states and many countries overseas.
- IU’s 2018-19 budget was $3,657,309,001.
- IU receives state, federal, grant, auxiliary, and student funding.
Where do you fit?

- Because you’ll be working with IU funds, you have a responsibility to steward them appropriately.
  - You have unique knowledge of your department’s needs and activities.

- Departmental staff are critical for making sure that:
  - IU has the resources it needs to function.
  - Funds are being spent appropriately.

- The system functions best when everyone works together to get it right.
  - What you do in KFS matters.
Stewarding IU’s funds allows us to:

- Keep tuition down,
- Keep student enrollment up,
- Continue to receive grant funding for research projects,
- Maintain our bond rating,
- Continue receiving state appropriations and federal funding,
- Protect our reputation, and
- Support the students, instructors, staff, and community members that IU serves.
To steward IU’s funds, you must:

- Understand the rules (policies and procedures) that govern IU’s financial operations.
- Know how to successfully operate within those rules, even in unique or unusual situations.
Accounting at IU
Purpose of accounting

- The organization of financial data (income, expense, asset, and liability).
  - We break information down into orderly, hierarchical, granular, discrete parcels of data.
  - We then categorize that data with precision.

- Accounting allows us to manage our organization:
  - Plan for the future,
  - Protect our resources,
  - Collect and make necessary payments, etc.
Financial data at IU

- IU generates an enormous amount of financial data.
  - On average, 6,000 Financial Processing documents in KFS reach final status a day.

- Imagine that each transaction is stored on a piece of paper, and that paper is kept in a giant warehouse.

- To easily find any piece of paper at any time, would it be better to...
Stack that paper all over the warehouse, in no particular order?
Financial data at IU

- IU generates an enormous amount of financial data.
  - On average, 6,000 Financial Processing documents in KFS reach final status a day.
- Imagine that each transaction is stored on a piece of paper, and that paper is kept in a giant warehouse.
- To easily find any piece of paper at any time, would it be better to:
  A. Stack that paper all over the warehouse, in no particular order?
  B. Or meticulously catalog the paper in labeled files and filing cabinets?

Source: https://static1.squarespace.com/static/53907b59e4b08d89575/t/57e45066414fb8d89575/1474580648830/document-file-room-1000x600.jpg
Organization of IU’s financial data

- Chart of Accounts (COA)
- Chart codes
- Fund Groups
- Accounts
- Object codes
Chart of Accounts (COA)

- The COA provides **structure** for all accounting, reporting, and budgeting at IU.

- The structure is built using chart codes, responsibility centers, organizations, accounts, object codes, and other COA components.
If IU’s financial system was a building...

...the Chart of Accounts would be the building’s **blueprints**.
Chart codes

- IU is broken up into different “charts.”
- Two kinds of charts:
  - Campus-level charts (including University Administration), and
  - Auxiliary charts, which contain revenue-generating units that provide a good or service that do not directly support IU’s mission (regulated differently).
Chart code visualization

IU

UA  BL  IN  EA  KO  NW  SE  SB

BA  IA
If IU’s financial system was a building…

...each Chart Code would be a room in the building.
Accounts

- Identify a pool of funds assigned to a specific IU organizational entity for a specific purpose.
- Store information about financial transactions – they tell us who and for what purpose.
- IU accounts are all 7 digits, unique, and chart-specific.
## Fund Groups

- Accounts are grouped by category based on shared activity or objective.

<table>
<thead>
<tr>
<th>Account prefix</th>
<th>Fund group</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>03-19</td>
<td>General Fund</td>
<td>Expense-driven, base-budgeted accounts used for daily operating expenses (e.g., office supplies, payroll, etc.). Each chart has its own general fund account prefix.</td>
</tr>
<tr>
<td>11, 20-24</td>
<td>Designated Fund</td>
<td>Funds set aside by the university for a specific purpose or function. Examples: Continuing Education, Public Service, and Faculty Research.</td>
</tr>
<tr>
<td>25-29</td>
<td>Restricted Funds</td>
<td>Funds provided from an external source, often as a gift, with restrictions on how the funds may be used.</td>
</tr>
<tr>
<td>40-59</td>
<td>Contract and Grant Funds</td>
<td>Each account represents a specific contract or grant. These funds are administered through the Office of Research Administration.</td>
</tr>
<tr>
<td>60-66</td>
<td>Auxiliary Funds</td>
<td>Accounts linked to revenue-generating activities that provide a good or service that does not directly support IU's mission. Both auxiliary and non-auxiliary units can have auxiliary accounts.</td>
</tr>
</tbody>
</table>
If IU’s financial system was a building...

...fund groups would be the **file cabinets** in each room.

Source: https://openclipart.org/image/2400px/svg_to_png/167738/Filing-Cabinet-Overload.png
If IU’s financial system was a building...

accounts would be the **drawers** in the file cabinets.
Object codes

- Categorizations that tell us about the nature of each transaction (income, expense, asset, liability, or fund balance).
- Tells us **what kind** of transaction is being made.
- IU object codes are 4 digits and specific to a chart and fiscal year.
  - 1504 on BL chart = Animal Care.
  - 1504 on SB chart = General Public Membership Fees.
  - 1504 on all other charts = Card Services.
# Object code prefixes

<table>
<thead>
<tr>
<th>Prefix</th>
<th>Object code</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 or 1</td>
<td>Income</td>
</tr>
<tr>
<td>2 or 3</td>
<td>Salaries and Wages</td>
</tr>
<tr>
<td>4 or 5</td>
<td>General Expense</td>
</tr>
<tr>
<td>56 or 57</td>
<td>Benefits</td>
</tr>
<tr>
<td>6</td>
<td>Employee Travel (non-employee travel: 4088 and 4089)</td>
</tr>
<tr>
<td>7</td>
<td>Capital Equipment</td>
</tr>
<tr>
<td>8</td>
<td>Assets</td>
</tr>
<tr>
<td>9</td>
<td>Liabilities / Transfer Codes</td>
</tr>
</tbody>
</table>
If IU’s financial system was a building...

...object codes would be the folders in the file drawers.
Object code example: expenses

This week, your department had the following expenses:

- Office supply purchase,
- Payment to independent contractor for photography services, and
- Regular biweekly paychecks to staff.

For IU reporting purposes, should these expenses be categorized differently?
Object code example: income

Last week, the following funds entered IU’s accounts:

- The IU Bursar accepted a student’s tuition payment.
- The School of Public Health received the funds for an NIH grant.
- Staples refunded your department for some goods you purchased that arrived damaged and had to be returned.

For IU reporting purposes, should these examples of incoming funds be categorized differently?
Selecting an object code

- There are thousands of object codes to choose from.

- When in doubt, ask your Fiscal Officer.
  - Your department’s budget and report structure is based on certain object codes.

- The use of some object codes triggers certain tax considerations.
Analogy review

IU’s financial system is: A building.
The Chart of Accounts is: The building’s blueprints.
Chart codes are: The rooms in the building.
Fund groups are: The file cabinets in a room.
Accounts are: The drawers in the file cabinet.
Object codes are: The folders inside the file drawers.
Every transaction must have:

- Account number
  - **Who** is making the transaction and for **what** purpose.
  - These are the filing drawers.

- Object code
  - What **kind** of transaction is it.
  - These are the folders inside the filing drawers.

- Dollar amount.
  - This is the cash or receipts stored in each file folder.
Activity 1
Activity 1

<table>
<thead>
<tr>
<th>CHART</th>
<th>SUB-FUND</th>
<th>ORG</th>
<th>ACCOUNT</th>
<th>SUB-ACCOUNT</th>
<th>OBJECT</th>
<th>SUB-OBJECT</th>
<th>PROJECT</th>
<th>ORG REF ID</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENFND</td>
<td>BI</td>
<td></td>
<td>1024600</td>
<td></td>
<td>4100</td>
<td></td>
<td></td>
<td></td>
<td>50.00</td>
</tr>
<tr>
<td>DOFDS</td>
<td>CHEM</td>
<td></td>
<td>2324770</td>
<td></td>
<td>1500</td>
<td></td>
<td></td>
<td></td>
<td>120.00</td>
</tr>
<tr>
<td>GENFND</td>
<td>FMOP</td>
<td></td>
<td>1912610</td>
<td></td>
<td>6000</td>
<td></td>
<td></td>
<td></td>
<td>80.00</td>
</tr>
<tr>
<td>AUXSER</td>
<td>MXPR</td>
<td></td>
<td>6622700</td>
<td></td>
<td>2400</td>
<td></td>
<td></td>
<td></td>
<td>560.00</td>
</tr>
</tbody>
</table>
Introduction to the Kuali Financial System (KFS)
What is the KFS?

- A web-based, comprehensive suite of tools that serves IU’s financial business needs, such as:
  - Budgeting.
  - Fund management.
- An accounting and finance system built for non-accountants and users with no finance experience.
KFS terminology

- **E-Docs**
  - Allows users to transact financial business electronically via a browser.

- **Modules**
  - Grouped functions in KFS.
  - Financial Processing (FP) is a module that includes electronic initiation, review, and approval of financial transactions.
KFS terminology, continued

- **General Ledger (GL)**
  - The official repository of IU’s financial and budget information.
  - Stores detailed records of all financial transactions.
  - When an e-doc reaches final status, it is recorded to the GL and affects balances.

- **Decision Support**
  - Data retrieved from the GL through lookups in KFS or reports in the IUIE that are used to inform financial decisions.
  - Fiscal officers and individuals involved in account reconciliation rely on these reports.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCO</td>
<td>Office of the University Controller. The accounting hub of the university that is responsible for many of IU’s financial policies and procedures.</td>
</tr>
<tr>
<td>CR</td>
<td>Chrome River. IU’s expense management system. Used to process travel and expense reimbursement.</td>
</tr>
<tr>
<td>IUIE</td>
<td>Indiana University Information Environment. Reporting tool for KFS and HRMS. Updated nightly.</td>
</tr>
<tr>
<td>HRMS</td>
<td>Human Resource Management System. Where payroll is processed.</td>
</tr>
<tr>
<td>KT, Time</td>
<td>Kuali Time. Automated timekeeping system. Built on Kuali code, but not part of KFS.</td>
</tr>
<tr>
<td>EPIC</td>
<td>Obsolete. Electronic Procurement Invoicing Center. Purchasing system replaced by the Purchasing Accounts Payable (PURAP) module in KFS.</td>
</tr>
<tr>
<td>TEM</td>
<td>Obsolete. Travel Expense Module in KFS. Owned by Travel Management Services. Replaced by Chrome River in 2018.</td>
</tr>
</tbody>
</table>
Critical data and KFS

- Rarely belongs in KFS – not on any of the documents that we talk about in these trainings.

- Examples:
  - Social security numbers.
  - Drivers license, passport, and visa numbers.
  - Credit card and bank account numbers.

- If you see critical data in KFS, report it at https://controller.iu.edu/contact
KFS demo: navigation

Make sure you’re logged into TRN!
https://trn.one.iu.edu
“Kuali Financial System - TRN”
Break
Account and Object Code Lookups
Chart of Accounts in KFS

- Can search for pieces of COA structure in KFS
- Two ways:
  - Via the Chart of Accounts module
  - Within a KFS document
KFS demo: Chart of Accounts lookups

Make sure you’re logged into TRN!

https://trn.one.iu.edu

“Kuali Financial System - TRN”
Activity 2

The IU Athletics department asks you to help distribute this week’s daily income lines for online basketball ticket sales for the Bloomington women’s basketball team. Unfortunately, you weren’t told either the number for the women’s basketball account or the object code for basketball ticket sales.

Use KFS Lookups to determine the account number and object code you should use to complete this transaction.
Distribution of Income and Expense
Distribution of Income and Expense (DI) document

- A document that allows for the reallocation of income, expense, asset, or liability.
- Applies to previously finalized transactions (already posted to the General Ledger) that were part of the normal business process.
- Example: a p-card charge posts to a general fund account and is later distributed out to the appropriate faculty research account.
Business rules

- The FROM and TO sides of the document must balance.
- Use to change accounts, sub-accounts, object codes, and sub-object codes.
- The **object type code** must be the same on the FROM and TO sides of the document.
  - Income to income, expense to expense, asset to asset, and liability to liability.
  - Can never reflect income to one department and expense to another.
KFS demo: Distribution of Income and Expense

Make sure you’re logged into TRN!
https://trn.one.iu.edu
“Kuali Financial System - TRN”
Document Workflow Actions
Routing

- Many people must review a document before the transaction is finalized (approved).
  - Is the document set up correctly?
  - Is this an appropriate transaction or purpose? (e.g., not embezzlement)

- KFS identifies reviewers and approvers based on COA rules.
Route nodes

<table>
<thead>
<tr>
<th>Node</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>User initiates a transaction by submitting a KFS document.</td>
</tr>
<tr>
<td>2</td>
<td>Fiscal Officer (FO) responsible for each account must approve the transaction.</td>
</tr>
<tr>
<td>2A</td>
<td>FO may have set up an Account Delegate to approve documents on their behalf.</td>
</tr>
<tr>
<td>3</td>
<td>Organization might have additional people that approve transactions involving certain documents, accounts, campus charts, and/or object codes.</td>
</tr>
<tr>
<td>4</td>
<td>Depending on the transaction type, other offices may need to approve the document.</td>
</tr>
<tr>
<td>5</td>
<td>Final (approved) status – document is recorded as a General Ledger entry.</td>
</tr>
</tbody>
</table>
Route statuses

- **Initiated**: Created, but not saved or submitted.
- **Saved**: Created and saved for later submission.
- **Enroute**: Submitted and pending approval requests.
- **Final**: Accumulated all required approvals. Transaction posts to the General Ledger.
- **Disapproved**: An individual on the route log has disapproved the document.
KFS demo

Make sure you’re logged into TRN!

https://trn.one.iu.edu

“Kuali Financial System - TRN”
KFS resources
Additional information

- IU Policies
- IU Data Classifications
- Wildcard Characters [coming soon]
- VPCFO Documentation Library
- VPCFO Training Offerings
- IU Compliance
- University Controller Customer Service
VPCFO training opportunities
Training evaluation

- Let us know what you thought!
  - [https://go.iu.edu/fineval](https://go.iu.edu/fineval)
- You will receive an email this afternoon with a link to the survey.
- Feedback is anonymous.