UC San Diego
Policy & Procedure Manual

Accounting Procedures – General
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Chart of Accounts Policy

SCOPE

This policy establishes UC San Diego's rules and standards regarding the chart of accounts data governance structure, responsibilities, and requirements for handling all chart of accounts change requests. This policy applies to all staff of UC San Diego as well as the UC San Diego Foundation.

POLICY SUMMARY

Proper governance over the chart of accounts is necessary to ensure that UC San Diego:

- Continuously and accurately represents the financial position of the University in conformity with Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB);

- Create and maintain consistency for the structure of the elements and segments of the chart of accounts;

- Create and maintain consistency in how the chart of accounts segments are used in order to facilitate standard accounting and reporting at the unit and University levels;

- Provide a governance structure that is independent of the maintenance of the accounting system and local finance and administrative departments, and

- Utilize expert knowledge from the various financial and non-financial stakeholders involved with each segment of the chart of accounts.

UC San Diego has one shared primary ledger defined by business units that encompass accounting for the Campus and UC San Diego Health System including the Medical Center (MC), Physician Group (PG), and Population Health Services Organization (PHSO).

As a separate legal entity, the UC San Diego Foundation (Foundation) has its own primary ledger and specific chart of accounts with select common detail to support transactions between the two primary ledgers.

Both primary ledgers for UC San Diego and the Foundation are in a single, shared instance of Oracle Financials Cloud.

DEFINITIONS

Chart of Accounts

The chart of accounts (COA) is a detailed listing of chart elements and their characteristics as defined by their attributes used to accurately classify, record, and report financial transactions in meaningful ways. In addition, the chart of accounts provides the structure for accounting, reporting, financial management, and compliance at UC San Diego. The elements of the two charts of accounts are listed below for reference.

UC San Diego Ledger	UC San Diego Foundation Ledger
Entity	Fund
Fund	Financial Unit
Financial Unit	Investment Pool
Account	Account
Function	Cash Flow
Program	
Location	
Activity	
Project	

General Ledger

General Ledger is where financial transactions from all sources, including subledger and manual journal entries, are recorded to balance sheet and income statement accounts.

Subledgers

A large portion of transactions in Oracle Financials Cloud are processed in the subledgers. Subledgers include Payables, Receivables, Cash Management, and Project Portfolio Management, and any external subledgers that feed into Oracle Financials Cloud which includes information such as donor, payroll, and patient revenue data.

POLICY STATEMENT

Effective governance over the chart of accounts is essential to properly maintain chart elements and ensure accurate and effective accounting and reporting. Failure to faithfully govern the chart of accounts will compromise its effectiveness as the core architecture of the accounting system and will dilute the broader impact of its multidimensional capabilities.

Chart of accounts segments and attributes subject to this policy will be based upon factors including but not limited to:

- University accounting policies, practices, and internal controls,
- University of California Common Chart of Accounts,
- University financial and operational reporting needs and requirements,
- External accounting and financial reporting requirements, and
- Regulatory compliance requirements and reporting needs.

All requests for new or modified (including close/inactivate) chart of accounts segments, hierarchies, and configuration attributes are subject to the overall chart of accounts governance processes and procedures, as mutually developed and maintained by each Controller's office.

All requests must consider all impacts on other business areas in the shared financial system, including but not limited to, unique and shared process flows, roles, access, and security. Any changes to the chart

of accounts could impact and possibly cause the failure of subledger processes (including subledger accounting rules) or subsystem integrations and should be carefully considered before approval and implementation.

Project Portfolio Management (PPM) is a subledger within Oracle Financials Cloud (OFC) to record financial transactions to the project subledger using a project-and-task approach consisting of a unique POETAF. POETAF elements will normally be set up and maintained by appropriate central office administrators including creating PPM transactional mapping through subledger accounting rules (SLAs) to the General Ledger. Non-sponsored and non-capital projects can be created by Departments using the Project and Award Data Update Application (PADUA). Project name and active dates can be modified in PADUA. Projects created in PPM, result in the addition of a project segment value in the chart of accounts.

POETAF elements:

- **P**roject
- **O**rganization
- **E**xpenditure type
- **T**ask
- **A**ward (applies to sponsored projects only)
- **F**unding Source (applies to sponsored projects only)

POETAF will not be used on the Foundation ledger.

Chart element attributes are captured using either alternate reporting hierarchies or descriptive flex fields (DFF), depending on how the attribute will be used. Alternate reporting hierarchies allow the grouping of a chart element in a different manner than the primary hierarchy. Descriptive flex fields are commonly used in subledger accounting rules.

RESPONSIBILITIES

Controllers' Offices

The Controllers' offices at each of the entities—UC San Diego Foundation, UC San Diego, and UC San Diego Health—are mutually responsible for all aspects of financial accounting and reporting, and share governance over the chart of accounts.

The following accounting offices are under the Controller's office for each respective area:

The Campus Internal Controls and Accounting Office, the Health System Accounting Office, and Gift and Foundation Accounting office will ensure proper recording and classification of financial data by properly maintaining the Chart of Accounts of General Ledger and overseeing chart element setup and the assignment of attributes to all chart elements. They are mutually responsible for ensuring the proper recording and classification of all revenues, expenses, assets, liabilities, and fund balances for their respective business areas. Delegation of responsibilities and oversight will be reviewed at least annually.

Gift and Foundation Accounting

- Create and maintain all new gift funds
- Maintain all elements of the separate Foundation ledger

Internal Controls and Accounting

- Review and process all COA segment requests, except general projects, submitted by Campus including PG and PHSO
- Create and maintain all capital and default projects managed within the UC San Diego Campus business unit
- Create and maintain all default projects for PG and PHSO business units

Health System Accounting

- Review and process all Medical Center Financial Unit requests
- Create and maintain all capital projects managed within Health business units

Sponsored Projects Finance

- Create and maintain all sponsored projects

Campus Departments

- Create and maintain non-sponsored and non-capital projects using PADUA
- Request changes to the chart of accounts through their approval hierarchy

Vice Chancellor Financial Officers

- Review and approve chart of accounts requests from their campus departments

Chart of Accounts (COA) Team

The COA Team is responsible for managing, reviewing, and approving changes to the chart of accounts and ensuring that all changes conform to this policy.

The COA Team will identify and implement controls to enforce this policy and its procedures.

Each member of the COA Team or their designees will be available to meet as needed to discuss and consider the chart of accounts change requests and chart governance issues. Consideration of the ongoing need for the chart of accounts updates required by customers and stakeholders will drive the need to meet.

The COA Team includes the following members:

- One representative from Internal Controls & Accounting (ICA)
- One representative from UC San Diego Health Accounting
- One representative from UC San Diego Gift and Foundation Accounting

Chart of Accounts (COA) Maintenance Team

COA Maintenance Team is designated by the COA Team.

COA Maintenance Team consists of financial/enterprise business system users with the ability to create, maintain, or inactivate segments, hierarchies, or attributes defined as part of the chart of accounts.

Shall include one IT service representative to monitor the health and impact on system integrations.

Other Stakeholders

There are other stakeholders associated with the chart of accounts governance that may influence certain governance decisions or financial system configurations. When appropriate, the COA Team and Controllers' offices will ensure selected stakeholders are included in related procedure and process reviews. Potential stakeholders include, but may not be limited to:

- Campus Budget Office
- Treasurer's Office
- Costing Policy & Analysis Office
- Information Technology Services
- Financial & Budget Management & Campus Treasurer
- Human Resources – for data elements that are part of the chart of accounts, but have shared functionalities within the financial/enterprise/payroll systems
- UC Office of the President - UC Controller

PROCEDURES

Process for Requests

Campus departments shall submit requests for new or modified (including close/inactivate) chart of accounts segments, hierarchies, and configuration attributes to the appropriate Accounting Office using Services & Support. Requests for new or existing segments (other than gift funds and projects) require VC approval   attached to process the request. Upon receipt of the case in Services & Support, the Accounting Office shall review department submissions.

If the Accounting Office approves the submission, then the change will be made by the COA Maintenance Team in the financial system (i.e., EDMCS).

If the request is for Health financial units, the request shall be submitted to the appropriate Health Accounting office using Health Financial Services Portal.

Procedural Changes

The COA Team will meet to review procedural changes, as needed. Requests for urgent changes are generally required to immediately restore critical services. These requests must be reviewed and approved as urgent by the COA Team. These urgent requests require timely attention and consideration to meet immediate operational needs.

All procedural changes unanimously approved by the COA Team must be fully documented before implementation to include a summary discussion around consideration of potential impacts due to the changes. These summaries will be retained indefinitely and kept readily available for future reference or audit.

Any exceptions to the procedures outlined above must be approved by the COA Team, who will then forward them to the Controllers for their mutual approval.

The COA Team will retain documentation of approved exceptions.

When the COA Team is unable to resolve a dispute, then it will escalate to the Controllers of each UC San Diego entity for a decision. If the three Controllers are unable to resolve the dispute, the Chief Financial Officers of the Campus, Health System, and Gift and Foundation shall meet in good faith to determine a final resolution.

FORMS

How to Request New Chart of Account (COA) Segments

How to Establish a New Gift Fund

RELATED INFORMATION

University of California, Accounting Manual

How to Use PADUA

General Ledger Chart String

How to Determine a Chart String (CoA Reference Guide)

FREQUENTLY ASKED QUESTIONS (FAQ'S)

None.

REVISION HISTORY

06/07/2023   Policy issued.