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THIS IS NOT A POLICY

DRAFT POLICY AND INTERIM GUIDELINES

CHART OF ACCOUNTS POLICY

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SCOPE

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

Projects within the Project Module and their associated tasks and attributes will normally be set up and maintained by appropriate central office administrators including creating Project module transactional mapping through accounting rules to the General Ledger.

POLICY SUMMARY

This policy establishes formal responsibilities and accountabilities for how UC San Diego manages all requests for new, modified, or closed data elements on the chart of accounts. The purpose of standardized policy and governance of the chart of accounts is to:

- Continuously and accurately represent 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 center of expertise knowledge regarding the various financial and non-financial stakeholders involved with each segment of the chart of accounts.

DEFINITIONS

UC San Diego is on one shared primary ledger defined by business units that encompasses accounting for the Campus and UC San Diego Health including the Health System, Physician Group and Population Health Services Organization (PHSO).

As a separate legal entity, the UC San Diego Foundation (the Foundation) has their 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.

The Controllers' offices at each of these entities are mutually responsible for all aspects of financial accounting and reporting, and share governance over the chart of accounts. In accordance with this policy, the Chart of Accounts Team is hereby delegated responsibility to manage, review and approve all changes to the Chart of Accounts and will conform to this policy.

Chart of Accounts

The Chart of Accounts 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 chart of accounts are listed below for reference.

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

General Ledger

The General Ledger is part of the accounting system which contains the balance sheet and income statement accounts used for recording financial transactions.

Project subledger and its unique "**POETAF**"

The Project module (PPM) is a feature within Oracle Cloud to record financial transactions using a project and task focused approach. The Project module will not be used on the Foundation ledger. Transactional detail in the Project module is organized by its unique data structure defined as **POETAF**.

- **P**roject
- **O**rganization
- **E**xpenditure type
- **T**ask
- **A**ward
- **F**und

Transactional data is organized and recorded in the project subledger, and is mapped to the General Ledger and appropriate Chart of Accounts elements through subledger accounting rules (SLA's).

Alternate Reporting Hierarchies and Descriptive Flex Fields
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 grouping of a chart element in a different manner than the primary hierarchy. Descriptive flex fields are commonly used in subledger accounting rules.

POLICY STATEMENT

Effective governance over the chart of accounts is essential to ensure that the ongoing purpose and intent of the chart elements is maintained to reflect the overall design of the accounting system as it leverages the chart elements for 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.

The university must ensure any required changes to the chart of accounts at all levels align with the original design and intent of its core chart elements to continuously support effective accounting and reporting.

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, maintained and shared by each Controller's office.

CONTROLLERS' OFFICE RESPONSIBILITIES

The Campus General Accounting Office, the Health System Accounting Office and Foundation Accounting office will ensure proper recording and classification of financial data by properly maintaining the Chart of Accounts of the General Ledger and overseeing chart element setup and the assignment of attributes to all chart elements. All requests by departments to the Accounting Offices to change attributes on accounts or to set up new or to close elements of the chart must first be reviewed and approved by the submitting department.

Chart of Accounts Team Responsibilities

The Chart of Accounts Team represents the three organizational entities, Health System, Campus and the Foundation through their stakeholders in the UC San Diego instance of Oracle Financials Cloud. The Controllers of the Campus, Health System and Foundation will each designate a highly qualified member and alternate to the Chart of Accounts Team.   In addition, one representative from the respective IT services office for the Campus, Health Sciences and the Foundation is required to monitor the impact changes may have related to system integrations.

The Chart of Accounts Team will identify and make effective the necessary and appropriate controls to enforce this policy and the associated procedures.

The Chart of Accounts Team is responsible for managing and maintaining the ongoing purpose and integrity of the chart of accounts elements, the definition of the segments and attributes that constitute the chart of accounts, and the governance and approval of all new or modified (including closing/inactivating) segments and attributes.

The Chart of Accounts Team may establish specific parameters for governance and delegations in specialized areas where certain request types are frequent and standardized. Any such parameters shall be established, fully documented and approved as may be appropriate at the discretion of the Chart of Accounts Team. The Chart of Accounts Team is also responsible for the overall governance on the use of those segments for accounting and financial reporting purposes. The Chart of Accounts Team may delegate certain tasks within the chart of accounts administration process to specialized units such as the Office of Sponsored Projects, Capital Accounting or Foundation/Gift Accounting, provided that those units observe and utilize the appropriate governance process as discussed herein, and the operating processes and procedures as defined in this policy including documentation and approval requirements.

Each member of the chart of accounts team or their approved alternates, will be available to meet regularly to discuss and consider chart of accounts change requests and chart governance issues. Scheduling and frequency of the Chart of Accounts team meetings is at the discretion of the Chart of Accounts team based on urgency, frequency or number of change requests. At all times the ongoing need for chart of accounts updates required by customers and stakeholders should take precedence.

Chart of accounts System Administrator

A chart of accounts administrator shall be designated by each of the entity Controllers (i.e., three primary system administrators). The chart of accounts system administrators at each entity and their designated alternate(s) are financial/enterprise business system users inside of the Chart of Accounts Team who, as a result of that user's roles and permissions in the financial system, has the ability to create, maintain, or inactivate segments, hierarchies, or attributes that are defined as part of the chart of accounts. Chart of accounts system administrators and alternates, despite having these capabilities, must not perform any of

these chart of accounts functions, except as explicitly provided in this policy. To avoid conflicts, one entity system administrator shall be designated by the Chart of Accounts team each time a change to the chart of accounts is approved.

Fiscal staff

Fiscal staff are generally responsible in their respective areas for financial matters including but not limited to procurement, adhering to budgets, safeguarding assets, and completing transactions in the financial system. They are responsible for requesting changes to the chart of accounts through their approval hierarchy to their representative on the Chart of Accounts Team.

Other Stakeholders

There are other stakeholders associated with the chart of accounts governance that may influence certain governance decisions or financial system configurations. The respective Controller's Offices will ensure selected stakeholders are included in the related procedures and processes reviews when and if appropriate. Potential stakeholders include, but may not be limited to:

- o Campus Budget Office
- o Treasurer's Office
- o Financial Analysis Office
- o Office of Sponsored Projects
- o Information Technology Services
- o Vice Chancellor Financial Officers
- o Financial & Budget Management & Campus Treasurer
- o Human Resources – for data elements that are part of the chart of accounts, but have shared functionalities within the financial/enterprise/payroll systems.

PROCEDURES

Governance and Oversight

The three primary Accounting Offices at UC San Diego (Campus, Health System & Foundation) are mutually responsible for ensuring the proper recording and classification of all revenues, expenses, assets, liabilities and fund balances for their respective business areas.

After review of department submissions, all requests for new or modified (including close/inactivate) chart of accounts segments, hierarchies, and configuration attributes must be submitted by each Accounting Office to the Chart of Accounts Team for final review, approval and implementation, subject to any specific procedures outlined out by the Chart of Accounts team for routine changes.

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

- o University accounting policies and practices;
- o University financial and operational reporting needs and requirements;
- o External accounting and financial reporting requirements; and
- o Regulatory compliance requirements and reporting needs.

A request for a change to the Chart of accounts must consider all impacts to the 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 also impact and possibly break subledger processes or subsystem integrations and should be carefully considered before approving and implementing.

Requests may be made for urgent changes to the Chart of Accounts. Urgent changes are generally required to immediately restore critical services. These requests must be reviewed and approved as urgent by the Chart of Accounts Team. These urgent requests require timely attention and consideration to meet immediate operational needs.

All changes approved by the Chart of Accounts Team will be fully documented before implementing to include a summary discussion around consideration of potential impacts due to the changes. These summaries will be retained and kept readily available for future reference.

General Ledger Chart Management

System Administrators or their alternates will be appointed by each entity (Health, Campus & Foundation) Controller. If a user is a Chart of accounts System Administrator, that user must not create, maintain, or inactivate segments, hierarchies, or attributes that are defined as part of the chart of accounts without Chart of Accounts Team approval. All approvals must be documented and retained indefinitely for future audit. If an Alternate Chart of accounts System Administrator identifies the need for a new, modified, or inactivated segment, hierarchy, or attribute, the Alternate System Chart of accounts Administrator must submit a request to the Chart of Accounts Team using standard processes as defined herein.

In certain circumstances, the Chart of Accounts Team, with the advice and consent of the Controllers' offices may establish specific parameters for governance in specialized units where certain request types are frequent and standardized. In such instances, the Chart of Accounts Team may delegate in writing all or part of the preliminary review and authority to recommend approval of specified segment requests. Such delegations will be documented and reviewed at least annually including the names of individuals authorized to conduct such reviews and recommendations. The Chart of Accounts Team will, however, retain overall governance responsibilities and will be responsible for collecting appropriate documentation to support their final review and approval of the recommendations by delegated authorities.

The Chart of Accounts Team may determine the appropriate person or team responsible for processing any approved Chart of accounts change requests.

Special Situations/Exceptions:

Any proposed modifications or exceptions to this University policy must be presented to and approved by the Chart of Accounts Team who will then forward to the Controllers for their mutual approval. These approved exceptions will be fully documented and retained for future reference. All exceptions as appropriate shall be included in future updates to this policy.

Any higher-level governance necessary to resolve appeals or disputes will be raised for consideration to the Controllers of each UC San Diego entity for a decision and if necessary, to the Chief Financial Officers of the Campus, Health System and Foundation for final resolution.

FORMS

None.

RELATED INFORMATION

University of California, Business & Finance Bulletin (BUS-49)
University of California, Accounting Manual

FREQUENTLY ASKED QUESTIONS (FAQ'S)

None.

REVISION HISTORY