7 Key Concepts for Finance

ConnectCarolina User Group

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What are the user group meetings?

- “Deep dives” into hot topics
- A chance to ask questions
- Open to anyone who uses ConnectCarolina
- Find topics, dates and times on ccinfo.unc.edu, User Groups tab
- Please encourage your coworkers to come
Remember: Getting Help

• The Help Desk is the best way to ensure your question or issue doesn’t get lost
• Include specific examples and screenshots if possible
• It’s okay to put in a help ticket to ask, “How do I....”
• It’s a way to request enhancements
• Two key ways:
  – 919-962-HELP
  – help.unc.edu
These documents are provided to help ConnectCarolina users with the transition to the new system for Finance and HR/Payroll. They are offered as a complement to required training. If you need help while using ConnectCarolina, click here to view detailed instructions for contacting the Business Systems Help Desk.

Need training materials for legacy Finance systems? Visit the Finance Training site for legacy training.
Consolidated, searchable info from the Finance Update Emails
Quiz Yourself & Handouts

Find the quiz and the two handouts right where you found the link to the webinar—on the ccinf.unc.edu webinars page
Most transactions go through 5 basic steps.

Vouchers manage payments in ConnectCarolina.

Unposted GL journals are deleted at month end.

Our new accounting method is called the *accrual method*.

Information about budgets is tracked separately from information about actual transactions.

Once a transaction is budget checked, you see it in InfoPorte.

Unposted vouchers are rolled forward at the end of the month.
Most transactions go through 5 basic steps.
Most Transactions Go Through 5 Basic Steps

1. Create the transaction
   *example*: create a purchase request or voucher

2. Check for chartfield errors
   - sometimes automatic, sometimes a separate step

3. Budget check the transaction

4. Approve the transaction
   - which is usually where your responsibility ends

5. Post the transaction
   - makes an official record of the transaction in our accounting system
Vouchers manage payment in ConnectCarolina.
Vouchers Are Used to Manage Payments

1. Create the purchase req (check chartfields)
2. Budget check the req
3. Approve the req
4. Create a purchase order
5. Budget check the PO
6. Dispatch the PO to the vendor
7. Enter a receipt
8. Enter the vendor’s invoice as a voucher
9. Budget check the voucher
10. Match up the voucher, PO, and receipt
11. Post the voucher
12. Pay the voucher
13. Post the payment
Key Takeaways

• Every payment against a purchase order has a voucher associated with it.
  – Even a vendor catalog order has a matching voucher

• Your available budget is reduced when you budget check the purchase request.

• You’ll see the voucher in InfoPorte usually several weeks before it’s paid.
  – The payment happens when the vendor’s payment terms are met
3 Unposted journals are deleted at month end.
Unposted GL Journals Are Deleted at Month End

Create the GL journal

Edit & budget check the GL journal

Approve the GL journal

Post the GL journal
The month can’t be closed if there’s an unposted GL journal.

• Your role is to get the GL journal through departmental approvals by the date that Accounting Services tells you (usually a few days before the end of the month).

• If it’s completely approved, it will post, so it won’t be deleted.

• You can use the query to identify journals that haven’t posted.
  – NC_GL_JRNL_NOT_POSTED_DEPT1
Our new accounting method is the accrual method.
• Before ConnectCarolina, the University used **cash basis accounting**. Now we use **accrual accounting**.

• The main difference is the timing of when we account for revenue and expenses.

• With the **cash method**, we
  – record revenue when the money is received
  – record expenses when money is paid out

• With the **accrual method** we:
  – record revenue when we earn it, even if we haven’t received the cash
  – record an expense for goods and services when we make the purchase.
Our New Accounting Method
Is the Accrual Method

• Example 1: Money coming in
  – You sell a $1,000 conference registration.
  – **Cash method** (the old way): you record $1,000 revenue when you receive the check.
  – **Accrual method**: you record the $1,000 revenue immediately when you sell the registration, even if you receive the money a few weeks later.

• Example 2: Money going out
  – You receive an electric bill for $1,200.
  – **Cash method**: you record the $1,200 expense when you actually pay the bill.
  – **Accrual method**: you record the $1,200 expense the day you receive the bill.
Key Takeaways

Why is this important?

• Using the accrual method gives the University a more accurate picture of where our money is from month to month.
• But a challenge is that we still have to report to the State of North Carolina using the cash method.
• Also affects when you see information in InfoPorte.

Let’s talk more about that in a minute...
Budgets and actuals are tracked separately.
Budgets vs. Actuals
Are Tracked Separately

- **Budgets**: how much money we expect to receive and how we plan to use it.
  - Our plans for our money

- **Actuals**: how much money we actually received and how we actually spent it.
  - What actually happens with our money
• The University uses ledgers to track what happens to our budgets and actuals.
• A ledger is like a checkbook: you keep track of transactions and balances in a ledger.
• We keep our budget information in separate ledgers from our actuals information.
• Budget information is stored in a set of ledgers called the *Commitment Control* ledgers.
  – There are seven of them
  – Commitment Control is the part of the system that manages our budgets and the commitments against our budgets
• We track actual transactions in the *Actuals Ledger*. 
• **Budgets**: A transaction is recorded in the Commitment Control ledgers when the transaction is budget checked.
  – For example, budget checking a purchase req reduces the budget available.

• **Actuals**: Transactions become part of actuals at the point they are posted.
  – For example, posting a voucher makes an official record in our accounting system, so it is an actual transaction.
• Remember the steps that all transactions go through?
  1. Create the transaction
  2. Check the chartfields
  3. Budget check the transaction
  4. Approve the transaction
  5. Post the transaction

• Depending on how long it takes to get a voucher approved, it could be weeks between the time that the voucher is budget checked and then posted.
Why is this important?
Once information is budget checked, you see it in InfoPorte.
Once a transaction is budget checked, you see it in InfoPorte

Reason one:

• Once a transaction is budget-checked, you see it in InfoPorte.
  – Or actually, the next day, since information is copied into InfoPorte overnight.
  – That’s because much of the information in InfoPorte is pulled from the Commitment Control ledgers.

• Just because you can see a transaction in InfoPorte doesn’t mean it has been approved or posted.
  – It isn’t necessarily ready to reconcile.
  – For example, after a voucher is budget-checked, it could take days for it to be approved and then posted.
  – Remember also: it can take weeks for the voucher to be paid, because vouchers are paid based on the payment terms associated with the vendor.
Unposted vouchers are rolled forward at the end of the month.
Reason two:

• For our reports to the State to be accurate, the Commitment Control ledgers and the Actuals ledger need to match at the end of the month.

• So the expense entry in the Commitment Control Ledgers and the expense entry in the Actuals Ledger need to be in the same month.

• This means that if a voucher has been budget checked but won’t be approved before month end, the voucher is moved to the next month.

• Only applies to vouchers, and only those not posted by month end.
Reason three:

• Recon Ready column on the Transactions tab of InfoPorte helps.
• If Y in the column, the voucher won’t roll over.
• In the case of vouchers, the Y means the voucher has been posted
• Remember it doesn’t mean the voucher has been paid.
  – The voucher will be paid when the payment terms with the vendor specify it should be paid, which is often 30 days after the invoice date.
Key Takeaways

• Once a transaction is budget checked, you see it in InfoPorte.
• Only vouchers roll forward, and only those that are not posted by the date Accounting Services tells you.
• The Recon Ready column on the Transactions tab in InfoPorte tells you whether a transaction is ready to reconcile.
Most transactions go through 5 basic steps.

2 Vouchers manage payments in ConnectCarolina.

3 Unposted GL journals are deleted at month end.

4 Our new accounting method is called the *accrual method*.

5 Information about budgets is tracked separately from information about actual transactions.

6 Once a transaction is budget checked, you see it in InfoPorte.

7 Unposted vouchers are rolled forward at the end of the month.
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See you at the next Finance user group meeting **11:00** on **March 20**, **Genome Sciences G100**