# Introduction to PeopleSoft Finance

Welcome to the introduction course to PeopleSoft Finance!

This course is intended to be an introduction to accounting concepts, UHCL business processes and PeopleSoft terminology. Concepts will be reinforced throughout other training courses you will take. This course will be a "text-only" training while other classes will provide "hands-on" training.

To further ensure knowledge retention, you may retake any course at any time at your convenience. Now let's begin with the Introduction class.
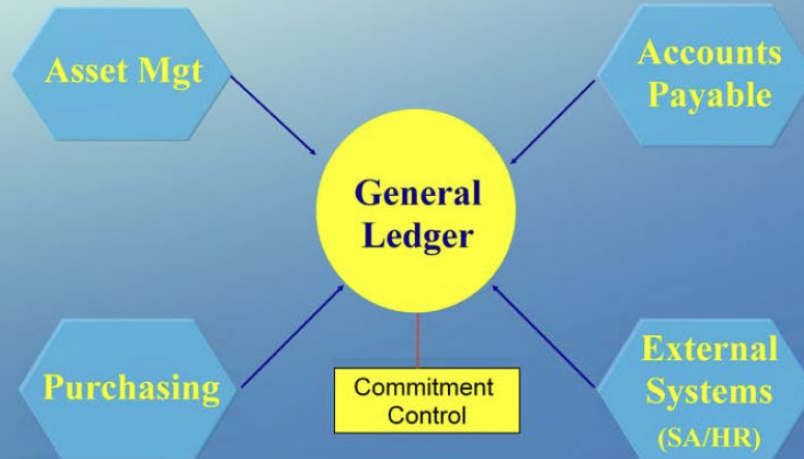
The General Ledger is the center of the Financial System and is the storehouse of all financial transactions. These transactions are either entered directly into the General Ledger or fed in from other systems. Transactions feed into the General Ledger from different modules such as Asset Management, Purchasing and Accounts Payable. Data also comes from external systems such as the Student and Human Resource Systems. The detailed data is maintained in the source systems, but the official information required for financial reports is fed to the General Ledger.

Commitment Control is housed within the General Ledger and is where all the Budget, pre-encumbrance and encumbrance data is maintained. Budgets, pre-encumbrances and encumbrances are covered in more detail in other training courses.

General Ledger

- A financial picture of the University
- Used to determine and manage the University's financial position
- Transactions entered as journal entries
- Official record for reporting purposes

The General Ledger provides a financial picture of the University at any point in time. Reports and/or queries can be run to determine and manage the University's financial position. The General Ledger is updated with journal entries and is the official financial record for the University.

Chartfields

- **Basic fields used to categorize transactions in PeopleSoft**

  – Fund Code*
  – Department ID*
  – Program*
  – Project ID*

  – Business Unit
  – Account
  – Budget Reference
  – Chartfield1

  *These make up the "cost center"

All of the chartfields listed here are on every transaction entered in or fed to the General Ledger with the exception of Chartfield1. The combination of the fund, department, program and project ID chartfields is called the "cost center". The only chartfield that is optional on a transaction is Chartfield1. Check with your Business Administrator on the status of whether or not this chartfield is used.

The Fund chartfield represents the source or type of money funding the cost center. The fund chartfield is a 4-digit field with the first digit defining the major category of funding.

State funds are funds from either state appropriations or other educational and general funds, which include tuition, fees and investment income. The University must follow state guidelines for spending. Designated funds are funds that are internally allocated and are not restricted in use. Revenue streams include Designated Tuition, Fees, Unrestricted Gifts and Investment Income. The University must follow university guidelines for spending.

Auxiliary funds are funds that are generated by self-supporting operating units within the university such as the bookstore. The University must follow university guidelines for spending.

Restricted funds are funds from outside sources that have restrictions in how they can be spent such as many scholarships. The University must follow the donor's guidelines for spending.

Contract and Grant funds are funds given to the university from outside sources that require a deliverable as a result of funding. The University must follow the Funding Agency's guidelines for spending.

Agency funds are funds held by UHCL in which UHCL is acting as the custodian or fiscal agent for others.

The next three will probably never affect you:

Endowment funds are donations made to the university in which only the earnings can be spent (usually in the form of scholarships).

Loan funds are funds that may be lent to students, faculty, or staff.

Plant funds are funds used to account for acquiring long-lived assets, renewal & replacement and retirement of indebtedness

Department ID Chartfield

Department ID

➤ **Each UHS department has been assigned a unique 5-digit code**

− Leading alpha character for campus
− Four numeric characters assigned sequentially
− UHS Department Codes
  • HXXXX – UH
  • CXXXX – UHCL
  • DXXXX – UH Downtown
  • VXXXX – UH Victoria
  • SXXXX – UH System Administration

The Department ID chartfield is a unique 5-character code identifying specific departments at UHCL. The first character denotes the campus; therefore, "C" for UH-Clear Lake. The last four digits are assigned sequentially.

The Program chartfield is a 5-character code that uniquely identifies a non-project cost center. The first character represents the purpose or expenditure function, namely how the funds will be spent. The last four digits are sequentially assigned. As listed above:

     "A" represents Instruction
     "B" represents Research
     "C" represents Public Services
     "D" represents Academic Support
     "E" represents Student Services
     "F" represents Institutional Support
     "G" represents Plant
     "H" represents Scholarships
     "I" represents Auxiliary

The cost center name and primary signature authority reside with the Program chartfield for non-project cost centers.

The Project ID chartfield for non-project cost centers is "NA".

For project cost centers, the Project ID chartfield is a 7-character value that uniquely identifies the project. The first character identifies the project category. "G" represents a grant or sponsored project. "P" represents a capital or building project. The last six digits are sequentially assigned. The cost center name and primary signature authority resident with the Project ID chartfield for project cost centers. Project cost centers use a common or generic Program chartfield value.

A cost center is the combination of Fund, Department ID, Program and Project ID chartfields. Transactions are posted to and tracked within a cost center much like deposits, checks and withdrawals are posted to your personal checking account.

This illustrates the cost center composition for both non-project and project cost centers.

The non-project cost center example is 2078-C0056-D0450-NA. "2078" tells us the funding type for this cost center is designated funds. "C0056" tells us this is a Library cost center. "D0450" tells us this cost center is to be used for Academic Support purposes; specifically, for Lost Book Replacement. "NA" tells us this is not a project cost center.

The project cost center example is 5013-C0043-A0001-G110003. "5013" tells us the funding type for this cost center is grant funds. "C0043" tells us this is a School of Science and Computer Engineering Dean's Office cost center. "A0001" tells us this cost center is to be used for instruction purposes for a grant. "G110003" tells us this cost center is for the Biological Effects of Shielding Parameters Across the Bragg Curve of Energetic Charged Particles.

Speed Type

➤ **Speed Type is**

▪ **a five-digit code which represents a combination of chartfield values**

▪ **used to simplify data entry**

12529 ➡ 1003-C0056-F0417-NA

The speed type is a 5-digit code that ties to a specific cost center. PeopleSoft automatically assigns a Speed Type to a cost center when the cost center is created. There is a one-to-one correlation between cost center and speed type. The speed type is used to simplify data entry by eliminating key strokes. Rather than entering the entire cost center combination, the speed type can be entered instead. The speed type is a required field on certain documents and/or transactions. When working in PeopleSoft, the term "Speed Chart" is used synonymously.

Business Unit Chartfield

➤ **Organizations divided into entities for operational or reporting purposes**

- 00730 – University of Houston
- 00759 – UHCL
- 00784 – UH Downtown
- 00765 – UH Victoria
- 00783 – UH System Administration
- 00797 – UH System Consolidated

The University of Houston System is divided into entities (by campus) for operational and reporting purposes. The Business Unit defines the specific entity/campus. The Business Unit for UHCL is 00759. Every transaction is defined with a business unit. Business Unit 00797 has been established for data that is common among all campuses and shared by all campuses. An example of this would be vendor data or account values.

Business Units within UHCL

➤ **UHCL has additional Business Units to track Purchasing and Voucher Activity as well as to identify the Human Resource and Student activity**

- TR759 – Travel
- SC759 – Service Centers
- LB759 – Library
- HR759 – Human Resources
- SA759 – Student Administration

There are five additional Business Units for UHCL:
- ➤ TR759 for Travel
- ➤ SC759 for Service Centers
- ➤ LB759 for Library
- ➤ HR759 for Human Resources
- ➤ SA759 for Student Administration.

TR759, SC759 and LB759 business units are used to track purchasing and vouchering activity. HR759 tracks human resource activity and SA759 tracks all activity related to student administration.

Account Chartfield

➤ **Account** describes the nature of the transaction
➤ UHS Account Codes

Balance Sheet Items	Income Statement Items
☀ 1XXXX – Asset	☀ 4XXXX – Revenue
☀ 2XXXX – Liability	☀ 5XXXX – Expense
☀ 3XXXX– Fund Equity	

The account chartfield is a 5-digit code, which describes the nature of the transaction. The first digit of the account classifies the type of account. Asset accounts start with a "1". Liability accounts start with a "2". Fund Equity accounts start with a "3". Revenue accounts start with a "4" and expense accounts start with a "5". Assets, Liabilities and Fund Equity accounts are Balance Sheet or General Ledger accounts. Revenue and expense accounts are Income Statement or Subsidiary Ledger accounts.

Revenue refers to money coming into the university (income). Expense is money being paid out from the university.

Commitment Control

- **Commitment Control is where the budgets are stored**
- **The budget is a plan for the University's**
  - **Spending (Expense)**
  - **Income (Revenue)**
- **Funds are budgeted in "Nodes"**
- **Budget Nodes start with a "B" (ie. B5009 is M&O)**

Budgets are stored and maintained in Commitment Control. A budget is a plan of what kind of fiscal activity you will have during the year. The budget for a fiscal year is decided before the fiscal year starts during a budget development process. Budgets are loaded in an automated fashion to PeopleSoft in advance of the new fiscal year.

PeopleSoft requires that an expenditure budget exists in the cost center before any expense activity (Requisition, Purchase Order, Voucher, Journal Entry) can occur and that there are sufficient funds available to process the transaction. A revenue budget does not need to exist in order for revenue activity (journal entry that records a deposit) to occur.
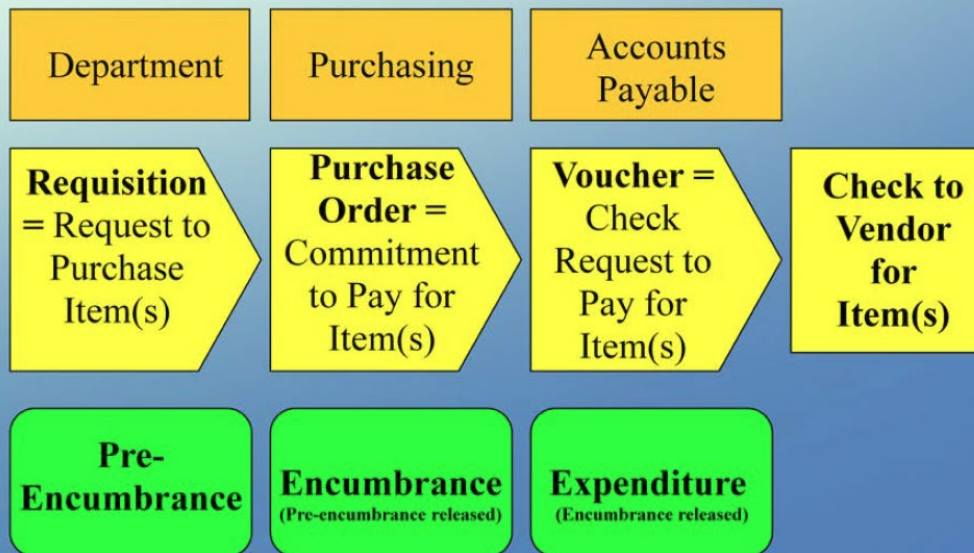
Budgets are established in a summary or pool level called "nodes". People sometimes use the term "budget account" also. These budget nodes start with a "B". "B5xxx" indicate expenditure budget nodes. "B4xxx" indicate revenue budget nodes.

Commitment Control

- **Budget balances are updated by:**
  - **Purchasing Process**
    - **Requisitions**
    - **Purchase Orders (PO's)**
  - **Accounts Payable Process**
    - **Vouchers**
  - **Journal Entries**
  - **Budget Journals**

Now that the cost center and expenditure budget have been established, transactions can be processed. As transactions process through PeopleSoft Finance, the cost center budget node balance is automatically updated. The transactions, which will affect the cost center budget node balances, are Requisitions, Purchase Orders, Vouchers and Journal Entries. Sometimes, budgets are adjusted directly with transactions called budget journals. Budget journals will also affect the cost center budget node balance.

Purchasing & Payables Process

Department	Purchasing	Accounts Payable	
Requisition = Request to Purchase Item(s)	**Purchase Order** = Commitment to Pay for Item(s)	**Voucher** = Check Request to Pay for Item(s)	**Check to Vendor for Item(s)**
Pre-Encumbrance	Encumbrance (Pre-encumbrance released)	Expenditure (Encumbrance released)	

This is a visual of the Purchasing & Payables Process. Once the department creates a requisition and it is budget checked, the requisition is sent to the Purchasing Office. The process of budget checking the requisition creates a pre-encumbrance transaction in PeopleSoft. The pre-encumbrance transaction takes funds from the cost center. Purchasing then will contact the vendor and issue a Purchase Order (PO) number. They will convert the requisition to a PO in PeopleSoft, which will "release" the pre-encumbrance (put funds back in the cost center) and create an encumbrance (take funds out of the cost center). Once the PO has been created, a commitment to pay for the item exists with the vendor. After the items have been received and the appropriate paperwork is sent to Accounts Payable from Central Receiving, Accounts Payable staff will convert the PO to a Voucher in PeopleSoft. This activity will "release" the encumbrance (put funds back in the cost center) and create an expenditure entry (take funds out of the cost center). The final step is the creation of the check to pay the vendor.

Talk to your Business Administrator about the specific rules related to Purchasing and Accounts Payable.

NEED HELP?

Go to PeopleSoft Finance Access website at https://www.uhcl.edu/finance/peoplesoft-finance/.

This website will give you the links to the PeopleSoft Finance production and test databases. You will also find training, forms, "how to" information, as well as other helpful tools.

This concludes the Introduction to PeopleSoft Finance course. Additional training is available for budget journals, fund equity, reports & queries, requisitions and vouchers. Refer to the course modules on the PeopleSoft Finance Access website.