

## FINANCIAL CONTROL ACCOUNTS

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FINANCIAL CONTROL ACCOUNTS

I. INTRODUCTION

Intercampus financial transactions are recorded in financial control accounts because the general ledger of each campus is independent. The financial control accounts accommodate all types of financial transactions. Although the examples listed in this chapter are transfers of unexpended fund balances, transfers of income, expenditures, and asset and liability balances also can be accomplished through the use of financial control accounts. It should be noted, however, that these accounts are used for financial transactions only, not budgetary transactions. This chapter details the rules that govern the use of these accounts.

II. DEFINITIONS

\* Currently there are two UCOP general ledgers.

\* **UCOP general ledger (E-UCOP)**—entries into this general ledger are processed in the Financial Management Office. For the most part, E-UCOP contains endowment fund principal and income, University of California Retirement System (UCRS) activity, investment activity, and campus financial control accounts (J-1195XX-900XX).

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**Los Angeles general ledger (M-Los Angeles)**--since July 1, 2000, the Office of the President departmental accounts have been recorded in the Los Angeles general ledger, in Location M. Journal entries into this general ledger are processed in the Financial Management Office.

\*\*

**Location** refers to an accounting location, not a physical location. At each campus there can be two accounting location codes--one for the accounts of the campus itself (called "local" accounts for purposes of this chapter) and one for the accounts of UCOP activities. For a more detailed explanation of location codes, see Accounting Manual chapter [A-115-2](#), Accounting Codes: General Ledger.

\*Change 6/30/05

\*\*Addition 6/30/05

\*\*\*Deletion 6/30/05

### III. GENERAL RULES FOR THE PREPARATION OF ENTRIES

Intercampus transactions are recorded using sets of reciprocal entries: debit entries to the financial control account on the books of one campus are responded to with credit entries to the appropriate financial control account on the books of the other campus.

#### A. INTERCAMPUS TRANSFERS

- \* Campuses make entries in the E-UCOP general ledger when
- \* recording endowment fund principal and income, UCRS activity, financial control activity, or any other activity of the accounts located in that general ledger. In addition, campuses are **required** to record intercampus financial transfers **of \$50,000 and above** in the E-UCOP general ledger through financial control accounts. The financial control account balance for each campus in the E-UCOP general ledger represents that campus' investment in the Short Term Investment Pool (STIP). All intercampus transactions could be recorded in the E-UCOP general ledger, changing the balance for each campus for each transaction. However, due to the volume of transactions that would occur if every intercampus transaction were recorded in the E-UCOP general ledger as well as in the local general ledgers, a minimum dollar amount of \$50,000 per transaction was established. *Therefore, if an intercampus transaction is less than \$50,000, and the entry is not being made to an account located in the E-UCOP general ledger, an entry to the E-UCOP financial control accounts is not necessary.*

#### B. RESPONSIBILITIES OF THE JOURNAL INITIATOR

Campuses that originate intercampus financial transfers should ensure that the entry includes all the data the receiving campus needs to prepare the responding entry.

##### 1. Entries Initiated by One Campus to Another

The campus that originates a financial transfer sends the receiving campus a copy of the journal with the necessary supporting data. The originating campus is responsible for entering the transfer in the appropriate local financial control account.

III. GENERAL RULES FOR THE PREPARATION OF ENTRIES (Cont.)

B. RESPONSIBILITIES OF THE JOURNAL INITIATOR

1. Entries Initiated by One Campus to Another (Cont.)

*The receiving campus is responsible for responding to the transfer by recording it in the appropriate local financial control account.*

\* 2. Entries Initiated by One Campus to the E-UCOP General Ledgers

\* The campus that originates a financial transfer prepares the responding E-UCOP entry and, if necessary, the responding M-Los Angeles entry, i.e., the originating campus is responsible for both entering the transfer in the appropriate local financial control account and for preparing the UCOP entries. If the entry is to be recorded in the E-UCOP general ledger and the M-Los Angeles general ledger, both journals should be sent to UCOP for processing.

3. Entries Initiated by the Office of the President

If UCOP initiates a financial transfer, UCOP will send the receiving campus a copy of the journal with the necessary supporting data.

*The receiving campus is responsible for responding to the transfer by recording it in the appropriate local financial control account.*

C. FISCAL CLOSING

During the year, although the total campus ledger is always in balance, the UCOP location accounts and the local accounts may not be self-balancing. Therefore, at the end of the year, a reversing journal is prepared to self-balance each location (the local and the UCOP location). This entry is between financial control accounts of the campus ledger in the local and UCOP locations (e.g., L-119500 and 3-119500).

After all the above entries have been made, the total financial debits will equal the total financial credits on the books of each campus and the total net balances in the campus' reconciled financial control accounts will represent that location's claim on Treasurer's

\* cash and investments, which is carried on the E-UCOP books.

*During August of every year, campuses are required to close June 30 financial control account balances from X-1195XX into account X-119500.*

#### IV. RECORDING OF TRANSACTIONS

##### A. TRANSFERS BETWEEN CAMPUSES UNDER \$50,000

Each campus has established financial control accounts on its ledgers for each of the other campuses. The following accounts are used to record entries **when transactions are under \$50,000.**

X-119510	Berkeley Financial Control
X-119520	San Francisco Financial Control
X-119530	Davis Financial Control
X-119540	Los Angeles Financial Control
X-119550	Riverside Financial Control
X-119560	San Diego Financial Control
X-119570	Santa Cruz Financial Control
X-119580	Santa Barbara Financial Control
X-119590	Irvine Financial Control
** X-119591	Merced Financial Control

Example:

Local Journal (Davis)

Dr	3-119800-42003-0-0805
Cr	3-119550

Local Journal (Riverside)

Dr	5-119530
Cr	5-119800-42005-0-0803

##### B. TRANSFERS BETWEEN CAMPUSES OVER \$50,000 OR BETWEEN CAMPUSES AND ACCOUNTS AT E-UCOP

\*

\*

The E-UCOP general ledger contains endowment fund principal, endowment fund income, UCRS, selected plant fund accounts, and campus financial control accounts. To record entries to any of these accounts, campuses

IV. RECORDING OF TRANSACTIONS (Cont.)

B. TRANSFERS BETWEEN CAMPUSES OVER \$50,000 OR BETWEEN  
CAMPUSES AND ACCOUNTS AT E-UCOP (Cont.)

\* are required to process journals through the E-UCOP  
general ledger. See section III.A., Intercampus  
Transfers, which details other reasons to use the  
financial control accounts listed below:

*	E-119510-90010	Berkeley Financial Control
*	E-119520-90020	San Francisco Financial Control
*	E-119530-90030	Davis Financial Control
*	E-119540-90040	Los Angeles Financial Control
*	E-119550-90050	Riverside Financial Control
*	E-119560-90060	San Diego Financial Control
*	E-119570-90070	Santa Cruz Financial Control
*	E-119580-90080	Santa Barbara Financial Control
*	E-119590-90090	Irvine Financial Control
**	E-119591-90091	Merced Financial Control

*(The reciprocal entry is X-119500)*

Example:

Local Journal (Davis)

Dr 3-119800-42003-0-0804  
Cr 3-119500

\* E-UCOP Financial Journal

Dr E-119530-90030  
Cr E-119540-90040

Local Journal (Los Angeles)

Dr 4-119500  
Cr 4-119800-42003-0-0803

C. TRANSFERS BETWEEN CAMPUSES AND ACCOUNTS AT M-LOS  
ANGELES

To facilitate UCOP intercampus transfers recorded in  
the M-Los Angeles general ledger, the following  
accounts should be used. Each campus must reconcile  
its local financial control account.

M-119501 Berkeley Financial Control  
 M-119502 San Francisco Financial Control  
 M-119503 Davis Financial Control  
 M-119504 Los Angeles Financial Control  
 M-119505 Riverside Financial Control  
 M-119506 San Diego Financial Control  
 M-119507 Santa Cruz Financial Control  
 M-119508 Santa Barbara Financial Control  
 M-119509 Irvine Financial Control  
 \*\* M-119510 Merced Financial Control

*(The reciprocal entry is X-119501)*

Example:

Local Journal (San Francisco)

Dr 2-119501  
 Cr 2-119850-XXXXX-0-0814

Responding entry:

Los Angeles Journal

Dr M-119850-XXXXX-0-0802  
 Cr M-119502

#### V. INTERCAMPUS FINANCIAL TRANSFER ATTACHMENT MEMORANDUM FORM

Form UFIN150, Intercampus Financial Transfer Attachment Memorandum, may be used when debiting or crediting campus financial control accounts, or for sending journals that require a campus response, etc., as noted on the form. The form ensures that the appropriate person on each campus will receive the necessary documents. A copy of the form is presented as an exhibit at the end of this chapter.

#### VI. RESPONSIBILITIES

It is the responsibility of the campus accounting officer to reconcile monthly the campus financial control accounts to the corresponding financial control accounts of the other campuses and to send all the appropriate financial control ledgers to all other campuses. All outstanding items on the monthly reconciliation should be responded to currently.

VI. RESPONSIBILITIES (Cont.)

The information needed to complete the reconciliation should be obtained by letter or telephone during the month so that any required corrections or adjustments can be entered currently. Information received by telephone should be documented by the person receiving the information.

Each campus financial control account must equal offsets in the corresponding campus financial control account for the final June ledger.

VII. REFERENCES

Letters and Memoranda:

Director Donald L. Alter, Letter to Accounting Officers on Intercampus Financial Transfers, July 7, 1986.

Director Donald L. Alter, Letter to Accounting Officers on Intercampus Financial Transfer Attachment Memorandum Form, November 20, 1986.

Director Donald L. Alter, Letter to Assistant Vice Chancellors-Finance/Accounting Officers, April 12, 1991.

Director Donald L. Alter, Letter to Accounting Officers on Financial Control Accounts, March 18, 1992

Accounting Manual chapters:

A-115-2 Accounting Codes: General Ledger

A-115-3 Accounting Codes: Transaction Codes for Fund Balances Accounts

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Historical note: Original Accounting Manual chapter first published 12/1/69. Revised: 3/31/98, 12/31/01, and 6/30/05; analyst-Barbara Lester

**EXHIBIT:** INTERCAMPUS FINANCIAL TRANSFER ATTACHMENT MEMORANDUM--  
UFIN150

**INTERCAMPUS FINANCIAL TRANSFER ATTACHMENT MEMORANDUM  
UFIN 150 (R1/87)**

TO:  
\_\_\_\_\_  
(Campus Accounting Office)  
\_\_\_\_\_  
(Attention Campus Contact)

FROM:  
\_\_\_\_\_  
(Campus Accounting Office)  
\_\_\_\_\_  
(Campus Contact) (Extension)

**INSTRUCTIONS**

- (1) Use this form to attach all documents sent to campuses when direct entries are made to financial control accounts which require response.
- (2) To facilitate the reconciliation process:  
Use attached journal # \_\_\_\_\_ in the reference column of your responding financial journal; or  
Use attached document # \_\_\_\_\_ in the reference column of your responding financial journal.

**NOTATION**

(Check applicable box)

- See attached journal(s).
- See attached computer generated journal(s).
- See attached Treasurer's Report detail and date.
- See attached travel voucher(s).
- See attached recharge form(s).
- See attached payroll transaction(s).
- See attached sub-contract/sub-grant No. \_\_\_\_\_ Fund No. \_\_\_\_\_
- See attached interlocation financial fund transfer (Fund balance accounts).
- See attached deposit record for bill payment(s) received at our campus and issued by your campus.
- See attached reversing journal for erroneous/non-supported journal No. \_\_\_\_\_.
- Other \_\_\_\_\_

Prepared By	Extension	Date
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RETN: Department: 0-1 year