

Volume No. 2 – Classification and Coding Structure	TOPIC NO. 60101 – Cardinal
Section No. 60100 – Cardinal	TOPIC Chart of Accounts – Summary Overview
	DATE October 2014

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Overview

Introduction

The Commonwealth’s new financial accounting and reporting system, Cardinal, is built on PeopleSoft version 9.1. There are three functional areas included in the base Cardinal system, which include: 1) General Ledger, 2) Accounts Payable, and 3) Accounts Receivable-Funds Receipts. However, there are four software modules included:

- General Ledger
- Accounts Payable
- Expenses (non-payroll employee reimbursements)
- Accounts Receivable

The business processes by Functional Area include the following:

General Ledger – business processes:

- System Setup and ChartField Maintenance
- Create and Process Budget Journals
- Create and Process General Ledger Journals
- Period Close

Accounts Payable – business processes:

- Establish and Maintain Vendors
- Enter and Process Vouchers
- Expense Processing
- Process Payments
- Process 1099

Accounts Receivable – business processes:

- Enter Fund Receipts
-

Basis of Accounting

The Commonwealth of Virginia records transactions on the cash basis of accounting.

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Fund Accounting

The Commonwealth of Virginia maintains accounting records in accordance with the principles of fund accounting. The State's accounting records are subdivided into funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording assets, liabilities, fund balance, and operating accounts. The Commonwealth of Virginia classifies funds according to Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Each of these funds is independent of the others. The various agencies and programs of the Commonwealth are supported by these funds. While funds are independent of each other, transactions may occur between funds.

Classification and Coding Requirements

In accordance with Section 2.2-803 of the Code of Virginia, the Department of Accounts (DOA) is responsible for financial data classification and coding structures for agencies. Changes to any established financial related code or set of codes for such agencies must be approved and/or issued by DOA. (Note: The Department of Planning and Budget is responsible for establishing Program and Expenditure Account codes.)

Agencies may have the delegated authority to update selected data classification and coding structures for their agency. This delegated authority is described in the subtopic *Agency ChartField Administrator*.

State agencies must provide the specified minimum coding on each financial transaction input to Cardinal in order for the transaction to be processed. This requirement also applies to those agencies operating internal financial information systems. Regardless of internal agency systems, the total coding structure provided by Cardinal is available for use by all agencies.

Content and Use

The Chart of Accounts coding structure is designed to accommodate all types of financial transactions for various State government activities. The ChartFields used for a given transaction vary with the nature of the transaction itself. The ChartField relationships within the Chart of Accounts structure are dynamic and can vary with the specific characteristics of the transaction. It is important to remember that each ChartField is independent and that the Chart of Accounts coding structure can uniquely identify any type of financial transaction with the use of the different ChartFields.

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Classification Structure

Chart of Accounts - ChartFields

The Chart of Accounts is the accounting structure that sets hierarchies and rollups for financial data. This structure aids in the recording and reporting of accounting information. An element within the Chart of Accounts is referred to as a ChartField in Cardinal. A ChartField represents one category of data.

The ChartFields include: GL Business Unit, Fund, Account, Program, Department, Project, FIPS, Task, Cost Center, Asset, Agency Use 1, Agency Use 2 and they are briefly described below:

Business Unit: 1) Represents an organization at an appropriation level and is used to define a financial reporting entity for General Ledger reporting purposes. 2) It is the key to all financial transactions in the system.

Fund: 1) Defines a fiscal and accounting entity with a self-balancing set of accounts. 2) Records cash and other financial resources, together with related liabilities and residual equities or balances, and any corresponding changes. 3) It is segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations (e.g., restricted fund).

Account: 1) Represents a detailed classification of financial activity. 2) Used to specify the balance sheet account or operating account (e.g., expenditure, revenue codes) on financial transactions. 3) Stores an account type identifier, which indicates whether the value entered in the account ChartField is an asset, liability, fund equity, expenditure, revenue, or transfer type account.

Program: 1) Accumulates financial information related to activities or sets of activities. 2) Captures the cost of programs across funds. 3) Provides the basis for program budget formulation and control.

Department: 1) Identifies a specific organization unit. 2) The organization element represents responsibilities and duties assigned to individuals and depicts reporting relationships that exist within an agency. 3) Agency size and complexity, as well as other variables, contribute to determine the organizational structure most appropriate for an individual agency.

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Project: 1) Used to capture a planned undertaking of something to be accomplished or produced, having a finite beginning and a finite ending, for which expenditures/costs and revenues are to be tracked. 2) Designed to track project and grant financial activity, which can cross budget years, funds, and departments.

FIPS: 1) Identifies cities, counties and towns of the Commonwealth of Virginia. 2) Utilized to track costs associated with these geographic designations.

Task: 1) Identifies the work or services performed and can be associated with a project or cost center.

Cost Center: 1) Used to capture administrative or operational related financial costs (e.g., Administration and Support, Training, Employee Programs, Research and Development). Is not used to capture costs directly related to a project.

Asset: 1) Used to capture financial transactions associated with various assets of an agency such as: buildings, lots, structures, facilities, or equipment. 2) Used in this context is for the purpose of tracking expenditures, not for the purpose of tracking the value of the asset.

Agency Use 1: 1) Is a flexible ChartField reserved for tracking either agency reporting fields or agency specific use.

Agency Use 2: 1) Is another flexible ChartField reserved for tracking either agency reporting fields or agency specific use.

See the CAPP – Cardinal Topics listed under *References* for more detailed information.

Chart of Accounts Creation and Maintenance

System Setup and ChartFields is the process for maintaining the fields and tables that store the chart of accounts (COA) and provide the system with the basic structure to segregate and categorize transactional and budget data. All ChartField values must be established in system control tables. No ChartField value is entered as free form text; they are viewable and selectable in a drop down menu within Cardinal.

ChartField maintenance allows correct reporting and budgetary control on all transactions within the financial system. Some ChartFields will be maintained centrally by the Department of Accounts (DOA), whereas others

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that are unique for each agency will be maintained by the agency. For example, changes to the Statewide ChartFields would be approved and entered by DOA’s General Accounting Unit. Changes to Agency ChartFields would be approved or denied by the **designated approver** for the agency. See subtopic *Agency ChartField Administrator* for more guidance.

Cardinal uses the Effective Date and Status fields to maintain a complete history of ChartField additions and changes. All ChartFields except for Business Unit and Project utilize effective dating and Active/Inactive statuses. Changes to a ChartField value are done by adding a new effective dated row, with an applicable effective date. ChartField values that should no longer be used, are set to an Inactive Status by adding a new effective dated row.

Policy

Agency ChartField Administrator

Every agency must designate an **Agency ChartField Administrator** to approve and enter or deny changes to Agency ChartFields. The Cardinal Security Officer would indicate that designation under General Ledger Roles on the individual’s Cardinal Security Form. This approval occurs outside of Cardinal.

System Control Tables

All Statewide ChartField values must be established in Cardinal system control tables, which are controlled by the Department of Accounts (DOA). No other user in the Commonwealth is granted access to these tables.

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**Statewide
ChartField
Changes**

Changes to the Statewide ChartFields must be approved and entered by DOA’s General Accounting Unit. The following are centrally controlled by DOA:

- Business Unit
- Account
- Fund
- Program (as established by DPB)
- Federal Information Processing Standards (FIPS)
- Project (Capital Outlay and Commonwealth-wide Initiatives)

Select and fill out the appropriate form on the Cardinal website. The following forms can be found on the Cardinal Website, under Statewide Toolbox – Forms:

- ChartField Maintenance – Account**
- ChartField Maintenance – Fund**
- ChartField Maintenance – Program**
- ChartField Maintenance – FIPS**
- ChartField Maintenance – Project**

Requests for changes or updates to the Statewide ChartFields must be submitted to DOA’s Director of General Accounting.

- Provide the completed form to DOA’s Director of General Accounting,
- The form should be signed by the agency’s fiscal officer

DOA will submit any tree or combination edit updates resulting from the statewide ChartField modifications to the Cardinal Team.

DOA Contact

General Accounting

✉ gacct@doa.virginia.gov

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**Agency
ChartField
Changes**

Changes to the Agency ChartFields must be approved by the agency’s fiscal officer. **The agency must have internal policies and procedures in place to ensure adequate review and approval over any ChartField Changes.**

The following are maintained and requested by the agency:

Department

Task

Cost Center

Asset

Agency Use 1

Agency Use 2

Project (Except Capital Outlay and Commonwealth-wide Initiatives)

Select and fill out the appropriate form on the Cardinal website.

The following forms can be found on the Cardinal Website, under Statewide Toolbox – Forms:

Chartfield Maintenance – Department

Chartfield Maintenance – Task

Chartfield Maintenance – Cost Center

Chartfield Maintenance – Asset

Chartfield Maintenance – Agency Use 1 or 2

Chartfield Maintenance – Project

While the use of the **Chartfield Maintenance Forms** for agency controlled changes are not necessary, they can be used for documentation purposes. Substitute forms by the agency are allowed. The agency should keep documentation on file for changes made to the ChartField to provide an audit trail.

After the ChartField value is added, the agency may submit a VCCC (VITA) helpdesk ticket to get trees or combo edits updated, if needed.

For further guidance on ChartFields and the chart of accounts, see CAPP – Cardinal Topics listed in the *References* section.

Agencies should ensure that documentation for changes to the Agency ChartFields are maintained along with evidence of review and approval by the Fiscal Officer.

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Internal Controls

Internal Control The agency is responsible for ensuring the existence of a comprehensive system of internal control over both online and offline access to Cardinal tables and files. This access control is vital to ensure the integrity of accounting transactions submitted to Cardinal. See CAPP – Cardinal Topic No. 10305, *Internal Control*, for further guidance.

Records Retention

Records Retention ChartField Maintenance documentation must be retained for three (3) years or until audited by the Auditor of Public Accounts, whichever is longer. See CAPP – Cardinal Topic No. 21005, *Records and Retention*, for further guidance.

Subject Cross References

References

- CAPP – Cardinal Topic No. 10305, *Internal Control*
- CAPP – Cardinal Topic No. 21005, *Records and Retention*
- CAPP – Cardinal Topic No. 60102, *Agency Codes, Business Unit and FIPS Codes*
- CAPP – Cardinal Topic No. 60104, *Fund*
- CAPP – Cardinal Topic No. 60105, *Program*
- CAPP – Cardinal Topic No. 60106, *Account*
- CAPP – Cardinal Topic No. 60107, *Project*

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Suggested Forms and Job Aids

Suggested Forms and Job Aids

The following forms can be found on the Cardinal Website, under Statewide Toolbox – Forms:

ChartField Maintenance – Account

ChartField Maintenance – Fund

ChartField Maintenance – Program

ChartField Maintenance – FIPS

ChartField Maintenance – Project

ChartField Maintenance – Department

ChartField Maintenance – Task

ChartField Maintenance – Cost Center

ChartField Maintenance – Asset

ChartField Maintenance – Agency Use 1

ChartField Maintenance – Agency Use 2

The following can be found on the Cardinal Website, under Statewide Toolbox – Job Aids:

SW Chart of Accounts Overview

SW INTRO101 Chart of Accounts (COA) Mapping

The following can be found on the Cardinal Website, under Statewide Toolbox – Training Materials:

SW GL336 General Ledger Maintenance

Additional job aids and training materials may be available on the Cardinal website: <http://www.cardinalproject.virginia.gov/>

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Please note: The Cardinal job aids, training materials and forms on the Cardinal website are not policy of the Department of Accounts and are not part of the Commonwealth Accounting Policies and Procedures Manual (CAPP).

Contacts

DOA Contact **DOA General Accounting**
 gacct@doa.virginia.gov