



Financial Transaction SOP: Financial Processing, Overview

SOP Owner: Financial Processing Manager

Version Number, Date Revised: #4, 11/30/2015

Standard Operating Procedure

1. Purpose

KFS financial processing transactions are how accounting entries are used for:

- recording cash receipts,
- moving funds throughout the university,
- billing between units, and
- disbursing funds (through the Disbursement Voucher).

Financial Processing, Transactions

The “Financial Processing, Transaction” submenu group provides access to the most commonly used Financial Processing e-docs. (For more information, see e-doc–specific SOPs.)

Table 1 Financial Processing submenu group of transactions

FP e-doc	Description
Advance Deposit (AD)	Used to record deposits that go directly to the bank. This e-doc enables distribution of the amount received to the appropriate accounts in the financial system. It is used by university departments that make deposits, departments that use a lockbox at the bank for cash receipts, and anyone who needs to record bank deposits. The AD is used when checks or cash are received and need to be credited to an account.
Auxiliary Voucher (AV)	Used to record entries (adjustment, accrual, and recode) to a transaction’s proper posting period in order to ensure accurate and timely financial reports. Postings are allowed to open periods as set by central (based on parameters), which means that the AV is one of the few e-docs that can post to a prior period. Typically, an AV will be useful during the first 5 days of the calendar month. AVs require the preparer to understand debits, credits, and issues related to recording a transaction in proper accounting periods. Billings cannot be processed on this e-doc.
Budget Adjustment (BA)	Used to record income and expense budget transactions. It can be used to modify a base budget, a current budget, or both. All adjustments to base budget must balance, and all adjustments to current budget must balance.
Credit Card Receipt (CCR)	** Not Used** Used to record the receipt of income via credit card payments to the university and distribute the funds received to the appropriate accounts.
Disbursement Voucher (DV)	Used to process payments that cannot be paid on a PCard and do not require a purchase order (PO). Payment options for a DV are ACH / check,



FP e-doc	Description
	wire transfer, or foreign drafts. A DV requires more information than most financial e-docs.
Distribution of Income and Expense (DI)	Used to distribute income or expenses from a holding account to one or more appropriate account(s) when one account has incurred expenses or received income on behalf of one or more other accounts. When you have accumulated income or expense and need to distribute / move it to other accounts (for example, programs with shared costs), you would use a DI.
General Error Correction (GEC)	Used to correct entries that have already posted to the General Ledger. This includes entries with either a “final” or “in process” status. GEC is not for redistributing costs. Note: GEC SOP includes information on the error correction button (and when it is appropriate to use the error correction button as opposed to the GEC e-doc).
Internal Billing (IB)	Used to bill for goods or services provided by one university department to another university department, reflecting internal income to the provider and expense to the customer. IB is not used to record the transfer of capital equipment between university accounts or to report external income.
Intra-Account Adjustment (IAA)	**New Oct 2014** Used to allow adding sub-account/sub-object code information for an existing transaction. Or to transfer between sub-accounts or sub-object codes, within the same account/object code, without any approval levels beyond that of the fiscal officer for the account.
Pre-Encumbrance (PE)	Used to add local encumbrances instead of relying on information in an outside system. Use this transaction to earmark funds for which unofficial commitments have been made. Can also be used to disencumber open encumbrances created with the PE e-doc.
Transfer of Funds (TF)	Used to transfer funds between accounts. It could be used to cover an overdraft or fulfill a funding commitment.

Financial Processing, Custom Document Searches

Choose “Financial Transactions” from the Custom Document Search options on the Main Menu. A “Search” screen will open. Enter information in fields, as appropriate, to find the desired e-doc(s). After you retrieve documents, your role determines whether or not you have view-only permission or a variety of maintenance permissions that allow editing / modifying e-docs.

KFS offers a special customized document search related to Disbursement Vouchers. The search screen contains the standard search fields along with special fields that are unique to DVs.

To limit the number of results returned when searching, define specific search criteria; i.e., if searching for expense object codes, limit your search to EX object types. For example, if looking for an object code to use on an IB, limit your searches to object codes with sub-type ID (interdepartmental activity).



Financial Processing, Year End Transactions

The main menu provides access to some Year End e-docs, including Year End Budget Adjustment (YEBA), Year End Distribution of Income and Expense (YEDI), Year End General Error Correction (YEGEC), and Year End Transfer of Funds (YETF).

Year End e-docs are special versions of standard FP KFS e-docs found on the Main Menu; they are used to make changes to a fiscal year that has ended. Generally, they are very similar to the in-year version; however, system-generated workflow will differ. The Year End docs do not route to fiscal officers. Instead, the Year End docs route to org reviewers, who can only approve or disapprove a doc. In most cases, they are available for only a brief window of time following the end of the fiscal year, prior to final closing of that fiscal year. FP standard versions of the e-docs post to the calendar month in which the e-doc is approved.

Typical users of the Year End e-docs are individuals who have expertise in, and, whose position has responsibility for, budget and financial management.

2. Scope

(**Note:** this is an overview and will not apply to every FP e-doc; for e-doc specific scope, see individual FP e-doc SOPs.)

- Business Service Centers / Financial Transaction Centers
- Department / unit finance managers
- Department administrators
- Financial specialists
- Central finance (accounting / budget) staff
- Fiscal Officers (FO) (**Note:** any reference to FOs in an SOP is understood to include primary and / or secondary delegates.)

3. Prerequisites (Forms/Tools)

- KFS Basics tutorials (includes: Accounting Lines, Document Searches, Lookup Values, Importing Lines, Error Corrections, Notes and Attachments)
- Basic knowledge / training on KFS
- Basic understanding Financial Processing transactions
- Specific Financial Processing e-doc tutorials
- Specific Financial Processing e-doc SOPs

4. University Policy

Current (policy updates may be necessary after KFS implementation):

- 2.7 [Reporting the Use of Facilities](#) (relates to Internal Billing e-doc)



- 3.1 [Accepting University Gifts](#) (**Note:** per policy, only authorized Alumni Affairs and Development staff members or their designees can accept gifts on behalf of the university.)
- 3.2 [University Travel](#)
- 3.14 [Business Expenses](#)
- 3.17 [Accepting Credit Cards to Conduct University Business](#)
(includes Payment Card Industry Data Security Standards: PCI DSS)
- 3.22 [Accepting Cash and Checks](#)
- 4.2 [Transaction Authority and Payment Approval](#)
- 4.7 [Retention of University Records](#) [*see Scanning /Attaching, below*]
- 5.10 [Information Security](#)
- Purchasing Policy (as outlined in the [Buying Manual](#)—*currently being updated*)

5. Responsibilities

- Requestor: a proposed, optional additional step whereby a request for a Financial Processing e-doc is sent to a KFS-user who has the authority / ability to initiate the e-doc (“Initiator”). Requestor is not a KFS-user role, it is locally delegated authority. Requestor is an individual within local units who has been identified by the organization as having the authority to request a Financial Processing e-doc.
- Initiator: Initiator is responsible for preparing the e-doc and must understand the institutional need for the financial transaction. (This individual may or may not be the same as the Requestor.)

Before initiating a transaction on behalf of the university, it is the responsibility of the Initiator to assess whether the proposed transaction is in support of the university’s mission.

- Other roles:
 - Fiscal Officers are responsible for approving the e-doc and understanding applicable policies, inherent business rules, and KFS.
 - Org reviewer (at this time, org review is necessary for year-end e-docs;
 - Central only: C&G processor (this review step will be required on most FP e-docs that include a Contracts and Grants account).

The following guidelines must be adhered to:

- In cases where the Initiator and Requestor are not the same person, the Initiator ensures that the Requestor has the authority to request the transaction.
- Any necessary prior approvals have been acquired.
- The transaction is Cornell-allowable.
- The transaction is,
 - in furtherance of the university missions,
 - ordinary and reasonable,



- within planned budgetary constraints,
- in compliance with any funding designations and/or guidelines,
- in compliance with appropriate university policies and procedures, and
- in compliance with operating unit guidelines.
- There is appropriate documentation. *Best Practice recommendation:* Attach back-up/relevant documentation to all e-docs. In the rare situation where documentation cannot be attached, clearly indicate where back-up documentation is located.

Training Issue: in order to satisfy separation of duties requirements, a FO who approves an e-doc that will not automatically route elsewhere should ad hoc route to their delegate. (And, in the same situation, a delegate should ad hoc route to the FO.)

Note: at this time, training issue (as outlined, above) does not apply to AD.



6. Procedure

<p>Transactions</p> <p>Accounts Receivable</p> <ul style="list-style-type: none"> Cash Control Customer Credit Memo Customer Invoice Customer Invoice Writeoff Customer Invoice Writeoff Lookup Payment Application <p>Budget Construction</p> <ul style="list-style-type: none"> Budget Construction Selection <p>Financial Processing</p> <ul style="list-style-type: none"> Advance Deposit Auxiliary Voucher Budget Adjustment Cash Receipt Credit Card Receipt Disbursement Voucher Distribution of Income and Expense General Error Correction Indirect Cost Adjustment Internal Billing Intra-Account Adjustment Pre-Encumbrance Transfer of Funds <p>Labor Distribution</p> <ul style="list-style-type: none"> Benefit Expense Transfer Salary Expense Transfer <p>Purchasing/Accounts Payable</p> <ul style="list-style-type: none"> Bulk Receiving Contract Manager Assignment Payment Request Receiving Requisition e-SHOP I Want Vendor Credit Memo <p>Travel</p> <ul style="list-style-type: none"> Entertainment Reimbursement Moving and Relocation Reimbursement Travel Arranger Travel Authorization Travel Reimbursement 	<p>Custom Document Searches</p> <p>Financial Transactions</p> <p>Accounts Receivable</p> <ul style="list-style-type: none"> Customer Invoices Customer Credit Memos Customer Invoice Writeoffs Cash Controls Payment Applications <p>Capital Asset Management</p> <ul style="list-style-type: none"> Asset Maintenance <p>Effort Certification</p> <ul style="list-style-type: none"> Effort Certification <p>Financial Processing</p> <ul style="list-style-type: none"> Disbursement Vouchers <p>Purchasing/Accounts Payable</p> <ul style="list-style-type: none"> Electronic Invoice Rejects Payment Requests Purchase Orders Receiving Requisitions Vendor Credit Memos <p>Travel</p> <ul style="list-style-type: none"> Corporate Card Application CTS Card Application Entertainment Reimbursement Moving and Relocation Reimbursement Travel Authorization Travel Reimbursement 	<p>Balance Inquiries</p> <p>General Ledger</p> <ul style="list-style-type: none"> Available Balances Balances by Consolidation Cash Balances Current Fund Balance General Ledger Balance General Ledger Entry General Ledger Pending Entry Open Encumbrances <p>Labor Distribution</p> <ul style="list-style-type: none"> Account Status (Base Funds) Account Status (Current Funds) Calculated Salary Foundation Employee Funding July 1 Position Funding Labor Ledger View Labor Ledger Pending Entry Position Inquiry
<p>Administrative Transactions</p> <p>Capital Asset Builder</p> <ul style="list-style-type: none"> Capital Asset Builder AP Transactions Capital Asset Builder GL Transactions <p>Capital Asset Management</p> <ul style="list-style-type: none"> Asset Manual Payment Barcode Inventory Process <p>Effort Certification</p> <ul style="list-style-type: none"> Effort Certification Recreate <p>Check Reconciliation</p> <ul style="list-style-type: none"> Check Reconciliation Reconciliation Report <p>Financial Processing</p> <ul style="list-style-type: none"> Cash Management General Ledger Correction Process Journal Voucher Non-Check Disbursement Service Billing 	<p>Lookup and Maintenance</p> <p>Capital Asset Builder</p> <ul style="list-style-type: none"> Pre-Asset Tagging <p>Capital Asset Management</p> <ul style="list-style-type: none"> Asset Asset Fabrication Asset Global (Add) Asset Location Global Asset Payment Asset Retirement Global <p>Chart of Accounts</p> <ul style="list-style-type: none"> Account Account Global Account Delegate Account Delegate Global Account Delegate Modal Account Delegate Global From Model Object Code Object Code Global Organization Organization Review Project Code Sub-Account Sub-Object Code Sub-Object Code Global <p>Contracts & Grants</p> <ul style="list-style-type: none"> Award Proposal <p>Financial Processing</p> <ul style="list-style-type: none"> Disbursement Voucher Travel Company <p>Travel</p>	<p>Reports</p> <p>Accounts Receivable</p> <ul style="list-style-type: none"> Billing Statement Customer Aging Report Customer Invoice <p>Effort Certification</p> <ul style="list-style-type: none"> Duplicate Certifications Report Effort Certification Extract Build Outstanding Certifications by Chart/Org/Report Outstanding Certifications By Report <p>General Ledger</p> <ul style="list-style-type: none"> Trial Balance <p>Year End Transactions</p> <p>Capital Asset Management</p> <ul style="list-style-type: none"> Year End Depreciation <p>Financial Processing</p> <ul style="list-style-type: none"> Year End Budget Adjustment Year End Distribution of Income and Expense Year End General Fund Collection Year End Transfer of Funds <p>Labor Distribution</p> <ul style="list-style-type: none"> Year End Benefit Expense Transfer Year End Salary Expense Transfer

Figure 1 – KFS Portal and Financial Processing e-docs



Most FP e-docs will appear similar to *Figure 2*, below (for specific layouts, see individual FP e-doc SOPs):

The screenshot shows a web application interface for a Financial Processing e-doc. At the top, there is a navigation bar with 'action list' and 'doc search' buttons, and a user status 'Logged in User: rld46' with a 'login' button. The main header area displays 'Transfer Of Funds' with a help icon, and a summary table with fields: Doc Nbr: 10005067, Status: INITIATED, Initiator: rld46, and Created: 01:42 PM 04/24/2011. Below this are 'expand all' and 'collapse all' buttons, and a note '* required field'. The interface is divided into several sections: 'Document Overview' (with a 'hide' button), 'Accounting Lines' (with a 'hide' button), and a list of other sections like 'General Ledger Pending Entries', 'Notes and Attachments (0)', 'Ad Hoc Recipients', and 'Route Log'. The 'Accounting Lines' section is highlighted with a red box and contains two tables: 'From' and 'To'. Each table has columns for Chart, Account Number, Sub-Account, Object, Sub-Object, Project, Org Ref Id, Amount, and Actions. The 'From' table has a dropdown menu set to 'IT' and an amount of 0.00. The 'To' table also has a dropdown menu set to 'IT' and an amount of 0.00. At the bottom of the interface are buttons for 'submit', 'save', 'close', 'cancel', and 'copy'.

Figure 2 – Example: Financial Processing e-doc, Accounting Lines tab

Above is an example of an FP e-doc. Information will need to be entered in the Description field in the Document Overview tab and in the Accounting Lines tab.

How the **From** line and **To** line functions can differ in FP e-docs:

Several FP e-docs have **From** and **To** sections that function differently; for example, in the TF,

- **From** section indicates the accounts that are providing resources, and **To** section represents accounts that are receiving.
- **From** section will always debit the object code, and **To** will always credit the object code.


In the DI,

- **From** section removes a transaction from an object code.
- **To** section will receive it.
- **From** section: if it's a credit object code, it will be a debit.



- **From** section: it's a debit object code, it will be a credit.

The difference between Line Description in Accounting Lines tab and Description in Doc Overview: the e-doc's description will be used as the transaction line description **except** in the case where a discrete line description has been added (in which case the line description will override the document description for that particular transaction line).

Training Issue: you must click the **add** button () to add a line item. (**Note:** if you click **add** and receive an error message, fix the error, and then click **add**, again.)

After you save the e-doc, a review of the General Ledger Pending Entries (GLPE) tab will help you determine if you debited / credited accounts appropriately. *Best Practice recommendation:* if you receive an out-of-balance error, open the GLPE tab and check the debits / credits indicator column to identify the problem. You may also save the doc and use the General Ledger Pending Entries search in the Balance Inquiry section of the main KFS portal. You may export the results to analyze your entries.

Scanning / Attaching

Original documentation will be scanned and attached to the e-doc. (Original documentation is defined as various types of receipts, as well as any additional information, such as e-mails, memos, etc., that adequately supports the transaction. **Note:** it is important to distinguish between necessary / relevant information and extraneous information. *Best Practice recommendation:* attach relevant and transaction-specific information. **Never** attach sensitive data. (Note the distinction: attaching a check is not considered sensitive data, but the bank account number on the check does constitute sensitive data.)

Not all attachments will be scanned; for example, attaching a file directly from your computer does not require scanning. Files from local software applications must be in common business format; i.e., Word, Excel, PDF, or JPG, etc., and must be attached in a way that a central reviewer will have access and can open/read the file. Files attached to an e-doc become Read Only.

- If document being scanned is not the original (e.g., a copy or a facsimile), it should be noted on the document prior to scanning, along with an explanation as to the status of the original.
- If original documentation is not legible, the pertinent information (e.g., date, dollar amount) will be printed on the documents prior to scanning.
- Original documentation will be stored in a secure location for 12* months, during which time periodic testing of the scanned versions will take place.
- Original documentation will be destroyed by shredding (or otherwise rendered unreadable), after 12* months.
- Scanned documentation **will be:**
 - “read only” (i.e., must not be modifiable after scanning)
 - saved in standard office software
- Original documentation **will not:**



- be altered prior to scanning—other than to protect confidential information (e.g., obscure all but the last 4 digits of credit card numbers prior to scanning). Obvious annotations (circling items, drawing arrows, adding handwritten notes, etc.) are appropriate, but documents must not be altered in a way that is not obvious.
- have highlighting or tape over pertinent information, as this may destroy the original information over time.
- contain confidential information.

* See [Federal Acquisition Regulation: FAC 97-03, Section 4.703](#) for additional information.

Note: Attachment size limitation is 100M.

Expired Accounts

When processing a transaction with an expired account, you have the option to override. Please keep in mind this functionality is only applicable to C&G accounts. A parameter controls the number of days that a C&G account can be used after the account's expiration date.

Business Rules

- KFS automatically generates cash and fund balance object code offset entries as defined by the information entered into an e-doc.

Best Practice recommendations:

- When initiating an e-doc, description entered on Document Overview tab must be explicit enough to clearly convey the purpose of the transaction. Sufficient detail will permit an outside party; i.e., an auditor, to determine the reason for the entry without opening the e-doc.
- Process KFS e-docs as they are intended to be used. Match your transactional need to the specific e-doc created for that use (i.e., use the e-doc best suited for the transaction).
- If additional review is deemed necessary, ad hoc route as appropriate.

Disapproving an e-doc requires that the initiator has to redo the e-doc, and, any FO who has already approved the e-doc will have to reapprove the new, reissued e-doc.

Whenever possible, a FO should modify information on an accounting line instead of disapproving the e-doc. (After modifying a transaction, best practice recommendation is to ad hoc route an Acknowledgement to the initiator.)

Note: An e-doc will route to all FOs Action Lists simultaneously. Workflow and delegation will be covered in greater detail in KFS Basics training.



Workflow

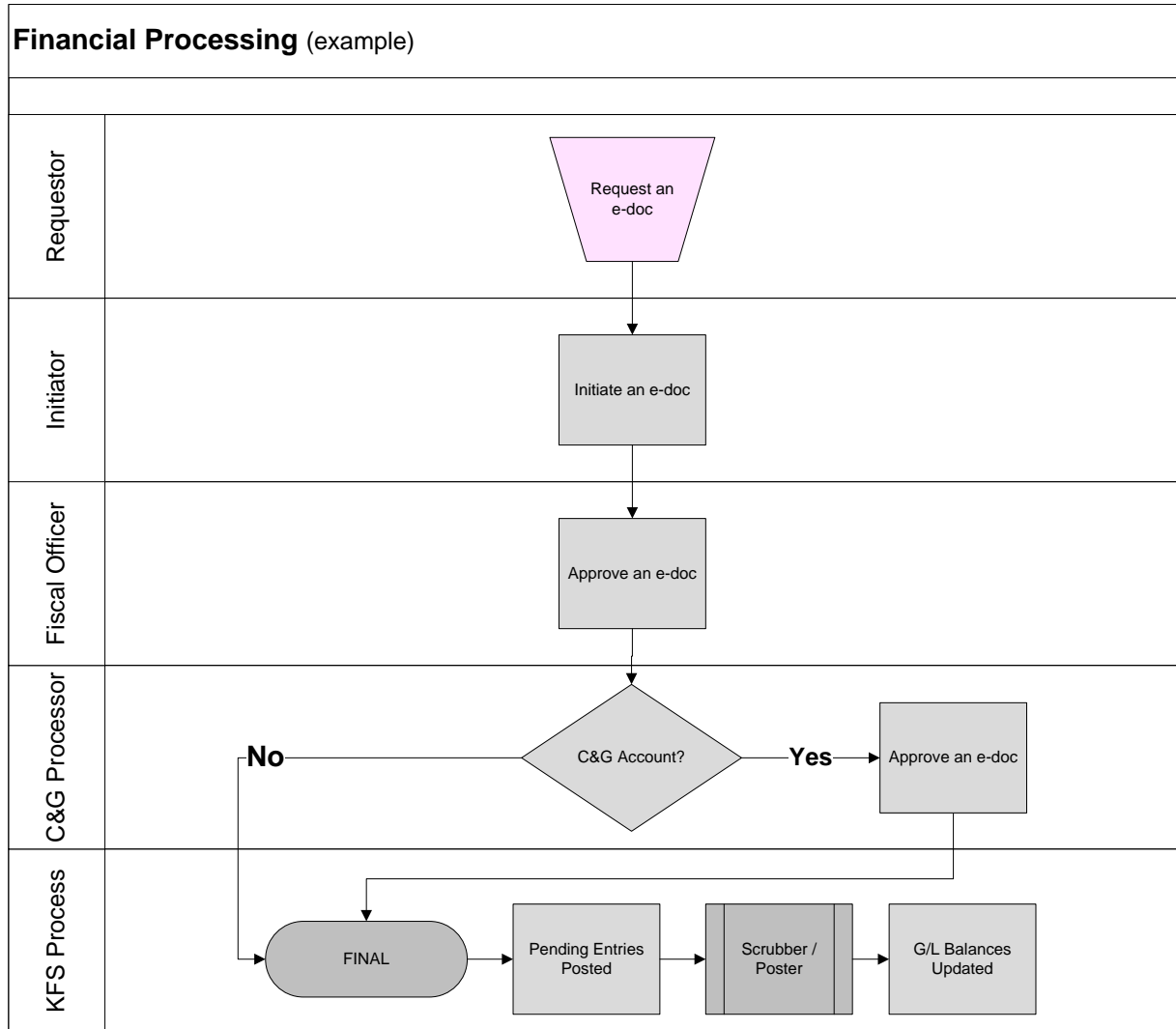


Figure 3 – Example: Financial Processing workflow

7. Definitions

- [KFS at Cornell Glossary](#)
- [Old World / New World, Definitions, Helpful Information](#)

8. References

- Basics tutorials
- Overview of Financial Processing tutorial
- Individual FP e-doc tutorials