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Introduction

The Chapter 15 Reconciliation requirements Business Process Guide provides an overview of the requirements need to comply with Chapter 15 standards.

Related Documentation/Information

In addition to this business process guide, users can review the following documents related to this process:

- Financial Services Training Library https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/Training/ Search criteria: “chapter 15” or “capital”
- CDPC Fiscal Cash Management Site: https://csyou.calstate.edu/Divisions-Orgs/bus-fin/cpdc/CPDC-Executive/Pages/Capital-Projects-Cash-Management.aspx
  - 15: Capital Projects - Funding for University Facilities (revised 2/8/19)
  - 17: Capital Projects - Systemwide Revenue Bond (SRB) (revised 2/8/19)
  - 28: Capital Projects - Capital Outlay (revised 3/28/18)
  - 22: Capital Projects - Capital Lease Obligation and Debt

Definitions

The following (optional) icons may be used to draw attention to information in this guide:

- New in CFS 9.2:
- Stop:
- Warning:
- Important:
- Note:
Business Process Workflow Diagram

The following flowchart provides an overview of the steps contained in this guide. Numbers in the flowchart correspond to the major sections presented in this document.

TDB
1.0 Capital Project Fiscal Reconciliation by Project

This guide will focus on the accounting and reporting requirements necessary to be in compliance with University Facilities reporting. As directed in chapter 15 of the accounting and reporting legal manual, campuses are to reconcile on a quarterly basis to ensure that expenditures are recorded in the appropriate funding source and CPDC project attribute.

In addition, in order to meet various reporting deadline, campuses must ensure compliance prior to the close of the second quarter (12/31) and must be included in the campus Q2 FIRMS submission.

1.1 Set up the report Finance Data Warehouse – Step 1.1

Navigation: > Financial Reporting > Financial Summary As of Period

Report Filters:

Business unit: Select the campus business unit.

Fiscal Year and Period: Period 6 = December and current year (CY) = the first year in the fiscal year. June 30th = 201912

Account Type: 50 and 60 only. Chapter 15 reporting includes recording transfers in with the project code. Account Type is helpful to limit to only expenses (60) and revenue (50). However, Chapter 15 requires transfers in (50) and out (60) should also carry the project value. Project codes are only used in the project funds.

Budget Ledger: select the ledger for the campus.
Advanced Filters:

**Project CF att Type:** CDPC_PROJ

Select the project to be reconciled from the menu. CPDC Project number are created after approval from the BOT. If no project is listed, contact CPDC Fiscal.

**Select Column Selectors**

1. Column 1: Campus business unit (optional)
2. Column 2: Project CF Attribute Value (aka CPDC Project number).
3. Column 3: Project Fdescr (aka Campus Project number).
4. Column 4: CSU Fund Fdescr (type of funding)
5. Column 5: FIRMS Proj Cd Fdescr (funding year in the 0576 and 0001-017)
6. Column 6: Account Type (optional)
7. Column X: Acct Cat Fdescr: (optional)
1.2 Funding (CPO/AO) Step 1.2

Make sure all of the allocation and de-allocations have been recorded to both the budget and actuals ledger.

Commercial Paper: Define and why

Bond anticipation Notes (BAN) are sold and bonds are issued. Deallocation of BANs and allocation of bond funds.

General Fund deferred maintenance
1.3 Five (5) year Capital Improvement Program (CIP) Steps 1.3

To facilitate this reconciliation, campuses should utilize the campus’ Previous Five-Year Capital Improvement Program (CIP) document found in the annual Five-year Capital Outlay program to determine the current approved and funded projects, as well as Resources on the CPDC Executive CSYou page for projects amended to the capital outlay program that have yet to be documented in the Five-Year CIP and CPDC allocation schedules for the type of funding.

Using the Previous 5 year Report, make sure you have accounting records for each project listed.

8. Make sure all projects on the previous 5 year report reconcile to the ledger. Any projects on one but not the other should be researched.
The following elements should be validated.

1. **Spending Authority has been granted in the funding source and it is recorded in the appropriate SCO and CSU fund.** “Spending Authority” is defined as either an allocation order, systemwide transfer, or campus transfer.

   This requirement includes recording the transaction to both the budget and actuals ledger. Allocation Orders are only recorded to the budget ledger as required by the state but in contrast, systemwide transfers are cash transactions and are recorded as transfers in the actuals ledger but also must be recorded as a budget entry in the appropriate fund and Project Fdescr.

Visit the CPDC Cash Management CSyou Page of all funding transactions to date. [LINK]

2. **Campus and systemwide PayGo funding should be recorded as a “transfer in” of cash from one fund to another. It is required that the transfer in (not transfer out) carry the project attribute.**

   This requirement also includes both the budget and actuals ledger. Note: Make sure 18/19 capital transfers recorded in FOC 572000 and CSU Fund 485 have been further transferred to the appropriate NRMR or CIMP CSU fund. Beginning 19/20, capital transfers will go directly to the NRMR and CIMP CSU funds. As mentioned above, transfers are cash transactions and are recorded to the actuals ledger but also must be recorded as a budget entry in the appropriate fund and project Fdescr.

3. **Facility management expenses (607032 - Capital-Construction Management) are to be only charged to the project fund (not the cost recovery fund) and should carry the project attribute for that project.**

   CPDC and the campus charges a capital management fee to the project for administrative services. In order to eliminate this interagency transaction, use of 607032 - Capital-Construction Management is required and also must include the project Fdescr in the project fund (aka CSU fund 230, 486 or 487).
Check: Validate there are NO project fdescr values recorded to operating funds, example CSU fund 485.

4. Ensure that expenses recorded to CIMP or NRMR CSU funds that are not part of Major Capital Outlay project (those that carry a CPDC Project Attribute) are appropriately reportable as minor projects (currently under $709,000).

The campuses should review all expenditures not associate with a CDPC Proj Value to validate they meet the definition of a minor capital outlay project. Currently a minor capital is defined as project costing less than or equal to $709,000, inclusive of all project cost not just for construction.

5. Expenditures to not exceed spending authority or that additional funding has been recorded to augment a project.

Make sure the budget balance available within each approved funding sources is not less than 0. Negative BBA in an expenditure account may indicate over spending.

6. Ensure that all expenditures are recorded based on their natural classification and that “Transfer out” FIRMS object codes are only used as a reduction of spending authority in SCO fund 0948. Reductions in spending authority in SCO fund 0576 are as a result of a de-allocation and are not recorded in the actuals ledger.

Natural classification is an accounting classification based on type of expense, rather than the program in which it benefits. In other words, make sure you use the appropriate FIRMS Object Code as defined by Appendix 19 of the Accounting and Reporting Legal Manual.
APPENDIX A: Name of Appendix

Can include, as appropriate:

- Test Scenarios
- Data Flow Diagrams
- Run Control Strategy
- Run Control Variable
- Additional Comments
REVISION CONTROL

Document Title: Business Process Guide: Chapter 15 Reconciliation requirements
Author: CPDC Fiscal
File Reference: Chapter 15 Reconciliation requirements

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