Auxiliary Accounting Overview

CATS Meeting

Presented By: Jennifer George
Agenda

- The Office of the Treasurer Auxiliary Accounting Function
- Facts About Auxiliary & Service Units
- Define Auxiliary & Service Accounts
- Setup, Reporting and Management Differences for Auxiliary & Service Accounts
- Primary Groups of Auxiliary & Service Units
- Monthly, Quarterly & Annual Requirements
- Website Information
The Office of the Treasurer Auxiliary Accounting Function

The Office of the Treasurer Auxiliary Accounting Function has 3 primary goals:

- Uphold the integrity of the general ledger by ensuring compliance with authoritative accounting standards and university policy.
- Provide consulting services and training to support effective and efficient accounting and business operations.
- Maintain and enhance university financial systems and reporting tools related to auxiliary accounts.
Facts About Auxiliary & Service Units at Indiana University

• The Auxiliary Enterprise (AE) fund group had approximately $950M in revenue in FY 2013. (This includes both auxiliary & service accounts.)

• There are approximately 100 reporting auxiliary & service units and approximately 125 non-reporting units.

• Examples of auxiliary and service units at Indiana University include: housing operations, parking operations, athletics, IMU, conferences, health center, physical plant, child care, Optometry Clinic.
Auxiliary & Service Accounts

- **Auxiliary Accounts**: Auxiliary accounts furnish goods or services to students, faculty, staff or the general public for a fee. An auxiliary account is managed as a self-supporting, regularly occurring activity operating with the intent to make a profit.

- **Service Accounts**: Service accounts furnish goods or services to other IU departments for a fee. The fee for service accounts is directly related and equal to the cost of the goods or services. Fundamentally, a service account is managed as a self-supporting activity that is to operate at breakeven.
How Do Auxiliary & Service Accounts Differ From Other Accounts?

• Setup Differences
  ➢ Organization structures typically include operating accounts (60-66 accounts), 92 account & 95 accounts.
  ➢ Movable and non-movable assets are recorded in one or more plant funds specific to the unit.

• Reporting & Management Differences
  ➢ All revenue & expense associated with the operation should be recorded in operating accounts.
  ➢ Service center accounts are required to submit rate proposals on an annual basis in compliance with OMB Uniform Guidance (formerly A-21).
  ➢ Auxiliary and service units are managed as self-supporting operations.
Two Primary Groups

- **Reporting Auxiliary and Service Units (RASC):** Any auxiliary or service unit earning more than $250,000 in revenue for 3 consecutive years or $500,000 in any given year is treated as a reporting unit.

- **Non-Reporting Auxiliary and Service Units:** Any auxiliary or service unit not meeting the revenue requirements of an RASC.
Reporting Unit Requirements

• Timely recording of financial transactions on an accrual basis.
• Timely recording of Auxiliary Vouchers at minimum on a quarterly basis, however, monthly entries are preferred.
• Completing a Quarterly Variance Analysis.
• Submitting detail backup for all balance sheet object code balances on an annual basis (See ASOP 16.0).
• Performing an annual physical inventory (units with goods for resale).
• Reconciling accounts on a monthly basis, as referenced in Policy I-1, Role of Fiscal Officer, Account Manager and Account Supervisor.
Non-Reporting Unit Requirements:

• Recording of Auxiliary Vouchers at minimum at year-end; however, more frequent entries are preferred (and may be required by the campus).

• Completing a Variance Analysis:
  ➢ Review the highlighted variances on the financial statements and determine the reason each variance occurred. These variances will be provided to you by Auxiliary Accounting in mid-August.
  ➢ Provide adequate explanations by the designated date to the auxiliary inbox at auxacct@iu.edu.

• Submitting detail backup for all balance sheet object code balances on an annual basis (See ASOP 16.0).

• Performing an annual physical inventory (units with goods for resale).

• Reconciling accounts on a monthly basis, as referenced in Policy I-1, Role of Fiscal Officer, Account Manager and Account Supervisor.
Website Information

OFFICE OF THE TREASURER

Mission

The Office of the Treasurer is focused on the management, investment, and financing of the University's balance sheet with the goal of delivering financial flexibility characterized by strong governance. We seek to:

- Manage the cash flows in and out of the university in the most efficient and secure environment.
- Invest and protect the university's financial assets to meet its liquidity needs while optimizing returns within appropriate risk parameters.
- Optimize financing structures for both long and short term capital needs with an emphasis on maintaining credit strength and a low cost of capital.
- Provide counsel, standardized processes and oversight to the management of the University's varied business models.
- Manage the University's risk within an environment characterized by a proactive approach toward safety, loss prevention and control, while striving for efficiency in our insurance coverage, claim processing and costs.
- Deliver the financial analysis tools and expertise to enable the implementation of the University's strategic plan.

My colleagues and I hope you will explore our site and provide any comments or questions regarding any of the material presented herein. You will find contact information on our Staff Page located under the General Information section.

With best regards,
MaryFrancois McCourt
Treasurer, Indiana University

www.treasurer.indiana.edu/index.html
Auxiliary Accounting → Regulations, Policies & Procedures → Auxiliary Standard Operating Procedures

http://treasurer.indiana.edu/auxacc/auxacc_sop.html

Auxiliary Standard Operating Procedures

- 1.0 Definition of Auxiliary & Service Center Accounts
- 2.0 Definition of a Reporting Auxiliary & Service Center
- 3.0 Accruing vs. Adjusting Entries—Auxiliary Voucher Use
- 4.0 Cash in Transit
- 5.0 Non-student Accounts Receivable
- 6.0 Allowance for Doubtful Accounts and Write-offs for Non-Student Accounts Receivable
- 7.0 Annual Reporting Requirements for Non-reporting Auxiliary Units
- 8.0 Accounts Payable
- 9.0 Automated Payroll Accruals
- 10.0 Inventory
- 11.0 Prior Year Balance Sheet Adjustments (4999)
- 12.0 Assessment of Interest Charges
- 13.0 Monthly Budgeting
- 14.0 Auxiliary Voucher Timeliness
- 15.0 Year End Closing Process
- 17.0 Quarterly Variance Analysis
- 18.0 Deferred Revenue
- 19.0 Deferral or Prepayment of Bursar (SIS) Student Charges
- 20.0 Prepaid Expenses
- 21.0 Recording Transactions between University Accounts
- 23.0 Internal Controls
- 33.0 Accrued Interest Expense on Long-term Debt
- 35.0 Closing an Indiana University Account
- 44.0 Balance Sheet Backup for Year-End
- 45.0 Bursar Accounts Receivable Small Balance Write-off
- 46.0 Accounting for Revenue Bonds
Calendar: The calendar contains critical dates to auxiliary and service units (i.e., AV cutoffs, variance analysis deadlines, balance sheet backup). In addition, there is a downloadable Outlook calendar import.

- Variance Analysis Documentation

- Balance Sheet Backup Information
Contact Information

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Questions