Object Code Realignment

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*Business & Financial Services*
WELCOME to BFS Mini Tune-ups

OBJECTIVE:
Online meetings to provide campus staff with a high-level perspective and information on both topics of interest and new/upcoming initiatives and policy updates.

PRINCIPLES:
• Sessions are conducted via Zoom and will last no longer than 30 minutes
• Participants will be muted during the session
• Chat questions can be submitted but priority will be given to questions submitted ahead of time at www.bfs.ucsb.edu/coaching
• The Mini Tune-up website will be updated with session details and information
Agenda

• What are object codes?
• Where are object codes used?
• Why are we making changes to our object codes?
• What is changing?
What Are Object Codes?

OBJECT CODES per the UC Accounting Manual A-115-2:

1. General Object Codes

This code is used for the natural classification of expenditures by object, i.e., it "identifies that which is received in return for the expenditures." It is therefore similar in purpose to the subaccount code; however, the object code provides a more detailed breakdown than the subaccount code. Also, while the subaccount code is used primarily in the preparation and control of budgets, the object code is used to accumulate expenditures for the annual financial report and for special studies of expenditures.

Every financial entry to expenditure accounts must have an object code.

Campuses may assign object codes for their use; however, campus codes must map to (i.e., be translated into) the codes specified in [the Accounting Manual] when transmitting data to the CFS.

In short, the object code is intended to generally categorize the good or service acquired. Often, in financial accounting systems this is would be the Account number.
Key Points to remember On Our Object Codes...

• Object codes classify expenditures at UCSB, and they organize them for system wide financial reporting.

• It is important to note that revenue accounts (they start with 2xxxxx) never have either subs or object codes. A revenue account chart string would look like this 8-2xxxxx-xxxxx.
Where Are Object Codes Used?

- Object codes are used on all expenditure transactions – accounts from 400000-899999.
- A chart string for an expenditure looks like this:

```
location account fund sub object code
```

```
8   44xxxx  19900  3   2902
```
Why Are We Making Changes to the Object Codes?

• UCOP is replacing decades old mainframe Corporate Financial Reporting (CFR) systems.
• The UC System is migrating to a new Common Chart of Accounts – the structure by which we classify financial transactions.
• The new modernized Chart of Accounts is more aligned to the standard accounting structure which uses Account numbers for classifications of Expenses as well as Revenue.
• As we move to more system wide applications we need to align ourselves with that chart of accounts.
• This project is intended to realign some of our object codes with the new UC accounting structure.
What is Changing?
UCSB’s current object code listing sections...

**Current Object Code Listing Sections:**
- Current UCSB Object Code Listing Sections
- 1000 - 1999 Salaries and Wages
- 2000 - 2999 Travel Expense Section
- 3000 - 3999 Freight, Indirect Cost, Recharges Section
- 4000 - 4999 Communication, Postage, Delivery Expenses Section
- 5000 - 5999 Rents, Utilities Expense Section
- 6000 - 6999 Printing, Reproduction
- 7000 - 7999 Services Expenditures Section (non-payroll)
- 8000 - 8199 Supplies, Materials
- 8200 - 8999 Retirement, Employee Benefits
- 9000 - 9999 Equipment, Other Inventorial Items (including freight on such items)

**New Object Code Listing Sections:**
- Salaries and Wages
- Employee Benefits
- Financial Aid and Scholarships
- Supplies & Memberships
- Equipment/Expenses to be Capitalized
- Services & Other Operating Expenses
  - Business, legal, and insurance services
  - Facilities construction, leasing, and maintenance services
  - IT and Communications Services
  - Travel & Transit
  - Entertainment and Gifts
  - Meetings, Training, and Conferences
  - Facilities & Administration Costs
  - Other Operating Expenses
- Utilities
- Recharge Sales & Services
  - Internal Recharge Debits
  - Internal Recharge Credits
Object codes within the sections are being simplified to get into alignment with the new expenditure structure throughout the UCs...

<table>
<thead>
<tr>
<th>Travel &amp; Transit</th>
<th>Records reimbursable travel expenses including meals, hotel, airfare, car rental, mileage, and ground transportation; and records fees for attending conferences or training activities. Valid subs - 3, 5, 7.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 Travel - California</td>
<td>For domestic reimbursable travel expenses including meals, hotel, airfare, car rental, mileage, and ground transportation within California</td>
</tr>
<tr>
<td>2015 Travel – Participant Support</td>
<td>Must conform to Participant Support rules—see object code 7215. Payments to or on behalf of participants or trainees (but not employees) in connection with sponsored conferences or training projects. Can include items such as stipends, or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees, but not employees. Normally excluded from IDC on C&amp;G</td>
</tr>
<tr>
<td>2900 Travel - Domestic Out of State</td>
<td>For domestic reimbursable travel expenses including meals, hotel, airfare, car rental, mileage, and ground transportation outside of California</td>
</tr>
<tr>
<td>2902 Travel - Foreign</td>
<td>Non-US travel</td>
</tr>
</tbody>
</table>

Some object codes will be located in new sections:

<table>
<thead>
<tr>
<th>Meetings, Training, and Conferences</th>
<th>Records fees for attending conferences or training activities; includes fees for symposia, workshops, societal meetings, retreats</th>
</tr>
</thead>
<tbody>
<tr>
<td>2100 Conference &amp; Registration Fees</td>
<td></td>
</tr>
</tbody>
</table>
Some object codes are being redefined, for example:

• Object code 7751 was Non-Cash Awards/Gifts-Unallowable charges to Federal awards; now it’s Employee Non-Cash Awards & Other Gifts (Policy G-41)-Unallowable charges to Federal awards

• Object Code 7213 was Outside Purchased Services; now it’s Consultants and Other Temporarily Contracted Staff
Rental object codes consider lease terms in order to comply with new accounting standards for governmental organizations, like Governmental Accounting Standards Board No. 87.

<table>
<thead>
<tr>
<th>Leases and rentals - building</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5050 Rental of Space-Off Campus Over 12 Months (charges excluded from overhead)</td>
<td>Rental/lease of space for facilities off-campus over 12 months with approved GASB 87 lease agreement. These types of leases establish a Right Of Use Asset (ROU).</td>
</tr>
<tr>
<td>5100 Rental of Space-Off Campus less than 12 Months (charges excluded from overhead)</td>
<td>Rental/lease of space for facilities off-campus less than 12 months. These are considered short-term leases per GASB 87.</td>
</tr>
<tr>
<td>5150 Occasional Off-Campus Rentals</td>
<td>Occasional off-campus rentals for classrooms, conference rooms, booths off site. Not to be used for University locations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leases and rentals - equipment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5300 Rental of Equipment- less than $5,000 per unit</td>
<td>Records leasing and rental fees paid on equipment from outside vendors.</td>
</tr>
</tbody>
</table>
Recharges on campus must be clearly identified and zero out

The new object code listing has a separate section for recharges, **which should add up to zero**:

Currently, recharges are “hidden” in every range of the object code listing:

**Recharge Sales & Services**

- **Internal Recharge Debits**
- **Internal Recharge Credits**

**Recharge Debit OCs:**
- 7280, 3905, 2016, 2300, 4110, 5000, 7150, etc.
- All roll up to UCOP OC **3905**

**Recharge Credit OCs:**
- 3900, 3910, 3920, 3940, 3982, etc.
- All roll up to UCOP OC **3900**

These will all be in the Internal Recharge section of the new object code listing!
Wrong:

<table>
<thead>
<tr>
<th>Sub</th>
<th>Object</th>
<th>Description of Transaction</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>7280</td>
<td>Charge your Dept</td>
<td>500.00</td>
</tr>
<tr>
<td>3</td>
<td>7213</td>
<td>Credit my Dept</td>
<td>500.00</td>
</tr>
</tbody>
</table>

Or

<table>
<thead>
<tr>
<th>Sub</th>
<th>Object</th>
<th>Description of Transaction</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>2100</td>
<td>Charge your Dept</td>
<td>500.00</td>
</tr>
<tr>
<td>9</td>
<td>3900</td>
<td>Credit my Dept</td>
<td>500.00</td>
</tr>
</tbody>
</table>

Right:

<table>
<thead>
<tr>
<th>Sub</th>
<th>Object</th>
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<td>500.00</td>
</tr>
</tbody>
</table>
Most User-Defined Object Codes will be inactivated, or defined for campus use

- Upon inactivation, user-defined object codes will not work on financial journals
- User-defined object codes will be removed from Gateway
- We will work with the Gateway team to update Vendor Blankets
- Avoid user-defined object codes now to prevent potential errors in the future

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8145</td>
<td>Carpentry - Inventory - User Defined</td>
</tr>
<tr>
<td>8146</td>
<td>Electrical - Inventory - User Defined</td>
</tr>
<tr>
<td>8148</td>
<td>Lockshop - Inventory - User Defined</td>
</tr>
<tr>
<td>8149</td>
<td>Paint - Inventory - User Defined</td>
</tr>
<tr>
<td>8150</td>
<td>Plumbing - Inventory - User Defined</td>
</tr>
<tr>
<td>8151</td>
<td>Food Services - Inventory - User Defined</td>
</tr>
<tr>
<td>8153</td>
<td>User Defined - Supplies</td>
</tr>
<tr>
<td>8154</td>
<td>Tools - Inventory - User Defined</td>
</tr>
<tr>
<td>8155</td>
<td>Screens - Inventory - User Defined</td>
</tr>
<tr>
<td>8156</td>
<td>Flooring Materials - User Defined</td>
</tr>
<tr>
<td>8157</td>
<td>Linen Supplies - User Defined</td>
</tr>
</tbody>
</table>
What’s next?

• We will be publishing the new object code listing at the end of February in several formats
  • A simple pdf object code listing in the new format
  • A pdf object code listing with the UCOP account roll ups in the new format
  • The searchable format on our B&FS website
  • An MS Excel version so that you can reformat for your departmental needs

• We will be publishing a listing of all object codes that are being inactivated at the end of February

• Please begin using the new updated object codes as soon as possible
Object Code Realignment Team Members & Contributors

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Questions?
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NEXT STEPS:

Visit the Mini Tune-ups website to:

• View our session blog updates
• Sign up for future sessions and submit questions
• Submit suggestions for future topics

www.bfs.ucsb.edu/coaching