



Agency Policies and Procedures

Issue Date: September 21, 1999

Policy Number: FMR-2C-01

Revised Date:

Page: 1 of 4

Chart of Accounts

Policy Objectives:

Agency policies and procedures for establishing and maintaining the chart of accounts are designed to provide a consistent reporting structure that serves the biennial budget, management needs, and legal accountability requirements.

Background Information:

These agency policies and procedures supplement the MAPS Operations Manual Policy and Procedures 0201-01 through 021101 *Funds, Organizations, Programmatic Structures, Activity Codes, Revenue Source Codes, Project Accounting, and Job Cost Accounting*.

The Financial Management and Reporting (FMR) Division is responsible for establishing and maintaining the agency chart of accounts.

Authority:

- **Minnesota Statutes**

- [M.S. § 16A.53 Bookkeeping Accounts](https://www.revisor.leg.state.mn.us/statutes/?id=16A.53) – This statute specifies the creation of a bookkeeping account when a law creates a fund. (<https://www.revisor.leg.state.mn.us/statutes/?id=16A.53>)

- [M.S. § 16A.1285 Departmental Earnings](https://www.revisor.leg.state.mn.us/statutes/?id=16A.1285) – This statute defines departmental earnings and requires a classification system that clearly defines and distinguishes categories and types of departmental earnings. (<https://www.revisor.leg.state.mn.us/statutes/?id=16A.1285>)

- **MAPS Operations Manual**

- [Policy and Procedure 0201-01](#) specifies the state's policies and procedures for establishing funds.

- [Policy and Procedure 0203-01](#) specifies the state's policies and procedures for establishing or changing an agency's organization structure.

- [Policy and Procedure 0204-01](#) specifies the state's policies and procedures for establishing or changing an agency's programmatic structure.

- [Policy and Procedure 0205-01](#) specifies the state's policies and procedures for establishing or changing an agency's activity code.

- [Policy and Procedure 0208-01](#) specifies the state's policies and procedures for establishing or changing an agency's revenue source code.

- [Policy and Procedure 0209-01](#) specifies the state's policies and procedures for establishing or changing an agency's project accounting.

- [Policy and Procedure 0210-01](#) specifies the state's policies and procedures for establishing or changing an agency's job cost accounting.

- [Policy and Procedure 0211-01](#) specifies the state's policies and procedures for establishing or changing an agency's reporting category.

Business Risks:

- Lack of a consistent accounting structure can lead to mis-management including undetected funding shortfalls, incorrect financial reporting to management and inefficiency.

Policies and Procedures:1. Funds

Funds are established as required by Minnesota statute. The following are funds used by Admin:

060	Master Lease	610	Misc. Agency
100	General	690	Gift
110	General Projects	820	Plant Management
130	MN Resources	840	ReComm
172	Oil Overcharge	870	DocuComm
173	911	890	Management Analysis
174	Building Code	910	Travel Management
181	Water Recreation	920	PrintComm
200	Misc. Special Revenue	930	Central Stores
270	Trunk Highway	940	Material Distribution – Coop Purchasing
300	Federal	941	Material Distribution – Surplus Property
410	Risk Management	970	Intertech
500	Building Construction - Bonded	980	MailComm

2. Organization

- A. Organization units serve several functions: to represent budget control points, to meet legal accountability requirements, or to provide management reporting needs for the agency.
- B. Adding an Organization:
 1. Determine that the proposed organization will function properly within the existing agency Reporting requirements.
 2. Determine at which of the twelve possible hierarchy levels the organization will be created and its relationships to other organizations.
 3. Determine the purpose of the organization in order to code appropriation, allotment, expense budget and revenue budget levels and control expenditures and the posting of revenue.
 4. Authorized FMR Division staff will evaluate the proposed organization and, if appropriate, add the organization by entering organization unit, organization name, organization level, appropriation level, allotment level, expense budget level, revenue budget level and reporting organizations.
- C. Changing or Deleting an Organization
Authorized FMR Division staff will sign the organization input information and submit it to the Department of Minnesota Management and Budget (MMB) for entry. The form will contain the same components as in adding an organization as described above. If the organization table entry for this organization is to be deleted, "Delete" will be written across the input information and a copy of the ORGN table screen print will be submitted to Minnesota Management and Budget.

3. Programmatic Structure

- A. Programmatic structure permits functional reporting and is used to report expenditure and revenue for the biennial budget.
- B. The following elements comprise the main components of a programmatic structure:
 1. The program code identifies the major divisions or bureaus within the agency and correlates with the organization structure at level 2.

2. The budget activity code represents the division directors at level 3 of the organization structure.
 3. The management activity code provides a further division of the budget activity by identifying the supervisory levels at level 4 through level 12.
 - C. The programmatic structure is established and changed by the financial management director in consultation with MMB.
4. Activity Codes
- A. Activity codes delineate tasks or activities for purposes of setting rates for the internal service funds, biennial budget, internal operation decisions and management reporting needs. These codes are used in labor distribution, purchasing and the advanced receivable module for cost allocation and time charging. Activity codes are optional; although the division manager can elect mandatory use.
 - B. These four digit codes are established or changed with the approval of the division manager. However, only MMB can delete the activity codes. No budget receipt or expenditure documents can currently use the code to be deleted.
 - C. Job, activity and project codes can be linked by corresponding digits to prevent entry errors.
5. Revenue Source Codes
- A. Revenue source codes are established in order to organize and record receipts in a logical manner for budgetary reasons, legal requirements and management reporting. For example, M.S. § 16A.1285 requires that departmental earnings set or adjust charges at a level that neither significantly over or under recovers the cost of providing the goods or service. In addition, it requires a classification that clearly defines and distinguishes categories and types of departmental earnings.
 - B. A current list of revenue source codes is found in the MAPS Operations Manual, reference 0101-07.
 - C. Adding or Changing a Revenue Source code:
 1. Review the list in the MAPS Operations Manual to determine if there is an established code for your purpose.
 2. If the existing codes are not adequate to meet your reporting needs, fill out Form FI-00535, *Revenue Source Codes* and forward it to MMB, Budget Operations Division for approval.
 - D. Deleting a Revenue Source code:
 1. Confirm that an existing revenue source code should be deleted. For example, the legal authority to collect a receipt has been repealed or sunsetted.
 2. Make deposit corrections to move all receipts out of the revenue source code to be deleted.
 3. Reduce all corresponding budgeted amounts to zero and deactivate the revenue budget.
 4. Fill out form FI-00535, *Revenue Source Codes* and forward it to MMB, Budget Operations Division for entry.
6. Project Accounting
- A. Project accounting provides a control and tracking mechanism for purposes of setting rates for the internal service funds, biennial budget, internal operation decisions and management reporting needs. It allows project-related activities to be treated as a separate component, separate from the organizational structure. Project accounting controls and tracks project budgets for the entire length of a project, even if greater than one year and independent of the accounting fiscal year. Project codes are optional; although the division manager can elect mandatory use.
 - B. This eight digit code is established or changed by the division manager or designee. The addition requests for the job/project type code in the job/project table should be sent to the Department of Minnesota Management and Budget, which centrally maintains the type codes.
 - C. Job, activity and project codes can be linked to prevent entry errors. For example, a division can set up job codes to automatically roll up to a specific project, so the project number does not need entry for transactions.

7. Job Cost Accounting

- A. Job cost accounting designates jobs for purposes of setting rates for the internal service funds, biennial budget, internal operation decisions and management reports needs. These codes are used in labor distribution, purchasing and the advanced receivable module for cost allocation and time charging. Job cost accounting codes are optional; although the division manager can elect mandatory use.
- B. This eight digit code is established or changed with the approval of the division manager. In the job/project table, the addition requests for the job/project type code in the job/project table should be sent to the Department of Minnesota Management and Budget, which centrally maintains the type codes.
- C. Job, activity and project codes can be linked by corresponding digits to prevent entry errors.

8. Reporting Category

- A. The reporting category is primarily used to reference federal aid budget lines found within grants. This four-character code can be used to separate the grant into agency-defined portions, namely administrative cost expenditures and grant expenditures. The reporting category can also be used to control spending activity for grants.
- B. The MAPS system requires that each grant have at least one reporting category. The number and description of grant reporting categories will be agency-defined.

Forms:

MMB Form:

[FI-00535, Revenue Source Codes](#)