

Chart of Accounts

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What is a Chart of Accounts?

- ▶ A **chart of accounts (COA)** is a created list of the [accounts](#) used by an organization to define each class of items for which money or the equivalent is spent or received.
- ▶ It is used to organize the finances of the entity and to segregate expenditures, revenue, assets and liabilities in order to give interested parties a better understanding of the financial health of the entity.

From Wikipedia

Why Do We Need a Chart of Accounts

- ▶ Management Control and Analysis
- ▶ Legally required
 - ▶ Segregate activity
 - ▶ Demonstrate budgetary compliance
 - ▶ Financial statement reporting

Who Cares and Why?

- ▶ Management
- ▶ Users of the Accounting System
- ▶ Financial Statement Users
- ▶ State and Federal Agencies
- ▶ Citizens
- ▶ Legislature

Where to Begin...is with the End in Mind

- ▶ Determine Who Needs What Information - Talk with the users of the data
- ▶ What Do We Need Now
 - ▶ What information do we need to continue to provide
 - ▶ How can we accomplish it
- ▶ What Might We Need in the Future
 - ▶ How can we provide more meaningful information
 - ▶ How can we make the information more useful

What Do We Need Now

- ▶ Provide Data Current Users are Consuming
- ▶ Ability to Produce Reports
 - ▶ CAFR/PAFR
 - ▶ Grant Reporting
 - ▶ Project Reporting
 - ▶ Special Reporting

What Might We Need in the Future

- ▶ How can we provide information to management that is more meaningful
- ▶ How can we minimize the amount of data manipulation performed by our users
- ▶ What is our plan for the future

Planning for a New COA

- ▶ How complex does the system need to be
 - ▶ Will the users be able to understand the COA
 - ▶ Use common terminology for organization
 - ▶ Balance managements need for information vs difficulty for employees to enter information

Planning for a New COA

- ▶ Develop guidelines for the use and understanding of the COA
- ▶ How will fund numbers be assigned
- ▶ Layout of the COA
 - ▶ How many processes are tied to the old COA
 - ▶ How will changing the COA impact those processes
 - ▶ How will you control access and use on the new COA

What Account Structure is Right for You?

- ▶ Fund
- ▶ Department
- ▶ Special Cost Center/Project
- ▶ Object
- ▶ Balance Sheet
 - ▶ Assets
 - ▶ Liabilities
 - ▶ Fund Balance

When to Change Your COA

- ▶ Are you out of funds or departments in your current COA
- ▶ Do you have gaps in your current COA
- ▶ Do you have any major projects looming
- ▶ Consult with your software provider
 - ▶ Timing
 - ▶ History
 - ▶ Other processes

Things to Consider When Changing your COA

▶ Cons

- ▶ Users might now view the change positively
- ▶ New definitions may result in more errors
- ▶ Lose buy-in for the project

▶ Pros

- ▶ Make data more meaningful
- ▶ Enhance reporting
- ▶ Add logic to the account structure.

Sources for Chart of Accounts

- ▶ GAAFR
- ▶ USAS
- ▶ UAN
- ▶ Consultants

Uniform Chart of Accounts

- ▶ Thoughts and discussion

Questions

