

## HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES

Chapter 6	Fiscal Policies and Procedures	Effective:	July 2000
Section 6.1	Accounting	Revised:	September 2008
<b>Policy 6.1.2</b>	<b>Definitions</b>	Responsibility:	Assistant Vice President for Business Affairs

## DEFINITIONS

---

### Accounting Terms

**ACCOUNT**: A six-digit number assigned to all entries in the financial records. This number classifies and identifies the transaction and provides a logical grouping of assets, liabilities, expenses and revenues. See the Accounting Office's web page, Account Numbers, at [http://www.uthscsa.edu/business/accounting/account\\_codes.xls](http://www.uthscsa.edu/business/accounting/account_codes.xls)

**ACCOUNTS PAYABLE**: Unpaid obligations of the institution at the end of the fiscal year that generally consist of the received portion of unpaid Purchase Orders.

**AGENCY CERTIFICATION**: The section of the [Local/State Voucher](#) requiring an individual with authorized signature designation to attest that the requested disbursement is justified and that statements and documents included with the voucher are correct.

**AUDIT**: The examination of documents, records, reports, internal control systems, accounting procedures, and other information to determine the propriety, legality, and accuracy of transactions.

**BALANCE FORWARD**: The balance of non-budgeted project ID's at the beginning of a fiscal year which is carried forward from the end of the previous fiscal year.

**BUDGET**: Funds allocated to cover expenditures for a specific period. Budget entries are only recorded on state funds, grant funds, service centers, and auxiliary funds.

**CASH RECEIPTS VOUCHER**: A document recording the receipt of a certain sum of money.

**CHARGE**: An expense or transfer of funds transaction reducing the free balance of a project ID.

**CREDIT**: A revenue or transfer of funds transaction increasing the free balance of a project ID.

**DEMAND ACCOUNT**: A bank account where a portion of the institution's local funds are held on deposit.

**HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES**

Chapter 6	Fiscal Policies and Procedures	Effective:	July 2000
Section 6.1	Accounting	Revised:	September 2008
<b>Policy 6.1.2</b>	<b>Definitions</b>	Responsibility:	Assistant Vice President for Business Affairs

---

**DEPARTMENT ID:** A five (5) digit alpha-numeric code to identify departments and/or divisions within the University's organizational structure.

**DISBURSEMENT:** A payment in cash.

**ENCUMBRANCE:** An obligation of a portion of the free balance of a project ID in reserve for a future expenditure. Encumbrances take the form of purchase orders, requisitions, work order contracts, and salary commitments.

**EQUIPMENT:** A tangible item (generally with a cost of \$5,000 or more) which is included as part of the institution's inventory of assets. Equipment items are tagged and recorded by the Property Control Office.

**EXPENDITURE:** A charge to a project ID for goods received or services rendered.

**FISCAL YEAR:** A 12-month period which defines the operating cycle of the institution and upon which the budget is based. The institution's fiscal year runs from September 1 through August 31 of the succeeding calendar year. At the end of this period the institution determines its financial position and the results of its operations.

**FREE BALANCE:** The unexpended and unencumbered balance of a project ID.

**FUND ACCOUNTING:** A method of recording assets, liabilities, revenues, and expenditures in distinct accounting fund groups which are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, and limitations, and generally with budgetary constraints.

**FUND GROUP:** A grouping of project ID's having a similar source of funding and a similar type of operation governed by the same set of regulations, restrictions, and other requirements. For details of various fund groups refer to [Section 6.1.3](#) of the *Handbook of Operating Procedures*, "Fund Groups".

**HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES**

Chapter 6	Fiscal Policies and Procedures	Effective:	July 2000
Section 6.1	Accounting	Revised:	September 2008
<b>Policy 6.1.2</b>	<b>Definitions</b>	Responsibility:	Assistant Vice President for Business Affairs

---

**GRANT:** An award of funds from an outside source for a specified period of time in order to carry out a specified project subject to grantor restrictions in addition to other institutional regulations. Grant awards do not generally coincide with the institution's fiscal year; they are based upon a timetable specified by the grantor.

**INCOME:** A credit to a project ID as a result of cash received by the institution.

**INTER-FUND TRANSFER:** Free balance amounts transferred from a project ID in one fund group to a project ID in another fund group.

**INTERNAL AUDIT:** An institutional audit performed by persons on the staff of the institution.

**INTERNAL CONTROL:** A system of policies and procedures established to provide management with reasonable, but not absolute assurance that assets are safeguarded from loss and that transactions are executed and properly recorded in accordance with management's authorization.

**INTRA-FUND TRANSFER:** Fund balance amounts transferred from one project ID to another within the same fund group.

**JOURNAL ENTRY (JE):** An accounting entry made to a project ID to record departmental distributions and corrections, examples include cash receipts, interdepartmental transfers, petty cash transactions and interest distributions.

**JOURNAL VOUCHER (JV):** An accounting entry made to adjust or correct any accounts payable (payment) voucher.

**PAYEE:** The entity/person receiving a payment.

**PETTY CASH:** A small cash fund held for incidental purchases and other emergency payments. The amount of the petty cash fund itself is limited to a specified ceiling and the amount of each disbursement from the fund is similarly limited to a specified ceiling.

**PRIOR APPROVAL FORM:** The form required for documenting the

## HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES

Chapter 6	Fiscal Policies and Procedures	Effective:	July 2000
Section 6.1	Accounting	Revised:	September 2008
<b>Policy 6.1.2</b>	<b>Definitions</b>	Responsibility:	Assistant Vice President for Business Affairs

---

prior approval of payments to consultants or persons other than employees performing services.

PROJECT ID: A six (6) digit numeric code indicating a unique segment of a fund group designated for a particular purpose and placed under the control of a particular cost or revenue center assigned to a specific fund group and/or department or section of a department/division.

PURCHASE ORDER: A contractual commitment to purchase an item from a particular vendor at a quoted price.

RE-APPROPRIATION: A budget amount carried forward to the current year's budget in order to fund prior year's outstanding encumbrances or an authorized carry forward of unexpended state appropriations from one fiscal year to the next fiscal year.

REIMBURSEMENT: A payment made to an individual for an authorized expense incurred by the individual on behalf of the institution.

STATE APPROPRIATIONS: Funds specifically appropriated by the State Legislature for use by the Health Science Center and held in the State Treasury.

STATE WARRANT: A check issued by the State Treasury that is drawn against the University's state appropriations. Payment of a [Local/State Voucher](#) from a state fund may result in a State Warrant being issued.

LOCAL/STATE VOUCHER: The form used to initiate and record payments from all Health Science Center funds. This document provides written authority to support the accounting transaction and meet state statutory requirements.