SESSION 5 Accounting Procedures

OVERVIEW

A. Institutional Financial Management Systems

B. Bookkeeping and Recordkeeping Activities

C. Accounting
   1. Fund Accounting

D. Internal Control: Checks and Balances
   1. Trial Balance
   2. Reconciliation of Cash
   3. Reconciliation of Federal Funds
   4. Other Checks and Balances

MAIN OBJECTIVES

◊ You will be able to understand effective control over and accountability for all funds received from the Department of Education Payment Management System (ED/PMS).

◊ You will have a clear understanding of how a school's business office and financial aid office work together.

◊ You will be able to identify how an accounting system should be designed to accommodate Title IV program funds.

◊ You will understand how to set up journal entries.

◊ You will be able to maintain adequate checks and balances within a system of internal controls.

REFERENCES

Detailed information on this topic can be found in:

◊ *The Blue Book*, Chapter 5 – Accounting Procedures for Title IV Programs

◊ *The Blue Book*, Appendix F – Basic Accounting for Non-Title-IV Specialists

Overview of Recordkeeping Activities in a Financial Aid Office

Please open *The Blue Book* to Section 5.2, page 143.

Notes:

Overview of Accounting Activities in a Business Office

Please open *The Blue Book* to Section 5.2, page 145.

Notes:

Chart of Accounts

Please open *The Blue Book* to Section 5.3.1.1, page 147.

Notes:

Summary Chart of Accounts

Includes:

- the general ledger indicator
- the debit accounts
- the credit accounts

Refer to Section 5.3.1.1, page 149.

Notes:

Summary Chart of Accounts

- ED/PMS Accounts
- National Finance Center (NFC) Accounts
- Federal Pell Grant Accounts
- Federal Supplemental Educational Opportunity Grant (FSEOG) Accounts
- Federal Work-Study (FWS) Accounts
- Federal Perkins Loan Accounts
- William D. Ford Federal Direct Loan (Direct Loan) Accounts
- Electronic Funds Transfer (EFT) of Federal Family Education Loan (FFEL) Funds from Lenders to the Institution

Notes:

ED/PMS Account
Sample Journal Entries

Please open to Appendix F, “Basic Accounting for Non-Title-IV Specialists,” pages F-6 and F-7.

Notes:

Internal Control: Checks and Balances

- Separating the functions of authorizing and disbursing Title IV program funds
- Taking a trial balance at least monthly (to determine whether the accounts are in balance)
- Reconciling cash (a reconciliation between in-house books and bank balances for cash)
- Reconciling federal funds (a reconciliation between bank accounts and federally reported balances for cash)

Notes:

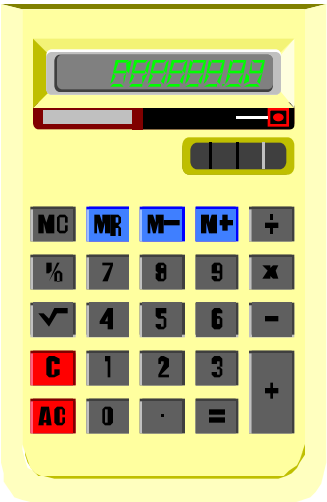
Trial Balance Confirms

Please open *The Blue Book* to pages 198 and 199 for an example of a trial balance worksheet.

Notes:

Reconciliation of Federal Funds

The form on page 201 of *The Blue Book* can be used for reconciling federal funds.



Notes:

Other Checks and Balances

Some important types are:

- input controls
- subsidiary records reconciliation
- a clear audit trail

Notes: