

# Department of Public Instruction

## Business Rules for Chart of Accounts Edits Independent Public Schools (IPS)

There is a standard Chart of Accounts (COA) that Independent Public Schools (IPS) are required to use. The IPS should always use valid purpose and object codes, **regardless of Fund**. There is a copy of the COA is located online:

<https://licsalweb.dpi.state.nc.us/licsal/salary/salarydocuments.asp>.

The format of the files is CSV.

Because the IPS do not consistently use valid account codes, we need the vendors to automate COA verifications for **all funds**. The following Business Rules apply when editing against the COA.

We will only validate the account down to the object (i.e., the first 16 digits):

Fund,	2 digits,
Purpose,	5 digits,
PRC,	4 digits, and
Object,	5 digits.

1. Only values allowed for first digit of Fund are 1-9.
  - Fund 1X = State Public School Funds from Dept of Public Instruction (DPI)
  - Fund 2X = Local Current Expense Fund
  - Fund 3X = Federal grant Fund from DPI
  - Fund 4X = Capital Outlay
  - Fund 5X = Multiple Enterprise Funds, includes Child Nutrition
  - Fund 6X = Trust and Agency Funds
  - Fund 7X = Reserved for LEA or IPS local use
  - Fund 8X = Other Specific Revenue Fund
  - Fund 9X = Capital Assets
2. If the first digit of purpose code is a 3 or 4, then it is a revenue code. If the fund is 3X (Federal), with purpose code beginning 3 or 4, then the PRC cannot be 0000. If the fund is 1X (State), the revenue codes are not required to have associated PRCs and object codes. However, if a PRC is used for Fund 1X and 3X, then the PRC should be validated against the list of PRCs. The only Revenue codes allowed are the ones published in the COA. Vendors should validate all five digits with the following exceptions:
  - ✓ If purpose codes 31010-32499, then validate on the first two digits of purpose code only (make digits three to five = 000), except for purpose code 32110.

- ✓ If purpose codes 32500-32599, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 34000-34599, then validate on the first two digits of purpose code only (make digits three to five = 000)
  - ✓ If purpose codes 34600-34699 then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 35900-35999, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 36000-37999, then validate on the first two digits of purpose code only (make digits three to five = 000).
  - ✓ If purpose codes 38000-38099, then validate on the first two digits of purpose code only (make digits three to five = 000).
  - ✓ If purpose codes 38500-38599, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 41100-41499, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 42100-42199, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 44100-44599, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 44700-44999, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 48200-48699, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 48800-48999, then validate on the first three digits of purpose code only (make digits four and five = 00).
  - ✓ If purpose codes 49100-49199, then validate on the first three digits of purpose code only (make digits four and five = 00).
3. For Funds 1X-8X, if the first digit of purpose code is a 5-9, then it is an expenditure code. Vendors should validate purpose code as follows:
- If purpose codes 50000-99999, then validate on the first three digits of purpose only (overlay digits four and five with 00), with the following exceptions:
- Purpose codes 81000 or 82000 validate on the entire purpose.
  - Purpose code 81XX0/object 0472 validate on the first two digits of purpose (overlay digits 3-5 with 000)
  - If purpose Code 90000, these are capital outlay projects and digits two through five represent project numbers. (overlays digits 2-5 with 0000)
4. **Expenditures must have valid PRC and object codes.** PRC codes = 0000 and Object codes = 00000 **are not allowed in any Fund.** IPS should not be using Fund 8X. Fund 9X is excluded from this rule.

5. Validate PRCs for Funds 1X and 3X. PRCs are unique for Funds 1X and 3X. If the PRC is valid for Fund 1X, it will not be valid for Fund 3X and vice versa. Please note: If an IPS uses the same PRC number in more than one local fund, then the expenditures will be summarized into one line item in Company 2000 on DPI's General Ledger. Sometimes this causes confusion when trying to reconcile expenditures between the IPS's General Ledger and DPI's General Ledger.
6. Validate Funds 1X and 3X against the COA. The only exception is IPS can use the last digit of purpose code as explained in #2 and #3 above.
7. For expenditures in Funds other than 1X and 3X, verify Purpose and Object codes used are valid per the Purpose Code list and the Object Code list. Note the Purpose Code exceptions in #2 and #3 above.
8. State Textbook should be captured in Fund 1X:
  - Revenue = 32110,
  - PRC = 0130, and
  - Expenditure Object = 04120Note: Object 04120 is not allowed in any other fund except Fund 1X (State).
  - Purpose Code = 51100
9. If Purpose Code = 31000, use in Fund 1X only
10. Purpose Code = 36000, use in Fund 3X only
11. If Object = 07XX0, Purpose code must be = 8XXX0
12. Local Fund 2X PRC 0035 should mirror the Fund 5X PRC 0035.

### **Some other COA Rules:**

For information purposes, Vendors do not necessarily need to edit:

1. If purpose is 82000 and object is 03990, then use for budgeting only. **This account cannot be used for expenditures.**
2. For Funds transferred to IPS, use account 81XX0-XXXX-07170, where 0XXX is appropriate PRC.