

# Department of Public Instruction

## Business Rules for Chart of Accounts Edits Charter Schools

There is a standard Chart of Accounts (COA) that Charter Schools are required to use. The Charter Schools 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 Charter Schools 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 11 digits):

Fund,	1 digit,
Purpose,	4 digits,
PRC,	3 digits, and
Object,	3 digits.

1. Only values allowed for Fund are 1-9.
  - Fund 1 = State Public School Funds from Dept of Public Instruction (DPI)
  - Fund 2 = Local Current Expense Fund
  - Fund 3 = Federal grant Fund from DPI
  - Fund 4 = Capital Outlay
  - Fund 5 = Multiple Enterprise Funds, includes Child Nutrition
  - Fund 6 = Trust and Agency Funds
  - Fund 7 = Reserved for LEA or Charter School local use
  - Fund 8 = Other Specific Revenue Fund
  - Fund 9 = 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 3 (Federal), with purpose code 3 or 4, then the PRC cannot be 000. If the fund is 1 (State), the revenue codes are not required to have associated PRCs and object codes. However, if a PRC is used for Fund 1 and 3, 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 four digits with the following exceptions:
  - ✓ If purpose 3101-3249, then validate on the first two digits of purpose only (make digits three and four = 00), except for purpose code 3211.
  - ✓ If purpose 3250-3259, then validate on the first three digits of purpose only (make digit four = 0).

- ✓ If purpose 3400-3459, then validate on the first two digits of purpose only (make digits three and four = 00)
  - ✓ If purpose 3460-3469, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 3590-3599, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose code 3600-3799, then validate on the first two digits of purpose code only (make digits three and four =00).
  - ✓ If purpose 3800-3809, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 3850-3859, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4110-4149, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4210-4219, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4410-4459, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4470-4499, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4820-4869, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4880-4899, then validate on the first three digits of purpose only (make digit four = 0).
  - ✓ If purpose 4910-4919, then validate on the first three digits of purpose only (make digit four = 0).
3. For Funds 1-8, 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 5000-9999, then validate on the first three digits of purpose only (overlay digit four with 0), with the following exceptions:
- Purpose codes 8100 or 8200 validate on the entire purpose.
  - Purpose code 81xx/object 472 validate on the first two digits of purpose (overlay digits 3-4 with 00)
  - If Purpose Code 9000, these are capital outlay projects and digits two through four represent project numbers. (overlays digits 3-4 with 000)
4. **Expenditures must have valid PRC and object codes.** PRC and Object codes = 000 **are not allowed in any Fund.** Charter Schools should not be using Fund 8. Fund 9 is excluded from this rule.
5. Validate PRCs for Funds 1 and 3. PRCs are unique for Funds 1 and 3. If the PRC is valid for Fund 1, it will not be valid for Fund 3 and vice versa. Please note: If a

Charter School 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 Charter School's General Ledger and DPI's General Ledger.

6. Validate Funds 1 and 3 against the COA. The only exception is Charter Schools can use the last digit of purpose code as explained in #2 and #3 above.
7. For expenditures in Funds other than 1 and 3, 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 1:
  - Revenue = 3211,
  - PRC = 130, and
  - Expenditure Object = 412Note: Object 412 is not allowed in any other fund except Fund 1 (State).
  - Purpose Code = 5110
9. If Purpose Code = 3100, use in Fund 1 only
10. Purpose Code = 3600, use in Fund 3 only
11. If Object = 7XX, Purpose code must be = 8XXX
12. Local Fund 2 PRC 035 should mirror the Fund 5 PRC 035.

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

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

1. If purpose is 8200 and object is 399, then use for budgeting only. **This account cannot be used for expenditures.**
2. For Funds transferred to Charter Schools, use account 81XX-XXX-717, where XXX is appropriate PRC.