

Financial Record Keeping for RSOs

Why Keep Records?

You have to! RSOs are required to under SGA and CSD policies.

It's a good idea!

Even though the university keeps track of your financial transactions and issues monthly account statements, keeping your own records make sense. Having your own records will help you:

- Keep track of your account balance when you don't have access to the university system;
- Keep track of how your funds have been used in ways that the university system cannot (for example, by event)
- Compare your records with university records to catch errors that have been made in either;
- Learn important life skills that will be invaluable in managing your personal finances

What Records Do I Need to Keep?

Most RSOs will be fine with the following, which can be kept in a 3-ring binder and taken with you when conducting RSO business:

1. A journal – a page or pages with columns where you record your transactions as they occur and keep a running account balance. You will need a journal page for each account that you have.
2. Copies of source documents (purchase requests, deposit slips, invoices or receipts, etc.)
3. Copies of your monthly university account statements, which provide both summary and detailed reports of your financial activity.

How to Set Up a Journal

A journal begins with a page divided into rows and columns, where each row represents a transaction such as a deposit or expense, and the columns describe details of the transaction such as the dollar amount. A simple journal should have the following columns:

Date	Description	Ref #	Revenue	Expenditures	Running Balance
1-Jul	Beginning Balance (BFB)				100.00
8-Sep	Dues Deposit		125.00		225.00
9-Sep	Office key - Physical Plant			12.00	213.00

In the above example, note that

1. The first entry for the year is your starting balance (beg. fund balance).
2. The Reference # could be a check number, invoice number, etc. Together with the date, it is useful when trying to verify a particular transaction in your journal.

3. Deposits (revenues) and expenses could be recorded in one column, but then you would have to indicate +’s or –’s to tell the difference. It’s easier to see that amounts in the deposit column are added to your previous account balance, and amounts in the expense column are subtracted, to get your new balance.
4. The shaded columns are used to check off those items which have shown up in your university statement (cleared) —vital for reconciling your records.
5. For some entries like the dues deposit, you should maintain a separate record of additional details such as whose dues were received for this deposit.

All in all, this simple journal is like the check register for a bank account. Unfortunately, it’s not quite that easy!

Adding Encumbrances

In University accounting, encumbrances are funds set aside for future expenses. In a large public institution, there are many controls in place to prevent funds from being overspent or used inappropriately. For purchase contracts (purchase orders) to off-campus vendors or most payroll contracts, the system requires that funds be available in advance and set aside for those purposes. When you request a purchase order, funds are encumbered (literally “tied up”) in your account and subtracted from your available balance. When the bill is eventually paid, the funds are disencumbered – freed up and added back to your balance.

You can handle this in your journal by adding an extra column to track encumbrances. As with expenses, amounts in the encumbrance column are subtracted from your balance. You can consider these future expenses, because at this time the contractor has not yet been paid. In the following example, the last line reflects a purchase order opened for an event to take place the following month:

Date	Description	Ref #	Revenue	Expenditures	P.O. or Encumbrances	Running Balance
1-Jul	Beginning Balance (BFB)					100.00
8-Sep	Dues Deposit		125.00			225.00
9-Sep	Office key - Physical Plant			12.00		213.00
15-Sep	DJ Contract for a dance	PO #10062997			50.00	163.00

How do I record when a payment has actually been paid? Basically, you will record the actual expense in the Expense column, and make a negative entry in the P.O. column to reflect that you no longer need to have funds encumbered for this purpose. Purchases with encumbrances will always have at least 3 transactions to record: encumbering the funds (opening a purchase order), paying the bill, and disencumbering the funds (closing the purchase order). A person in your group with SR will initiate the first step, and the others will usually happen automatically. However, to keep you journal in sync with your university account, you will need to record all three. For the DJ contract introduced above, here is how you could record the actual payment:

Date	Description	Ref #	Revenue	Expenditures	P.O. or Encumbrances	Running Balance
1-Jul	Beginning Balance (BFB)					100.00
8-Sep	Dues Deposit		125.00			225.00
9-Sep	Office key - Physical Plant			12.00		213.00
15-Sep	DJ Contract for a dance	PO #10062997			50.00	163.00
12-Oct	DJ Contract paid	Ck # 12587		50.00		113.00
12-Oct	DJ P.O. closed	PO #10062997			(50.00)	163.00

Notice in the last row that we can disencumber funds or close a P.O. by recording a negative number in the P.O. column. As with Expenses, you calculate your balance by subtracting the contents in the P.O. column; mathematically, subtracting a negative number is the same as adding it to back your balance. Also note that the total of each column in your journal means something: your total revenues to date, total expenses to date, and total funds encumbered for future expenses. In the P.O. column in the above example, with our one purchase order now closed, the total is zero-- no funds are encumbered.

What if the purchase didn't go as planned? Here are some variations and how to record them.

- The DJ shows up late for the dance; you and your advisor agree to let him perform for \$25 instead of \$50.

Date	Description	Ref #	Revenue	Expenditures	P.O. or Encumbrances	Running Balance
15-Sep	DJ Contract for a dance	PO #10062997			50.00	163.00
12-Oct	DJ Contract paid	Ck # 12587		25.00		138.00
12-Oct	DJ P.O. closed	PO #10062997			(50.00)	188.00

The entire P.O. is disencumbered, not just the amount of the payment.

- The DJ never shows up at all. You ask your account specialist in CSD to close (cancel) the P.O.

Date	Description	Ref #	Revenue	Expenditures	P.O. or Encumbrances	Running Balance
15-Sep	DJ Contract for a dance	PO #10062997			50.00	163.00
12-Oct	DJ P.O. closed	PO #10062997			(50.00)	213.00

Standing (or Blanket) Purchase Orders (P.O.s)

Standing P.O.s are set up when you plan to make many small purchases from a vendor, and you don't want to set up a separate P.O. each time. When an invoice is sent in and paid for one of your purchases, you don't close the entire P.O.—instead, the university system will disencumber only amount of the P.O. used for that purchase. Here's how you would record a standing P.O. for office supplies and two purchases against the P.O.:

Date (m/dd)	Description	Ref #	Revenue In / (out)	Expenditures # Expense/(credit) #	Encumbrances Open / (Close) #	Running Balance
15-Oct	WB Mason standing order	#10063521			100.00	88.00
22-Oct	WB Mason misc	#10063521		12.95	(12.95)	88.00
4-Nov	WB Mason-- calculator	#10063521		29.95	(29.95)	88.00

To save space, you can use the same journal line to record both the expense and the disencumberance. Note that the total of the three P.O. entries is the balance of the purchase order still encumbered for future

purchases (for standing P.O.s with many entries, you may want to keep track of the P.O. balance on a separate page in your records). Also notice that your account balance doesn't change with each entry—the entire \$100 was deducted from your available balance when the P.O. was created, and with each purchase some of the deduction is moved from the “future expense” category to the “actual expense” category in your records.

Reconciling Your Journal

If you ask in the CSD for your account balance and compare that number with your journal balance, most of the time you will find that they are different. Usually this is because the university records are lagging behind your records, and entries that you have made have not yet been reflected. Also, the university may have processed an entry which you forgot to record, or may have charged your account in error with another group's expense. The only way to ensure that both sets of records are accurate and to be able to account for the differences is to reconcile your journal monthly to the university account statement. Here are the steps:

1. Take the detail page from your monthly statement (which shows each transaction from the previous month) and check each entry off against your journal record. If you see a transaction that you forgot to record, record it in your journal now.
2. Add up the uncleared amounts in each column of your journal
3. Take the ending balance from your university statement and adjust it by the uncleared amounts in your journal:

Add the uncleared total from the Deposits column

Subtract the uncleared totals from the Expense and Encumbrance columns

4. The adjusted amount should equal your ending journal balance.

Getting help reconciling your account

If you have trouble understanding your university account statements or reconciling your journal, see CSD Customer Service in the Resource Room, 314 Student Union, or call them at 5-3600 to make an appointment with one of the CSD business staff. The university account statements are not always easy to interpret for those not familiar with them, and staff can double check your journal entries to make sure you are doing them correctly. However, once you have reconciled your account a few times with some help, you will find it is not hard!

Keeping your Journal in an Excel Spreadsheet

The last page of this document is a journal page that can be printed and used if you want to keep your records by hand. However, we think you will find it easier to keep your journal in an Excel spreadsheet. Spreadsheets can store formulas to update balances easily and accurately, and can make the monthly reconciliation process much faster. They also make it easier to subdivide your journal so you can set up budgets and track expenses for separate categories such as events.

The examples shown in the preceding sections are modified from an Excel template designed for RSOs and available for downloading from the CSD website. The sample shown below shows the top and bottom of the Excel template to illustrate some of the differences from the hand-entered version:

RSO:		General Journal			DeptID: A71xxx000		
Sample		Enter data in yellow shaded area			Fund: 21540 - Revenue		
#	Uncleared transaction	#	Cleared transaction				
Date (m/dd)	Description	Obj code	Ref #	Revenue or Budget In / (out)	Expenditures Expense/(credit)	P.O. or Encumbrances Open / (Close)	Running Balance
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
	Click to add row			0.00	0.00	0.00	0.00
(a)	Total sheet balance			0.00	0.00	0.00	0.00

Reconciling journal to monthly statement:

(b)	Total uncleared transactions :	0.00	0.00	0.00	
(c)	Book balance excluding the uncleared transactions (a)-(b) :	0.00	0.00	0.00	0.00
(d)	Month end balance from the University acct statement:				0.00
	Difference between this book and the Univ. balance (c)-(d):	0.00	0.00	0.00	0.00

Last reconciled on:

Special Features of the Excel Journal Page

Generally, the differences in the Excel version from hand-entered version shown in the preceding sections are as follows:

1. Zero's show in the balance column because these are formulas entered there to calculate the balance. The display number will change when you enter amounts in the other columns.
2. There is a gray uncleared/cleared column for each of the deposit, expense, and encumbrance columns. When you first make an entry in one of these three columns, we assume that the entry has not yet cleared through your university account, and the gray cell to the right of your entry automatically stores the value

of your entry. A # sign appears which indicates there is a number stored there but is not displayed because the column width is too narrow. These gray columns total up all the uncleared entries to make reconciling to the university account statement easy.

3. When you see a transaction on your monthly account statement, mark the entry as cleared.

To mark an entry as uncleared (happens automatically when you first record it):

- a. Select the cell in the gray column immediately to the right of your entry;
- b. Click on one of the # buttons at the top of the columns. A # character will show up in the selected cell.

Clicking the # button stores a copy of your transaction entry from the adjacent cell to the left. The gray columns are keeping track of all your uncleared items. *(In Excel, a # symbol shows up when the number stored in a cell is too large to be displayed; since the width of the gray column is very narrow, only the # symbol shows up to indicate that an uncleared amount is stored there).*

To mark an entry as cleared (when you see it on your account statement):

- a) Select the (#-marked) cell immediately to the right of the cleared entry to be cleared;
- b) Click on one of the buttons. This will erase the number stored in the gray cell.

4. Reconciling your journal is much easier

In the yellow areas at the bottom of the spreadsheet, simply enter the totals from the Budget, Year-to-date Expense, and Encumbrance columns from the summary sheet of your monthly account statement. The last row will immediately tell you if your journal and statement reconcile.

Using Formulas (to enter several transactions in one cell)

You can combine multiple transactions in one row to keep related entries together and save space in your journal. Sometimes you will want to enter several transactions in the same cell. For example, let's take the transactions shown above where a DJ contract was issued for \$50, but we only paid him \$25. Before, you needed to record 3 separate lines (to show the P.O. being encumbered, the expense being charged, and the P.O. being disencumbered):

15-Sep	DJ Contract for a dance	PO #10062997			50.00		163.00
12-Oct	DJ Contract paid	Ck # 12587		25.00			138.00
12-Oct	DJ P.O. closed	PO #10062997			(50.00)		188.00

Because the first transaction happened earlier than the others, you would likely have other entries recorded between these rows. With the Excel spreadsheet, you would make the first entry as shown above, but this time marking the transaction as uncleared:

15-Sep	DJ Contract for a dance	PO #10062997			50.00	#	163.00
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If in your next account statement you see that the P.O. has shown up in your account, you would mark the entry as cleared:

15-Sep	DJ Contract for a dance	PO #10062997			50.00		163.00
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The following month, you see in your statement that the check for \$25 was issued and the P.O. closed. In the spreadsheet, you would go back to the original record and record the \$25 in the expense column. In the P.O. column, you need to enter the -\$50 disencumbrance along with the original +\$50 encumbrance. You want the cell to contain a formula of both transactions: 50-50.

By making the cell a formula, Excel will display the sum of the two numbers (in this case zero, which reflects that the P.O. has been closed). The final result will look like this, all in one row:

15-Sep	DJ Contract for a dance	PO #10062997	25.00	0.00	188.00
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In Excel, a = symbol at the beginning of an entry indicates a formula, and the cell will display the calculated result of the formula rather than the individual numbers entered. In the P.O. column above, the cell displays zero, but the actual content of the cell is =50-50. To edit the original cell which contained "50", press F2 (the edit key), move to the beginning of the entry and type an = sign, then move to the end of the entry and type the -50, and then hit enter.

Here's another example, this time of the earlier illustration of a W.B. Mason standing order with two purchases. This time there are multiple expenses as well as multiple P.O. entries in the same row, and the spreadsheet displays the total expense to-date and the current P.O. balance:

Date (m/dd)	Description	Ref #	Revenue In / (out)	Expenditures # Expense/(credit) #	Encumbrances Open / (Close) #	Running Balance
15-Oct	WB Mason standing order	#10063521		42.90	57.10	113.00

The entry typed in the Expense cell is actually: =12.95+29.95

The entry typed in the Encumbrance cell is actually: =100-12.95-29.95.

One disadvantage of combining all these related entries in one row is that you cannot indicate dates or reference numbers for each individual transaction. However, you can often find this information elsewhere in your records or account statements if needed.

Using the Excel Journal as a Budgeting Tool

Since in Excel you can easily change or erase entries and mark entries as uncleared, you can use your journal to record estimated or future expenses, all the while staying reconciled to your university account. For example, you can go ahead and record the estimated revenues and expenses for an event before it happens to see the impact on your budget, and plan your group's activities accordingly. Later, you can go back and change the entries to reflect the reality when the transactions actually are carried out.

You will also find listed below a more complex template which subdivides your journal page into several worksheets or categories, so you can budget and track your transactions separately for different events or activities, but still reconcile your account as a whole just as easily. This is very useful for reporting out to others, whether members of your own group or outside funding sources, the revenue and expenses for a single activity.

Getting Started

There are three different journal templates available for downloading at the Center for Student Development website at www.umass.edu/csd/ under **Student Organizations** then RSO Resources and Forms. Look for:

1. RSO Bookkeeping Journal – Basic Template (a template like the one illustrated above, with sheets for two accounts such as a revenue and fee account).
2. RSO Bookkeeping Journal – Advanced Template with Categories (designed for only one account, with multiple pages to track different activities separately).
3. AGENCY JOURNAL payroll (similar to the “by Category” template but includes pages to track complex student payrolls. *(Temporarily not available)*)

Download a file and begin recording your group’s transactions. It will help to have your first account statement of the year (July) so you will know your beginning balance (revenue account) or SGA budget (fee accounts) for your initial entries.

When you need help, particularly with reconciling your journal with the university account statement at the end of the month, contact Customer Service in the Resource Room, 314 Student Union, 545-3600. They will set up an appointment for you with one of the Center for Student Development business staff.

The following page can be printed out if you want to keep your journal by hand.

Revised 9/12/06

RSO Journal

Year:

Organization:

Dept ID:

Funct:

Running Balance = Previous row's balance + Column 1 - Column 2 - Column 3

Date (m/dd)	Description	Obj code	Ref #	+			-			Running Balance
				[1] Revenue or Budget In/(out)	[2] Expenditures Expenses	[3] P.O. or Encumbrances Open/(Close)	[1]	[2]	[3]	
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3										
4										
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