



## Chart of Accounts (“COA”) Update: VU Function Code – FAQ’s

*Last Updated: 7/8/2024*

### What is the new expense COA requirement?

Beginning July 1, 2024 (FY25) all employee costing, journal entries, expense reports and requisitions will require the use of a VU\_Function code within the COA String. The VU\_Function code will replace the existing Future 1 Field and will be **mandatory for all expense accounts along with any capital asset additions** (accounts 1720/1740/1750).

### What will the new COA string look like?

Example COA String: 440.05.44000.6740.000.000.000.VUI.0

### What code should I use?

For all expenses and capital requisitions, you will need to include one of the following VU\_Function codes available for use based on the purpose of the purchase.

Code	VU_Function	Description
RES	Research	Related to <b>performing research</b> activities. This would include sponsored research and university funded research activities.
INS	Instruction	Related to <b>teaching and course administration</b> , course and curriculum development, academic advising and development, supplies needed to teach a course, etc.
ACA	Academic Support	<b>Administrative activities that support</b> the university's instruction, research, and public service activities, including academic deans, administration, libraries, grant managers, etc.
STU	Student Services	Activities that <b>support students outside of the classroom</b> , including Dean of Students, Offices of Admissions and Registrar, student organizations, intramural athletics, counseling and career guidance, student aid administration, and student health services.
PUB	Public Service	<b>Non-instructional community service programs</b> beneficial to individuals and groups <b>external</b> to the university.
VUI	Institutional Support	<b>Administrative (“back office”) activities</b> , including Office of the Chancellor, Finance, Office of Investment, OGC, VUPD, DAR, etc.
AUX	Auxiliaries	Areas that <b>provide goods or services</b> to students, staff, faculty, and the general public that is meant to act as a <b>self-sufficient</b> entity, including dining services, parking services, etc.



## Which accounts will this update affect?

The new function code effective for FY25 (7/1/2024) will **only be required for expense accounts** (GL accounts 5xxx through 8xxx) **and capital requisitions**. Depreciation is driven by capital requisitions in accounts 1720, 1740 and 1750, as such these will also require the code to be provided as part of the requisition.

## What is a functional expense?

Functional expense is a method of grouping expenses according to the purpose for which the costs are incurred. It tells **why** an expense was incurred rather than what was purchased.

- For example - lab supplies were purchased by a requisitioner in a research lab. This expense would be recorded in the natural account of Supplies Expense – Lab (account 6105). This represents **what** was purchased.
- However, the lab supplies were purchased to support a research project. The purpose behind the expense or the **why** is to aid in the performance of research funded by the institution and this would include the VU\_Function code of RES for research.
- Ex. COA string for this scenario would be 125.05.12520.6105.000.000.000.**RES.0**

## Why is the COA string being updated?

The VU\_Function chart of accounts update is designed to improve the financial reporting process and will ensure compliance with external reporting requirements by enhancing the accuracy and efficiency of financial data in Oracle. Vanderbilt is required to ensure that reporting on research expenditures is complete and accurate. By updating the ERP system to have the VU\_Function codes, we are reporting on supported data from our general ledger. More accurate reporting on the Higher Education Research and Development Survey (HERD) survey will strengthen the visibility and impact of research at Vanderbilt.

## Why was my transaction auto rejected in Oracle?

A VU\_Function code is required when charging an expense account or a capital account (1720, 1740 and 1750). If a transaction is submitted with the default 0 in the VU\_Function field, it will be automatically rejected.

## What code should be used for intercompany transactions (ICTs)?

The same function code should be used on both sides of the intercompany transaction. For internally allocated expenses, the department incurring the expense should provide the appropriate function code as part of their COA string to the ICT provider based on the department's purpose of the expense. If a project number is provided instead of a COA string, the associated POET for the project will include a default function code that was determined upon set up of the project. If a function code is not provided by the department incurring the expense, the default code for the ICT provider will be used.



### **What code should be used for purchasing office supplies?**

If the office supplies will be used for general purposes in your area (not directly related to research or instruction), the VU\_Function Code “ACA” should be used. These general supplies are to support the various activities within an academic unit, therefore ACA is the most appropriate code.

### **When should the Auxiliaries (AUX) code be used?**

The AUX code is relevant for areas that provide goods or services to students, staff, faculty, and the general public that are meant to act as a self-sufficient entity. This would include activity in VU’s entities of dining, parking services, real estate, etc. The AUX code SHOULD NOT be used in an academic area.

### **What about faculty funds?**

Upon set up of a faculty fund, a default function code must be assigned at the individual task level. For example, task 1 may be assigned RES while task 2 may be assigned INS under one faculty fund. Tasks are utilized differently across the university, therefore there is no standardization at the organization level. Function codes at the task level are at the discretion of each department.

### **Does the payroll clearing COA need to be updated with functional expense?**

The COA string used when costing labor to projects has been updated and must be entered as 380.05.38600.5140.000.000.000.VU1.0. Just like program and activity for projects, the true VU\_Function value will be derived in the PPM subledger based on project and task setup. Please do not make adjustments to the clearing account and always use this value when costing labor to a project in the future.

### **Do I have to budget by function code?**

No, at this time, budgeting is not required at the VU\_Function level.

### **Do I need to include a function code when setting up employee costing?**

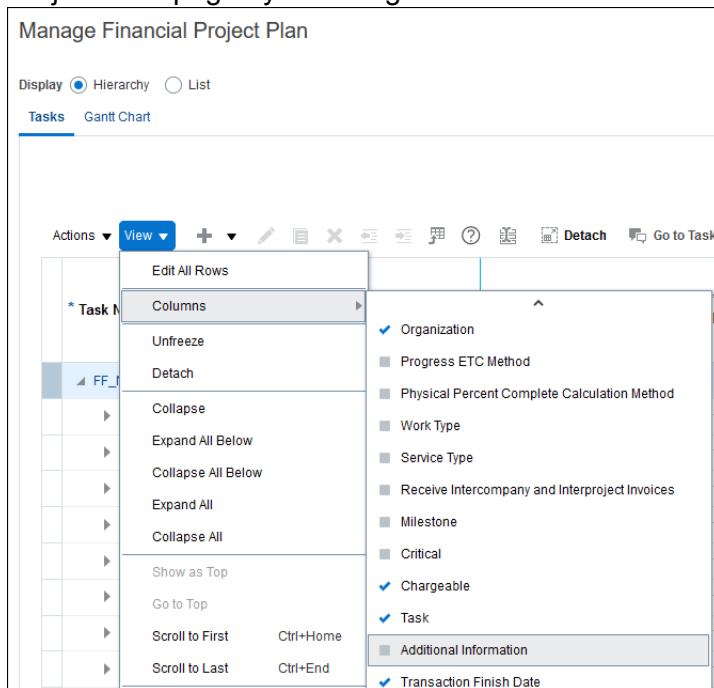
Yes. When charging a COA for an employee, a function code must be included. If an employee splits their time between functions, their costing will need to be allocated between the separate functions. For example, a staff member spends 50% of their time working on tasks related to Student Services (STU) and 50% of their time on tasks related to Academic Support (ACA). This staff member would be costed with the following COAs:


125.05.12500.5120.000.000.000.STU.0  
125.05.12500.5120.000.000.000.ACA.0

If a project number is provided instead of a COA string, the associated POET for the project will include a default function code that was determined upon set up of the project. This will drive the employee costing.

## How do I update the project task VU\_Function mapping?

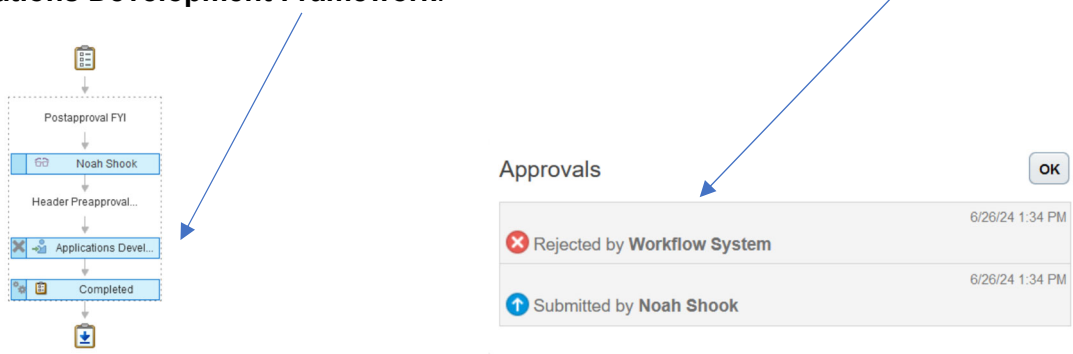
1. Navigate to Projects > Project Financial Management then search for the project to update and choose to **Manage Financial Project Plan**.
2. If not already visible, add the **Additional Information** column to the Manage Financial Project Plan page by selecting View > Columns > Additional Information.



Select the form icon (  ) to bring up the Additional Information settings and then select the appropriate VU\_Function value. This will stay after saving this page.

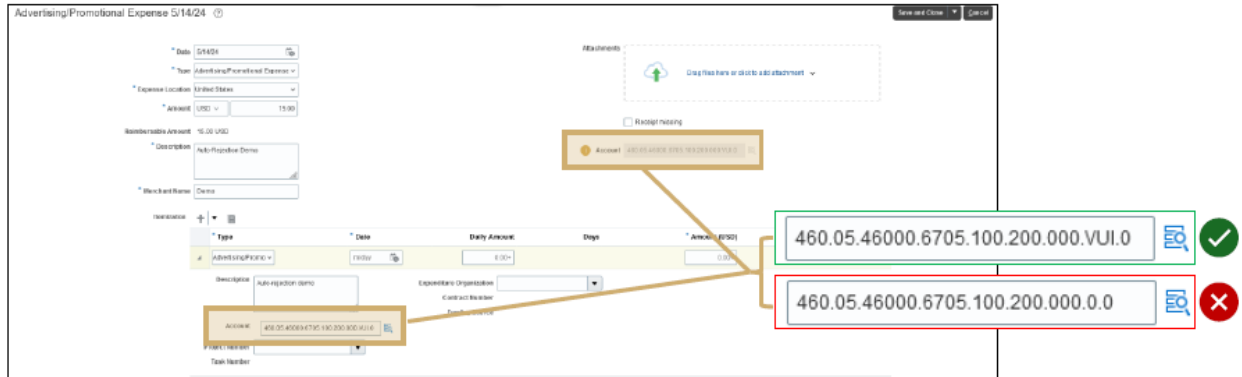
## How can I tell if my journal entry has been auto rejected?

The rejection notification and email notification will show rejection from **Workflow System** or **Applications Development Framework**:



## How can I avoid auto-rejection of my expense report?

Ensure both COA fields use a value rather than 0 to avoid auto-rejection

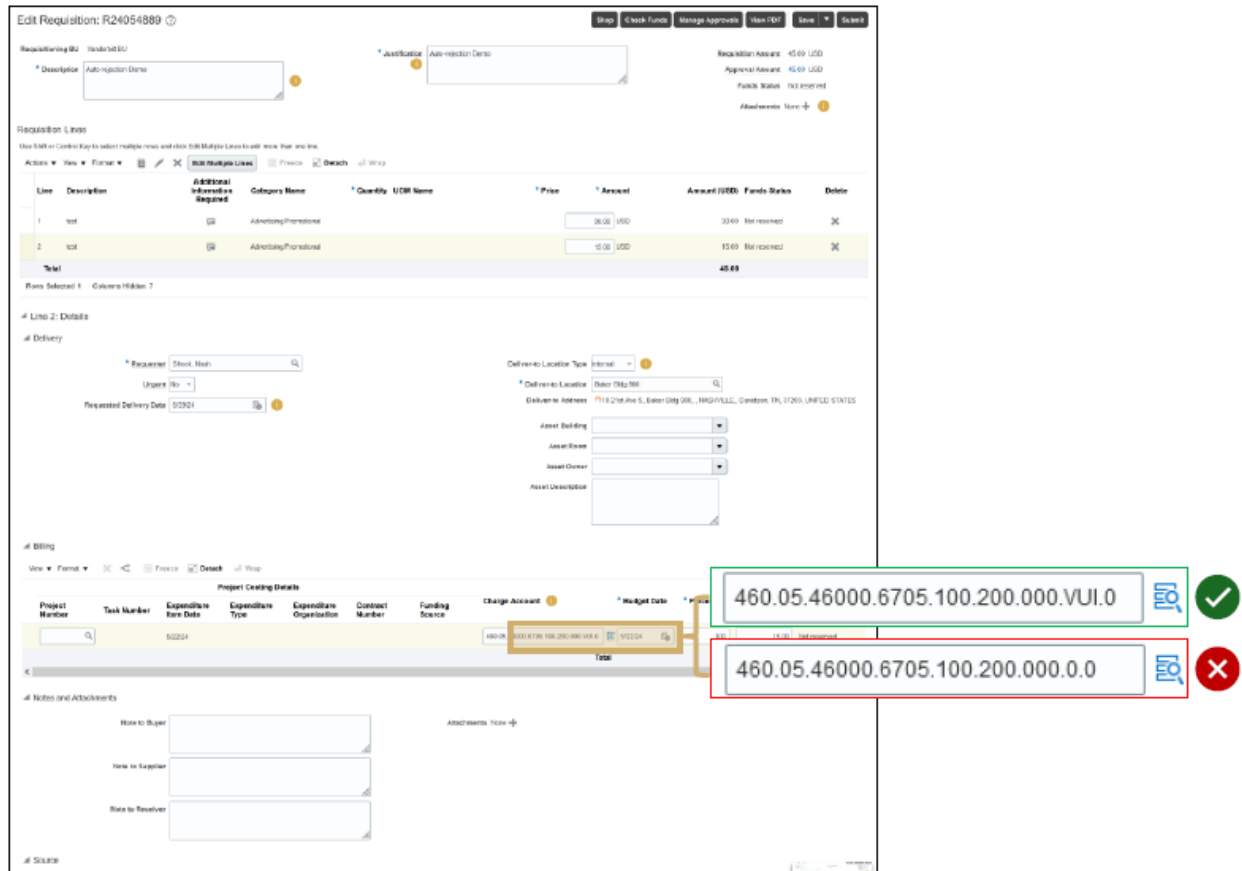


The screenshot shows an expense report form for 'Advertising/Promotional Expense 5/14/24'. It includes fields for Date, Type, Expense Location, Amount, and Description. A table below shows the expense lines with columns for Type, Date, Daily Amount, Days, and Amount (USD). Two callouts point to the 'Amount (USD)' field in the table:

- A green callout box contains the value: 460.05.46000.6705.100.200.000.VUI.0 (marked with a green checkmark).
- A red callout box contains the value: 460.05.46000.6705.100.200.000.0.0 (marked with a red X).

## How can I avoid auto-rejection of my purchasing requisition?

Ensure COA field uses a value other than 0 to avoid auto rejection



The screenshot shows a purchasing requisition form for 'Edit Requisition: R24054989'. It includes fields for Description, Justification, Requisition Amount, and Approval Amount. A table below shows the requisition lines with columns for Line, Description, Additional Information Required, Category Name, Quantity, UOB Name, Price, Amount, Funds Status, and Delete. Two callouts point to the 'Amount' field in the table:

- A green callout box contains the value: 460.05.46000.6705.100.200.000.VUI.0 (marked with a green checkmark).
- A red callout box contains the value: 460.05.46000.6705.100.200.000.0.0 (marked with a red X).



### **Where can I find more information on the update?**

For more detailed information, the following videos are available for your reference:

[Function Code for Requisitions & Expense Reports](#)  
[Functional Expense Code Training](#)

Please visit the Financial Reporting and Accounting website at:

<https://finance.vanderbilt.edu/accounting/>

In addition, you can reach the reporting team at the following email address:

[financialreporting@vanderbilt.edu](mailto:financialreporting@vanderbilt.edu)