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 1**X** = State Public School Funds from Dept of Public Instruction (DPI)
   - Fund 2**X** = Local Current Expense Fund
   - Fund 3**X** = Federal grant Fund from DPI
   - Fund 4**X** = Capital Outlay
   - Fund 5**X** = Multiple Enterprise Funds, includes Child Nutrition
   - Fund 6**X** = Trust and Agency Funds
   - Fund 7**X** = Reserved for LEA or IPS local use
   - Fund 8**X** = Other Specific Revenue Fund
   - Fund 9**X** = 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**X** (Federal), with purpose code beginning 3 or 4, then the PRC cannot be 0000. If the fund is 1**X** (State), the revenue codes are <u>not</u> required to have associated PRCs and object codes. However, if a PRC is used for Fund 1**X** and 3**X**, 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 3101**0**-3249**9**, 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 3250**0**-3259**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 3400**0**-3459**9**, then validate on the first two digits of purpose code only (make digits three to five = 000)
- ✓ If purpose codes 3460**0**-3469**9** then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 3590**0**-3599**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 3600**0**-3799**9**, then validate on the first two digits of purpose code only (make digits three to five = 000).
- ✓ If purpose codes 3800**0**-3809**9**, then validate on the first two digits of purpose code only (make digits three to five = 000).
- ✓ If purpose codes 3850**0**-3859**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4110**0**-4149**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4210**0**-4219**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4410**0**-4459**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4470**0**-4499**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4820**0**-4869**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4880**0**-4899**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).
- ✓ If purpose codes 4910**0**-4919**9**, then validate on the first three digits of purpose code only (make digits four and five = 00).

3. For Funds 1**X**-8**X**, 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 5000**0**-9999**9**, then validate on the first three digits of purpose only (overlay digits four and five with 00), with the following exceptions:

   - ➢ Purpose codes 8100**0** or 8200**0** validate on the entire purpose.
   - ➢ Purpose code 81XX0/object **0**472 validate on the first two digits of purpose (overlay digits 3-5 with 000)
   - ➢ If purpose Code 9000**0**, 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 = 3211**0**,
    - PRC = 0130, and
    - Expenditure Object = **0**412**0**

      Note: Object **0**412**0** is not allowed in any other fund except Fund 1X (State).
    - Purpose Code = 5110**0**

9. If Purpose Code = 3100**0**, use in Fund 1X only

10. Purpose Code = 3600**0**, use in Fund 3X only

11. If Object = **0**7XX**0**, Purpose code must be = 8XXX**0**

12. Local Fund 2X PRC **0**035 should mirror the Fund 5X PRC **0**035.

Some other COA Rules:

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

1. If purpose is 8200**0** and object is **0**399**0**, then use for budgeting only. **This account cannot be used for expenditures.**

2. For Funds transferred to IPS, use account 81XX**0**-XXXX-0717**0**, where 0XXX is appropriate PRC.