

Workday Chart of Accounts (COA)

Definitions

The purpose of this document is to provide guidance as units collaborate with the Workday Financial Data Model (FDM) team on the design of COA segment values (fka – FDM components or segments). There are multiple segments of the COA as discussed below.

This document is not intended to provide information about:

- Security and roles
- Reporting
- How the Workday financial system functions

I. Workday COA High Level Overview

The COA can be complicated with many possibilities to slice, dice, and segregate financial information in order to help users of financial information track and understand specific costs and revenues. At a minimum, every financial transaction must contain appropriate COA segments to answer the following four questions:

- Who is responsible for financial oversight of the transaction? (which unit or person)
- How is it funded? (gift, grant, unrestricted funds, etc.)
- What did we do with the money? (travel, employee salary, utilities, etc.)
- Why did we perform the transaction? (conduct research, educate students, serve the community, etc.)

Below are the questions and the COA segments used to answer these questions.

Who?

- Cost Center – The unit responsible
- Assignee – A specific responsible person / faculty member

How?

- Gift – Donor gift – endowment or current use
- Grant – Specific sponsor-funded arrangement
- Yale Designated – Funding that is not subject to external restrictions (by agreement with sponsor or donor contribution); may be internally allocated or designated (fka “Internal”)
- Fund – High level source of funds for external financial reporting (Operating or non-operating, restricted or unrestricted funds) – Derived from one of the three items above.

What?

- Spend Category
- Revenue Category
- Ledger Account
- Pay Component

Why?

- Program – Mission-based programmatic activity
- Project – Individual time-limited activity

Not all of the above segments are required for every transaction. However, when utilizing one of the above segments it must be utilized consistently across the University with its intended purpose. In other words, a Cost Center or Project will not be created to track the balance of a donor gift, and Program will not be created to show who is responsible.

COA Segment	Purpose	Required or Optional
Company	Used for external financial and tax reporting For most people, always = Yale and defaults	Required
Grant	Captures sponsored activity	Required – generally only one from this group
Gift	Tracks donor gifts – endowment or current use	
Yale Designated [fka “Internal”]	Funding that is not subject to external restrictions (by agreement with sponsor or donor contribution); may be internally allocated or designated (discretionary, reserves, startup, internally designated funding arrangement, etc.)	
Cost Center	Identifies financial responsibility and management for officially acknowledged business units (departments, sections, etc.). For both local and University-level management reporting.	Required
Program	Identifies ongoing functional activities at the level of detail required to regularly answer questions and provide reports to Deans, Chairs and Directors. For local and University-level management reporting and for external reporting.	Required
Project	Accumulates costs related to an activity that is more limited in scope than Program and meets local reporting needs below the Dean/Chair/Director level; often an activity with a known end date	Required
Assignee	Allows tracking by individual – for identifying and reporting on financial activity and balances for which the individual is responsible (e.g., Faculty/Dean/Director reporting).	Optional
Fund	High level source of funds for external financial reporting. Expected to default from other segments.	Required
Location	Captures transaction detail for University plant/buildings only.	Optional
Spend Category	Provides a more granular view of the expenses incurred for transaction analysis. Goal is to have default for Pcard and SciQuest.	Required - all expense transactions
Revenue Category	Provides a more granular view of the revenue earned for transaction analysis.	Required – all revenue transactions
Pay Component	Provides a more granular view for earnings or deductions for payroll transactions.	Required – payroll transactions
Ledger Account	General ledger accounting and financial reporting. Defaults based on Spend Category, Revenue Category or Pay Component.	Required

Debt Line	For bond & other debt compliance and funding	Optional – Central only
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II. Definitions

Cost Center: The Cost Center segment is required on every financial transaction in Workday.

Definition - Cost Centers represent financial responsibility and management. Cost Centers represent officially acknowledged business units (departments, sections, etc.) where a single individual (“Cost Center Manager”) has responsibility for revenue, expenses, and the financial results of the unit. Every Cost Center is part of a hierarchy that rolls up to higher levels of oversight (e.g., Schools, departments) and eventually to University Target Units for budget planning purposes.

Characteristics of a Cost Center

- Stability – Cost Centers are ongoing concerns with no planned end date. They should remain consistent enough to enable historical trend analysis and facilitate long range planning.
- Multiple activity types – Cost Centers tend to have one or more of the following: multiple Programs, Projects, or Assignees; salaries and operating expenses; multiple funding sources.
- Financial Significance – a Cost Center should have financial significance that makes it easy to “get it right the first time” and carries an expectation of financial management including robust explanation of any variances and authority to operate within the budgetary limit set for the Cost Center.

The following requirements are associated with Cost Center:

- Each Cost Center will have a single individual responsible for budgetary oversight.
- Each Cost Center will have a fiscal year budget.
- Every financial transaction will be assigned to a Cost Center.

Supervisory Organizations (to whom a person reports) and the Academic Structure (where a person’s academic appointment resides) in Workday HCM are related but separate structures. Cost Center identifies the unit responsible for the cost of the employee, which may be different than to whom the employee reports or where the employee’s academic appointment resides.

Program: The Program segment is required for every financial transaction in Workday.

Definition – Programs represent mission-based programmatic activities. It describes the institutional purpose or goal for receiving and spending University funds. At the highest level Programs define University-wide purposes such as Instruction, Research, Patient Care, etc. Units may also create Programs that define unit-based purposes or goals that will roll up to the University-level categories, such as separating field experiences from classroom instruction, both of which roll up to the Instruction mission, or a specific clinical program that rolls-up to Patient Care. Programs should be defined at the level of detail required to regularly answer questions and provide reports to Deans / Chairs / Directors.

Characteristics of a Program

- Flexibility – Programs allow units to capture financial activity associated with their ongoing programmatic activities.

- Flexibility – Programs should not have a one-to-one match with one Cost Center and be used by only one Cost Center. The need for a Program should reflect the need to capture similar programmatic activities across multiple Cost Centers or to identify multiple programmatic activities within one Cost Center.
- Consistency - Programs can be activities that occur across the University or in multiple areas (such as departmental administration or research), but they can also represent activities that are specific to and expected to have use in a single unit. An ongoing program would be expected to use the same workday Program year-over-year.
- Fiscal Responsibility – There is not a University requirement that every Program have a single responsible individual. Units may assign financial responsibility for a Program to an individual.
- Budgets – There is not a requirement that every Program have an approved budget. Units may set budgets for programs.
- Financial Significance – a Program should have financial significance that makes it easy to get it right the first time and important to capture information at this level for the relevant Dean / Chair / Director.

The following requirements are associated with Program:

- Stable Hierarchy – Every Program will roll-up to a higher level institutional programmatic category that will be used for management and external reporting.
- These institutional categories will not change over time.
- These assignments will not change year to year.

Project: The Project segment is required for every financial transaction in Workday.

Definition – Some Projects will accumulate costs related to an activity with an end date (e.g. capital projects, software implementations, specific exhibitions, individual student groups); others will not have a known end date but will track a specific activity over the life of that activity. While in most cases, it is expected that a project will have an inherent end date due to its more limited scope than a program (i.e., it is not at such a magnitude that it will be an enduring activity of the University), Project can be used to provide the units the flexibility to have the detail they need for local reporting needs below the Dean /Chair / Director level. Projects do not roll up to Programs in a hierarchy, but individual Projects may be related to a specific Program.

Characteristics of Project

- Activity-based – Project merely tracks the cost of a specific, detailed activity. It is not a source of funds, nor does it describe the purpose of the activity.
- Budgets – Projects may have budgets that tend span many months or years (not required).
- Flexible time periods – The end dates of Projects, where applicable, may not coincide with the end of the fiscal year.

Spend Category: A Spend Category will be required on most financial transactions where Yale is receiving a product or service.

Definition – Spend Category represents a level of significance for transaction analysis and is used to provide a more granular view of the expenses incurred by the Company or unit than what is provided by Ledger Account. Spend categories drive the accounting that connects the asset, item, or service to the appropriate Ledger Account. When using a Spend Category, a Ledger Account will automatically be derived by configuring the account posting rule set.

Characteristics of a Spend Category

- Usability – Spend Categories allow units to perform in-depth analysis of Ledger Account activity without requiring manual transaction-by-transaction analysis.
- Clarity and Consistency – Spend Category will have definitions geared towards clarity of purpose and consistency of usage across the University.

The following requirements are associated with Spend Category:

- Information / data is needed for transaction analysis, but not for a standalone line item in external financial reporting, University-level financial reporting or Target Unit-level budgeting.
- Financial Significance – Generally a minimum of \$100,000 activity at the total University level

Revenue Category: A Revenue Category will be required on most financial transactions where Yale is providing a product or service.

Definition – Revenue Category represents a level of significant for transaction analysis and is used to provide a more granular view of the revenues received and services/products provided by the Company or unit than what is provided by Ledger Account. Revenue categories drive the accounting that connects the receivable, item, or service to the appropriate Ledger Account. When using a Revenue Category, a Ledger Account will automatically be derived by configuring the account posting rule set.

Characteristics of a Revenue Category

- Usability – Revenue Categories allow units to perform in-depth analysis of Ledger Account activity without requiring manual transaction-by-transaction analysis.
- Clarity and Consistency – Revenue Category will have definitions geared towards clarity of purpose and consistency of usage across the University.

The following requirements are associated with Revenue Category:

- Information / data is needed for transaction analysis, but not for a standalone line item in external financial reporting, University-level financial reporting or Target Unit-level budgeting.
- Financial Significance – Generally a minimum of \$100,000 activity at the total University level

Pay Component: A Pay Component will be required on all payroll earnings and deduction transactions.

Definition – Pay Component represents the most detailed level of earnings (such as base salary or bonus) or deductions (such as federal withholding taxes or medical) that applies to a worker's gross-to-net pay calculation or tax liability. Pay Components provide a more granular view of compensation plans and a more granular view of the payroll costs incurred by the Company or unit than what is provided by Ledger Account. When a Pay Component is used in the payroll module of Workday, a Ledger Account will automatically be derived by configuring the account posting rule set.

Ledger Account: A Ledger Account is required in every accounting journal.

Definition – Ledger Account provides budget and actual accounting information for the general ledger. These are the natural accounts that make up the financial statements in Workday. Ledger Account represents a level of significance for budgeting and performing budget/actual analysis. Every Ledger Account is part of a hierarchy that rolls up to the

University's Summary Statement of Activities (currently this format is found in YBT reporting).

Characteristics of a Ledger Account

- Stability – Ledger Accounts should not change year over year unless mandated by external financial reporting requirements (GAAP, US Tax) or Yale Corporation reporting.
- Not always selected - Needs to be selected when posting a journal entry and will be derived when creating an operational transaction (e.g., Supplier Invoice).
- Financial Significance – Generally a minimum of \$500,000 activity at the total University level

The following requirements are associated with Ledger Account:

- Ledger Account is necessary when a data point is needed for budgeting or financial reporting.
- If item requires a distinct line for external financial reporting or for the Standard Statement of Activities used for management and Yale Corporation reporting, create/use a distinct Ledger Account.
- Where data points are needed for analysis, these can be housed in other objects such as spend category, revenue category, expense item, pay component, etc.

Relationship between Ledger Account and Revenue/Spend Categories (and Pay Components):

- In the majority of transactions, the person performing transaction data entry and/or approval will see the Spend Category and not the Ledger Account.
- Because Ledger Account is not assigned until the transaction is complete, business process workflow can be based on Spend Category and cannot be based on Ledger Account.
- When the transaction is complete, both Ledger Account and Spend Category are visible and reportable.

Fund: The Fund segment is required on every financial transaction in Workday.

Definition – Funds represent a high-level source of funds for fund accounting and net asset classification. The purpose of Fund (together with Company) is to facilitate external reporting. Every Fund is part of a hierarchy that rolls up to higher levels of funding sources for fund accounting purposes (Unrestricted, Temporarily Restricted, Permanently Restricted) and financial reporting (operating and non-operating).

Characteristics of a Fund

- Financial Reporting Significance – Funds are of a level of significance that is driven by external financial reporting requirements.
- Stability – Funds represent ongoing sources of funds with no planned end date.
- Balancing – Funds must remain in balance; the workday system will automatically do this, creating a due to/due from between each of the Funds.

The following requirements are associated with Fund:

- Every financial transaction will be assigned to a Fund
- Workday expects Yale to have no more than 20-30 in total.

- Funds are expected to default, which means that users do not need to make a choice regarding Fund.

Gift: Gift, Grant and Yale Designated (fka “Internal”) are a group of segments that represent detailed “funding component”; generally only one is required on financial transactions in Workday.

Definition – Gifts are used to track individual gifts to the University for endowment and non-endowment items. This segment will replace endowments, current-use gifts (sometimes known as spendable gifts), and “special” donations.

Characteristics of a Gift

- Donors – All Gifts are created by one or more contributions from donors. A gift can be made up of multiple contributions from one or more donors.
- Purpose – Each Gift is associated with one or more purposes, which may either be donor-directed or University-directed.

The following requirements are associated with Gift:

- Gift is expected to default other Related Worktags

Grant: Gift, Grant and Yale Designated (fka “Internal”) are a group of segments that represent detailed “funding component”; generally only one is required on financial transactions in Workday.

Definition – Grants are used to track sponsored funding arrangements (also known as grants and contracts in the Oracle environment). They capture sponsored activity at its most detailed level.

Characteristics of a Grant

- Sponsors – All Grants correspond to one and only one award (i.e., a Notice of Award from a sponsor).
- Budgets – All Grants will have approved budgets.
- Fiscal Responsibility – Each Grant will have a named Primary Investigator (PI).

The following requirements are associated with Grant:

- For every notice of award, Workday will record an Award “header”. This header is the umbrella that contains terms and condition information that relates to the entire award.
- Each Workday Award will have one or more Grants (sometimes referenced as “award lines”). The Grant is the segment that an individual selects when they process a financial transaction. The Grant always brings along the related Award header (enabling reporting by Grant or by Award).
- A Workday Award can have multiple Grants (“award lines”) due to the following business circumstances:
 - multiple PIs
 - cost sharing
 - multiple charging instructions (e.g., involving and requiring financial management by more than one Cost Center or Program)
 - multiple installments
- Grant is expected to default other Related Worktags.

Yale Designated (fka “Internal”): Gift, Grant and Yale Designated (fka “Internal”) are a group of segments that represent detailed “funding component”; generally only one is required on financial transactions in Workday.

Definition – Yale Designated represents funding that is not subject to external restrictions associated with donor contributions (Gift) or agency/sponsor agreements (Grant). It represents funding that may be internally allocated or designated. This segment will replace all GENAP awards, many current use and reserve awards that are part of the Oracle source group of SPPRO today, and may also replace Oracle Projects or Tasks that are currently used to capture various types of internal funding arrangements, discretionary accounts, startup accounts and reserves.

The following requirements are associated with Yale Designated:

- Yale Designated is expected to default one or more other Related Worktags.

Company: The Company segment is required on every financial transaction in Workday

Definition – The purpose of Company (together with Fund) is to facilitate external reporting. Companies, while used across Workday applications, are the primary organization type used by Workday Financial Management, usually equating to a single tax ID.

Characteristics of a Company

- Stability – Companies are ongoing concerns with no planned end date.
- Consistency – For most users, the Company will be Yale University and it will default on transactions.

The following requirements are associated with Company:

- A company will be created for each entity that requires its own EIN on payroll forms (W-2, 1099, 1042) and/or each entity with requirements to produce standalone external financial statements and/or tax Form 990.
- Companies may be created to aggregate multiple entities that use Yale's general ledger (needing Cost Centers) but do not belong to the standalone companies defined herein.

Location: The Location segment is optional on financial transactions in Workday

Definition – The purpose of Location in Workday Financials is to enable tracking of business assets (building, land, fixed equipment, moveable equipment) and to perform financial accounting and reporting for the University's physical plant (land and buildings – formerly building org accounting). Location is also used in HCM to identify the location (Business Site/building and Workspace/room) of a particular person or position.

Location is a hierarchy for campus, building, and room/office/workspace.

Characteristics of a Location

- Facilities – Locations in Workday mirror the buildings and rooms found in the University's facility systems.
- Fiscal Responsibility – Each building Location will have one or more Cost Centers that is responsible for supporting the fiscal activity.

The following requirements are associated with Location:

- A Location exists in Workday for any building/room where Yale employees sit/work, Yale houses moveable equipment or Yale has capital assets.

Assignee: The Assignee segment is optional on financial transactions in Workday Definition – Assignee is a segment that is designed to allow identification and reporting of financial activity/ information by individual (for which the individual is responsible). It is intended to meet the business requirements for Faculty/Dean/Director (person-based) reporting. Assignee will show who is responsible for the balances or funding allotments. Assignee can be used in conjunction with a Yale Designated value, a Gift value, or a Grant value. The Assignee can then be used to tie different sources of funding, controlled by a single person, together in a common report.

Characteristics of an Assignee

- Flexible – Assignee will be used in connection with the other COA segments in order to indicate the person responsible/receiving funding and the type of funding.

The following requirements are associated with Assignee:

- Based on the current business requirements, Assignee is intended to typically mean faculty members but may include other types of employees such as:
 - Postdocs or Graduate Students
 - Directors with budgetary or financial management responsibilities (e.g., Associate University Librarians, Directors in Athletics, AYA or ITS, etc.)
 - Staff that are provided with travel allotments, etc.
- A role defined by central Finance (e.g., Dean, Director, Department Chair, Section Chief, Provost) and broadly used

Business office staff with a portfolio of accounts to manage should plan to run reports by the COA segments (ex: Cost Center, Program). Business office staff are not expected to be Assignees.

Debt Line: The Debt Line segment is optional on financial transactions in Workday Definition – Debt Line is a segment that is designed to track on certain transactions the specific tax-exempt bond series and/or other debt compliance and funding. It is expected that only central process owners will need to use/select this segment for specific non-distributed transaction types.