OneFinance

Understanding budget codes

Summary

LSE's financial management system changes on 01 August 2019 with the launch of OneFinance, delivered in partnership with **TechnologyOne**. OneFinance will introduce a completely new accounting structure for LSE (also known as the "Chart of Accounts") and mean:

- No previous budget codes[1] or expense codes are valid

- Code components are separated by a dot, not a dash

- 'Nominal' codes replace "expense" codes and although remaining five digits long, will change

- There are two main ledgers to which costs can be charged: the general ledger and the project ledger

- There are more components in the account code string – five components for the general ledger and six components for the project ledger, for example 10.0.1000.1015.34403 (General Ledger) and 100005.R.101.1001.1076.33001 (Project Ledger)

- The larger number of components allow more filtering and reporting options and mean fewer budget codes are required overall

- A budget code default will populate for each member of staff using OneFinance, determining transaction approval workflow

- There are approval pools where more than one person may have access to approve a transaction

[1] Also known at LSE as cost centres and account codes

The general ledger hierarchy and approvals

A general ledger tracks all of an organisation's accounts and transactions and serves as the foundation for its accounting system.

In OneFinance, academic units will have two core cost centres sitting on the general ledger: an academic activity cost centre and an administrative activity cost centre.

The academic activity cost centre will cover areas such as Staff Research Funds, teaching and academic staff costs. The administrative cost centre will cover areas such as core infrastructure including IT and telephones, and Professional Services staff costs.

In Professional Service Divisions, broadly there will be one cost centre per operational team, for example "HR Operations – Career Development and Reward", which will be used for both staffing and general costs.

You can search for cost centres by name, it will not usually be necessary to recall or make a separate note of full account code strings.

When creating Purchase Order requisitions and expense claims, OneFinance will default the code to be charged: if someone in the Department of Law is ordering stationery from the general administrative activity cost centre budget, OneFinance will determine the best relevant account code string. This can however be amended wherever necessary.

In many units, because reporting can be done on the various components of the budget code string, these two cost centres will be sufficient.

If you have authorisation to approve transactions within the general ledger, you will normally be part of a pool and will see all the transactions relating to your core cost centres, at whichever authorisation level set. Authorisation approval information has been collected from all LSE units as part of configuring OneFinance, but if you have any queries about this, please contact your **Financial Planning and Analysis (FP&A) Manager.**

The authorisation levels are:

- up to and including £1,000
- up to and including £10,000
- up to and including £50,000
- £50,000 plus

It is not possible to set bespoke approval limits, eg, a particular member of staff to approve only up to £300.

All staff will automatically be given a basic level of access to OneFinance, in order that they can submit expense claims and Purchase Order requisitions. New starters will be granted access via the onboarding process and requests for enhanced or amended access can be submitted via the **Finance Division enquiry form** (Select "Finance Systems" option).

The project ledger

Some units may also wish to set up project codes in order to identify funding for very specific activities. These will sit on a separate project ledger.

This capability may be useful where it is important to keep funds ringfenced and/or where you want to have a different individual or sets of individuals approving transactions, since approval rights can be restricted by project. Your FP&A manager will be able to assist in deciding if a project is the best way of accounting for a particular activity or event. New project codes can be requested via the "Request New Project" form in OneFinance.

The term "project" has a fairly loose interpretation within the context of the LSE project ledger. It is not just available for defined projects. It can be used wherever units want to report in greater detail, where the use of cost centre and nominal codes alone would not be sufficient, eg, the operational cost of running a specific conference or a BSc programme. In this context, it may be easier to consider the project ledger as an "activity" ledger. Types of activities which can be set up on the project ledger can be found on pages 8 and 9.

Research projects will automatically sit in the project ledger and set up will be handled by LSE Research.

In academic units, each faculty member will have a specific project code to hold funds they own, such as Staff Research Funds and other personal research allowances.

When coding or approving transactions in OneFinance, you will need to be aware which ledger is being charged, as the ledger will dictate the list of account codes available to select from.

General ledger code components

Budget codes in OneFinance will follow a completely new convention and do not directly translate to APTOS/Statements5 codes.

Here is an example of LSE's old account code string:

Statement5 – eg, 1-AEC-0001-40013

	Entity		Cost centre 1 (CC1)		Cost centre 2 (CC2)		Expense code
Format	x	–	xxx	–	xxxx	–	xxxxx
Example	1	–	AEC	–	0001	–	40013
Legend	LSE		Economics		Outside funds		Call charges including mobile phones
Meaning	1 – LSE 2 – LSE Enterprise etc.		Area of School		Area of activity, project, funder		Type of income or expenditure

Effectively, in LSE's old account code string, the cost centre 1 (CC1) denotes the unit and the cost centre 2 (CC2) denotes the type of activity, so there is a separate, specific account code for lots of different activities.

Here is an example of a OneFinance budget code on the general ledger, with five components. This is a direct OneFinance translation of the Statements5 example above:

	Entity		Source		Activity		Cost centre		Nominal
Format	xx	.	x	.	xxxx	.	xxxx	.	xxxxx
Example	10	.	0	.	1000	.	1015	.	34403
Legend	LSE		N/A		Operating – Core		Economics		Telephone and Mobile call charges
Meaning	10 – LSE 30 – LSE Enterprise etc.		For use in Finance Division only		Area of activity. Broadly equivalent to CC2		Area of School. Broadly equivalent to CC1		Type of income or expenditure. Equivalent to Expense code

Project ledger code components

This is an example of a OneFinance budget code on the project ledger, with six components:

There is more information about Project type codes (C,N,O,R and S) in Section 6.

	Project name		Project code		Project type		Budget group		Fund source		Cost centre		Nominal
Format	**Text**	•	**xxxxxx**	•	**x**	•	**xxx**	•	**xxxx**	•	**xxxx**	•	**xxxxx**
Example	**Collab with Arab Unis**	•	**100005**	•	**x**	•	**101**	•	**1001**	•	**1076**	•	**33001**
Legend	Academic Collaboration with Arab Universities		Academic Collab with Arab Unis		Research		Collaborating University 1		Emirates Foundation		Middle East Centre		Accommodation – Home
Meaning	Description of project		Project ID number		C – Capital N – Operational Non-core O – Operational core R – Research S – Operational research (Academic areas)		Allows further analysis of project –used when budget needs to be broken down to greater granular levels, eg, milestones, phases		Source of funding for project activity		Area of School. Same as GL		Type of income and expenditure. Same as GL

Mapping between Statements5 and OneFinance

The new account code structure is very different and the OneFinance project team has also undertaken a data cleanse, meaning many dormant accounts will not be migrated to OneFinance. This means there is sometimes no direct equivalent in OneFinance of the old account code

- All balances will however be mapped to a new cost centre.

  You will be able to see information as follows for each new cost centre, once year end is complete:

  2017/18 – Full Year Actuals and Budget

  2018/19 – Monthly Actuals and Budgets (posted from Period 0 to Period 12)

  2019/20 – Opening Balances (posted to Period 0)

- Individual transaction data for previous financial years will continue to be accessible. This will be via Statements5 for the foreseeable future

- If you have any queries about equivalent codes, or other specific queries about your unit's account code set up, please contact your **Financial Planning and Analysis Manager**

Project code types

Activities may be set up as projects on the project ledger where they meet the following definition:

- They have defined start and end dates and are unique in nature, rather than routine

- Academic department or Professional Service Division activities which do not have start/end dates but require reporting in greater detail, such as tracking costs incurred against specific budget levels and/or funding sources, where the use of cost centre and nominal accounts alone would not be sufficient

There are a number of different types of projects, which roll up into a corresponding "Activity" code on the General Ledger:

C – Capital

A capital project is usually a large and expensive project to acquire, develop, build or improve a capital asset (such as land, building, IT infrastructure etc.). For example, the Centre Buildings development (Estates), and the new finance system, OneFinance.

R – Research

These are externally funded research projects, where the scope has been agreed with the sponsor at the outset of award, or where a forum of collaborating external organisations has agreed the research project scope and is able to influence the direction of the project and be involved in decisions on the particular research projects undertaken. There is usually one principal investigator but there could be co-investigators. The research is carried out in Academic Departments, Institutes, or Research Centres and is supported by LSE Research and Innovation. The research should conform to the definition used by the Higher Education Statistical Agency (HESA), based on the Frascati Manual:

Please refer to LSE Research and Innovation for further information and advice.

O – Operational – Core

Operational "core" projects relate to the activities of the departments and divisions and will vary widely. For example:

- Donations secured through LSE Advancement, eg, to fund a scholarship or a Chair

- Long term maintenance projects on Campus, managed by Estates

- Business and transformation projects by the Business Improvement Unit

- Endowments (substitutional)

- Professional service activities managed like "projects", such as:

  - Careers Fairs

  - Specific student marketing or recruitment projects such as those undertaken by Widening Participation

  - Staff Party on the Plaza

  - Initiatives such as the "Student Hub"

  - Academic department activities managed like "projects", eg, tracking of academic recruitment spend

  - Student support such as prizes and specific course-related spend

Project code types continued...

S – Operational – Core – Other research and related activities

All Research and Research-related activities which do not meet the HESA definition as described under project type R above. This will include all Research grants and other donations which are for research purposes but which do not meet the HESA definition, as well as:

- Donations secured through LSE Advancement, eg, to fund the research of an academic or academic unit

- All Research Infrastructure and Investment Fund (RIIF), Research Excellence Framework (REF), Staff Research Fund (SRF), Higher Education Innovation Fund (HEIF) and Impact Acceleration Accounts (IAA) funded activities

- This type should also be used for projects run within Departments funded by Outside Funds or Core Budget, where the activity is research-related rather than purely academic, eg, a visiting speaker discussing their research, or a research-related seminar for students.

N – Operational – Non Core

This is all non-core activity across the School, such as:

- Non-establishment staffing (including within Academic Departments)

- eMScs, Institutes, Residences, Catering and APCC areas such as the Summer Schools.

- Non-Research projects supported by LSE Research (some Research Council training grants, ERASMUS training grants).