

NORTHWESTERN UNIVERSITY

CLASS DEFINITIONS FOR
NU FINANCIALS CHARTSTRING
CLASSIFICATION

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Cost Studies
Sponsored Research

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WHAT IS A CLASS? WHY IS IT IMPORTANT?

A **class** is a 3-digit designator assigned to each chartstring (Fund – Dept ID – Project ID) in NU Financials. The class, which used to be “Function Code” in CUFS, indicates the type of activity or functional use that is supported by the chartstring. This code is assigned at the time the chartstring is created and generally is not changed. The Office for Sponsored Research (OSR) assigns the class to sponsored chartstrings. The Chartfield Maintenance group under the Office of Financial Operations sets up non-sponsored chartstrings based upon a chartfield request form completed by requestors. Class is assigned based on the description of the activity and a review of the class selected by the requestor. In total, there are currently thirty (30) unique classes, established to meet both federal and financial accounting standards reporting requirements.

There are two primary uses for class: classifying data for the F&A (indirect cost) rate calculation and classifying data for financial statements.

Data classification for F&A:

- Cost Studies, under the Office of Financial Operations and Treasurer, relies on class to determine how chartstrings are treated in the research Facilities & Administrative (F&A) or indirect cost rate calculation. For this purpose, it is very important that all costs, particularly research costs, are accurately coded and that the coding is consistent with the OMB Circular A-21 (federal) functional definitions.
- Beyond the research F&A rate, the accuracy of classes assigned in NU Financials is also important from a broader research compliance perspective. In managing and reporting all research activities, a correlation must exist between the classification of expenditures in NU Financials chartstrings, the classification of personnel effort on quarterly Effort Reports, and the classification of space in the annual space usage survey (through the activity codes).

Data classification for Financial Statements:

- Accounting Services, also under the Office of Financial Operations and Treasurer, relies on the class to determine how chartstrings are treated in the preparation of the annual Financial Report. For this purpose, it is important that the chartstring coding is consistent with the Financial Accounting Reporting Manual used by higher education institutions. Because both of these uses impact the way in which the University represents its activities to external entities, it is critical that classes are carefully established and maintained.
- In addition, classes also provide the basis for various internal management reports prepared for senior management.

Questions that arise at any time regarding the appropriateness of classes should be directed to the offices of Accounting Services, Budget and Planning, Cost Studies, or Sponsored Research. On a periodic basis, these offices may also contact the financial managers with oversight for specific chartstrings to review coding accuracy.

Questions regarding this document may be directed to Jennifer Wei, Cost Studies & Effort Reporting Manager at jennifer-wei@northwestern.edu or 7-2473

DETERMINING WHETHER A SPONSORED CHARTSTRING IS NECESSARY

Before the class of a given chartstring is assigned, it is important that the chartstring is correctly designated as either sponsored or non-sponsored. The establishment of a sponsored chartstring indicates that there is a high degree of legal and fiscal obligation associated with receipt of the funds. Accordingly, a tighter level of central control and oversight is placed on these chartstrings.

The University receives funds from a variety of external sources to pursue its teaching, research and public service missions. Excluding tuition income and endowments, an external source may be a Federal or non-Federal agency or organization, such as the National Institutes of Health or a public or private company, or it may be an individual. External funds may be placed in either a sponsored chartstring (as a grant, contract, or cooperative agreement) or a non-sponsored chartstring (as a gift). Funds from an external source are typically provided through an agreement with the University. **Given funds should be established in a sponsored chartstring if any one of the following criteria is met:**

- ✓ The agreement binds the University to a set of terms and conditions.
- ✓ The agreement obligates a faculty member and/or other University employee to a line of scholarly or scientific inquiry that follows a plan, provides for systematic evaluation, or seeks to meet stated performance goals.
- ✓ The agreement establishes an understanding of how funds will be used or includes a line-item budget that identifies expenses by activity, function, or project period.
- ✓ The agreement requires fiscal accountability as evidenced by the submission of financial reports to the sponsor, an audit provision, or the return of unexpended funds.
- ✓ The agreement obligates the faculty member and/or other University employee to report project results or convey rights to tangible or intangible properties resulting from the project. Examples of tangible properties include equipment, records, technical reports, theses, or dissertations. Intangible properties include rights in data, copyrights, or inventions.
- ✓ The agreement seeks considerations such as indemnification or imposes other terms that require legal accountability.

The Office of Financial Operations and Treasurer and the Office for Sponsored Research (OSR) make a joint determination if there is a question about whether external funding meets the above criteria.

Once a chartstring is correctly determined to be either sponsored or non-sponsored, there are unique classes associated with each type, as defined in the following pages.

CLASSES FOR SPONSORED CHARTSTRINGS

Chartstrings in the fund range 600-650

Sponsored Research [110]

Research and development activities that are funded by Federal and non-Federal agencies and organizations.

The key criterion in determining whether a sponsored chartstring should be classified as Sponsored Research versus another sponsored code is the nature of the activity being sponsored. Research, as opposed to other activities, consists of systematic investigation designed to develop or contribute to generalizable knowledge. It is generally premised on a hypothesis, which is tested through defined scientific methodology.

The following types of externally sponsored activity should be EXCLUDED from this code:

- ❖ Training grants and fellowships
- ❖ Industry clinical trials
- ❖ Sponsored public service activity, such as community health and service programs
- ❖ Student aid
- ❖ Construction and equipment acquisition grants
- ❖ Career awards
- ❖ Other sponsored program activity, including:
 - ❑ Contract-for-service activity, such as material testing or coating agreements and instructional courses
 - ❑ Curriculum development awards
 - ❑ Seminars, symposiums, conferences

Sponsored Training [185]

Training activities funded by Federal and non-Federal agencies and organizations. Training, including training in research techniques and methodologies, is distinguished from Research in that the primary purpose is to provide an instructional experience rather than to reach a scientific outcome. Trainees are supported by stipends (rather than pay from a salary expense account) and/or receive tuition remission. Sponsored training includes NIH institutional and individual NRSA awards (predoctoral and postdoctoral), REU project and site supplements, NASA training grants, and DoEd training grants. There are also various forms of non-federal training grants and fellowships that are considered sponsored training.

Industry Clinical Trial [112]

Clinical trials (phase I-IV drug and medical apparatus studies) funded by industry, typically pharmaceutical companies. Clinical trials involve the participation of human subjects and, thereby, protocols approved by the Institutional Review Board.

This code is intended for industry sponsored trials only; trials funded by Federal agencies should be coded as Sponsored Research.

Sponsored Public Service [115]

Activities funded by Federal and non-Federal agencies and organizations that are established primarily to provide services beneficial to individuals and particular sectors of the community. These activities may include sponsored health and/or community service projects, legal clinics and public information services.

Student Aid [120]

Financial aid and scholarship monies provided to Northwestern undergraduate and graduate students by Federal and non-Federal agencies and organizations. This includes all monies awarded to students by and administered through the financial aid offices.

Student Aid for undergraduate or graduate students that is supported by external sponsors is distinguished from Sponsored Training in that it does not entail a defined program or experience, but rather is more general support for the tuition and fees of a Northwestern education.

Construction [125]

Monies provided by Federal and non-Federal agencies and organizations for the specific purpose of construction and/or renovation of the physical infrastructure (buildings) on the Northwestern campuses.

Equipment Acquisition [130]

Monies provided by Federal and non-Federal agencies and organizations for the specific purpose of purchasing capital and non-capital equipment.

Career Award [195]

Awards provided by Federal and non-Federal agencies and organizations to individual faculty members for the purpose of providing support to the individual's research career development. This includes NIH, NSF, AHA, Leukemia Society of America, and Dermatology Foundation career awards.

Other Sponsored Programs [196]

Activities that are funded by Federal and non-Federal agencies and organizations but do not meet the definitions for any of the sponsored activities above. Examples of Other Sponsored Activities include contract for service activities (e.g., material testing agreements, Materials Technology Lab coating agreements, and Center for Public Safety instructional courses); curriculum development awards and dissertation awards; and sponsored symposiums, seminars and conferences.

CLASSES FOR NON-SPONSORED CHARTSTRINGS

Chartstrings in the following fund ranges:

Chartstring Type	Fund Group
Unrestricted Funds	100
Gifts	300
Endowment/Annuity	400
Student Loan	500
Agency	700
Plant	800

Codes Applicable to Academic Unit Chartstrings

Sponsored Research [110]

This code should ONLY be used for non-sponsored chartstrings to which cost sharing for sponsored research projects will be charged. Cost sharing occurs when the activity specifically benefits a sponsored research project, but a non-sponsored chartstring is used to support the costs. Cost sharing includes cost overruns (expenditures removed from a sponsored research chartstring to eliminate a negative balance) and cost matching (such as for a piece of equipment that a federal or non-federal sponsor will partially fund). Cost sharing also includes the salary and fringe benefit costs associated with effort expended for but not charged to a sponsored research chartstring, including amounts that exceed the NIH salary cap.

University Research [111]

Research and development activities that are funded by Northwestern University through an internal application of institutional funds AND for which costs are separately budgeted and accounted.

Characteristics of University Research include:

- ❖ This chartstring is used exclusively for a single purpose and not as a general research support chartstring.
- ❖ Funds may have been received through a formal internal application and approval process, as through the University Research Grants Committee (URGC) or the Medical School's Intramural Research Grant (IRG) program. Activities funded under the Center for Interdisciplinary Research in the Arts (CIRA) initiative may also be University Research.
- ❖ Activity can be described as a discrete project; has a defined scope of work, research methodology, and a specific time frame; may have a reporting requirement.

This code EXCLUDES chartstrings related to recharge operations that operate in support of research activities (e.g., funds provided by the Shared Facilities Committee). Chartstrings for recharge operations have a distinct class.

Department Research [107]

Research, development, and scholarly activities that are not separately budgeted and accounted for. Unlike Sponsored and University Research, Department Research does NOT have one or more of the following characteristics:

- ❖ Defined work statement
- ❖ Competitive proposal and award process
- ❖ Line item budget
- ❖ Specific commitment regarding deliverables and level of personnel effort

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- ❖ Financial and/or technical report summarizing scientific results

Department Research is less defined in nature, consisting of experiments and exploration of ideas in areas of professional interest that may become more formal research projects. This chartstring does not represent the cost of a discrete project, but rather the costs of a mix of research activities.

This code EXCLUDES chartstrings related to recharge operations that operate in support of research activities. Chartstrings for recharge operations have a distinct class.

This code should ONLY be used for chartstrings belonging to organizational units with a research mission such as departments, centers and institutes. Accordingly, this code generally should NOT be used for chartstrings belonging to central administrative units.

Instruction [105]

The teaching activities of Northwestern University, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Also includes training activities when those activities are supported by institutional funds rather than by sponsored training grants.

Examples of instructional activities:

- ❖ Course preparation
- ❖ Counseling and advising students
- ❖ Grading
- ❖ Syllabus production
- ❖ Textbook orders
- ❖ Roster preparation
- ❖ Exam preparation
- ❖ Formal classroom teaching
- ❖ Formal class labs
- ❖ Training, including in lab space, when supported by institutional funds

This code should ONLY be used for chartstrings belonging to organizational units with a teaching mission such as departments, centers and institutes. Accordingly, this code generally should NOT be used for chartstrings belonging to central administrative units. Exceptions to this include chartstrings for the Searle Center for Teaching Excellence and the Academic Advising Center.

NU Public Service [117]

Activities funded by institutional monies that provide services beneficial to individuals and particular sectors of the community. These activities may include health and/or community service projects.

This code also includes the Block Museum chartstrings.

Student Aid [120]

Financial aid and scholarship monies provided to Northwestern undergraduate and graduate students that are supported by institutional monies.

Student Aid for undergraduate or graduate students is distinguished from training supported by institutional monies in that it does not entail a defined program or experience, but rather is more general support for the tuition and fees of a Northwestern education.

Department Administration [160]

Administrative activities in the academic departments (and centers/institutes). The expenditures on chartstrings classified as Department Administration should be those that support the joint activities of the department and cannot be readily segregated for their specific benefit to any one activity (instruction, research, public service, etc.). Such expenditures include the salaries, wages and benefits of the Chairpersons, the business administrators and their supporting staff. Department Administration expenditures also include general material and service costs such as office supplies (paper, pens, printer cartridges and the like), and recurring telephone and data line costs.

Also includes chartstrings associated with departmentally maintained reference collections.

This code should NOT be used for central administrative unit chartstrings.

School Administration [155]

Administrative activities in the offices of the academic Deans. The expenditures on chartstrings classified as School Administration should be those that support the joint activities of the school and cannot be readily segregated for their specific benefit to any one department or activity (instruction, research, public service, etc.). Such expenditures include the salaries, wages and benefits of the Deans, the business administrators and their supporting staff. School Administration expenditures also include general material and service costs such as office supplies (paper, pens, printer cartridges and the like) and recurring telephone and data line costs.

A-21 School/Department Administration Unallowable Activity [158]

This code includes those activities in the schools and/or departments that are considered unallowable for purposes of federal cost reimbursement, including:

- ❖ Lobbying/government relations
- ❖ Alumni relations
- ❖ Development and fundraising
- ❖ Publications

Student Services Administration [165]

The activities of the school-based offices that administer student affairs and services to students, such as admissions and financial aid, in addition to intercollegiate athletics.

Library [135]

The activities of the libraries with chartstrings maintained at the school/administrative unit level. Includes the Galter Health Sciences Library and the Pritzker Legal Research Center.

This code should NOT be used to classify chartstrings supporting departmentally maintained reference collections.

This code should also NOT be used to classify sponsored funds supporting activities of one or more of the libraries.

Recharge Operation [197]

Activities of a unit that provides goods and/or services of a specialized nature to Northwestern users and charges a fee for those goods/services that is borne by chartstrings (sponsored and/or non-sponsored). A recharge operation may be a centrally managed service unit or a school or departmentally-managed service unit. The nature of a recharge operation is such that unit personnel add value to the good/service. This is in contrast to departmentally-based activities where costs are collected in a single chartstring and then transferred to other chartstrings based on actual usage (e.g., long distance telephone charges). In these cases, no value from department personnel is provided. This latter type of activity should NOT be coded as a Recharge Operation, but should likely be coded as Department Administration.

This code EXCLUDES the chartstrings associated with those units that are designated as specialized service facilities, currently:

- ❖ Telecommunications & Networking (part of the Information Technology recharge operations)
- ❖ Center for Comparative Medicine (CCM)

Agency Activity [992]

This code should be used for agency fund chartstrings (fund group 700), except those that can be coded as Student Activity. Agency chartstrings are established for the activity of entities where the University is acting as an agent in paying bills and/or collecting revenues. Such activities are considered external to the University's core instruction, research, and public service missions, but are generally affiliated through the involvement of a University faculty member, staff, or student(s).

Includes professional organizations managed by faculty and student organization chartstrings.

Codes Applicable to Central Administrative Unit Chartstrings

General Administration [140]

The activities of the central executive and administrative offices of the University such as the President's and Provost's offices, certain of the Office of Financial Operations' offices, Budget and Planning, Human Resources, the office of the General Counsel, and the non-recharge operations of Information Technology.

Chartstrings belonging to the academic Deans and departments should NOT be classified as General Administration, but should instead be classified as School and Department Administration, respectively.

A-21 General Administration Unallowable Activity [145]

This code includes those General Administration activities that are considered unallowable for purposes of federal cost reimbursement, including:

- ❖ Government Relations
- ❖ Alumni Relations
- ❖ Development
- ❖ Investment
- ❖ Publications

Fringe Benefit Programs [147]

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This code includes all chartstrings related to the Northwestern employee fringe benefit programs.

Sponsored Project Administration [150]

The activities of the offices established primarily to administer sponsored projects, including the Office of Research and Sponsored Programs and Accounting Services for Research and Sponsored Programs.

NO ACADEMIC UNIT chartstrings should be classified under this code.

Student Services Administration [165]

The activities of the central offices that administer student affairs and services to students, including:

- ❖ The office of the Vice President for Student Affairs
- ❖ Admissions
- ❖ Financial Aid
- ❖ The Registrar
- ❖ Student Health
- ❖ Student Accounts
- ❖ Student Loans

Student Activity [170]

The recreational, athletic, and other operations that exist to provide extracurricular activities for students. Some of these chartstrings may be agency chartstrings (e.g., Student Organization Finance Office).

Library [135]

The activities of the Northwestern University libraries. Includes the University Library, Deering Library, the Joseph Schaffner Library, the Music Library, the Seely G. Mudd Science and Engineering Library, the Transportation Library, the Galter Health Sciences Library, and the Pritzker Legal Research Center.

This code should NOT be used to classify chartstrings supporting departmentally maintained reference collections.

This code should also NOT be used to classify sponsored funds supporting activities of one or more of the libraries.

Operation and Maintenance [175]

The activities associated with the administration, supervision, operation, maintenance, preservation, and protection of the University's physical plant. This includes non-recharge operating chartstrings of Facilities Management, the building maintenance and utility chartstrings, and chartstrings in which expendable (versus capitalizable) deferred maintenance and renewal & replacement costs are captured. This code should NOT be used for any chartstring in which capitalizable expenditures are captured.

Recharge Operation [197]

Activities of a unit that provides goods and/or services of a specialized nature to Northwestern users and charges a fee for those goods/services that is borne by chartstrings (sponsored and/or non-sponsored). A recharge operation may be a centrally managed service unit or a school or departmentally-managed service unit. The nature of a recharge operation is such that unit personnel add value to the good/service. This is in contrast to departmentally-based activities where costs are collected in a single chartstring and then transferred to other chartstrings based on actual usage (e.g., long distance telephone charges). In these cases, no value from department personnel is provided. This latter type of activity should NOT be coded as a Recharge Operation, but should likely be coded as Department Administration.

This code EXCLUDES the chartstrings associated with those units that are designated as specialized service facilities, currently:

- ❖ Telecommunications & Networking (part of the Information Technology recharge operations)
- ❖ Center for Comparative Medicine (CCM)

Specialized Service Facility [198]

Specifically identified recharge operations that provide specialized services to the University community. This classification should ONLY be used for:

- ❖ Telecommunications & Networking (part of the Information Technology recharge operations)
- ❖ Center for Comparative Medicine (CCM)

Auxiliary Enterprises [940]

The activities of an operation that exists to provide goods and/or services to students, faculty, or staff and may incidentally serve the general public. Auxiliary enterprises charge a fee for those goods and services, which is generally borne by the individual. Auxiliary enterprises are distinguished from recharge operations in that the latter case, fees for service are borne by University chartstrings.

Auxiliary enterprises are managed as self-supporting activities. Examples include residence halls, dining halls, bookstores, and parking. NU Press is also considered an auxiliary enterprise.

Expended for Plant [950]

The activity associated with a capitalizable construction project. Chartstrings coded as Unrestricted Plant Construction are in fund group 812 and Renewal and Replacement chartstrings are in fund group 820.

Please refer to the Accounting Services website (<http://www.northwestern.edu/finsys/ps/finance/index.html>) for capitalizable thresholds.

Non Current Other Than Expended for Plant [990]

Includes miscellaneous clearing chartstrings for which the activity is brought to a zero balance at year's end. Examples include Annuity Payments chartstrings.

Agency Activity [992]

This code should be used for agency fund chartstrings (fund group 700). Agency chartstrings are established for the activity of entities where the University is acting as an agent in paying bills and/or collecting revenues. Such activities are considered external to the University's core instruction, research, and public service missions, but are generally affiliated through the involvement of a University faculty member, staff, or student(s).

Includes professional organizations managed by faculty and student organization chartstrings.

SUMMARY OF CODE USE

Code	Function Name	P = primary use S = use in selected circumstances		
		Use for Sponsored Chartstrings	Use for Non-Sponsored Chartstrings	
			In Academic Units	In Central Admin Units
105	Instruction		P	
107	Department Research		P	
110	Sponsored Research	P	S	
111	University Research		P	
112	Industry Clinical Trial	P		
115	Sponsored Public Service	P		
117	NU Public Service		P	
120	Student Aid	P	P	
125	Construction	P		
130	Equipment Acquisition	P		
135	Library		S	P
140	General Administration			P
145	A-21 GA Unallowable Activity			P
147	Fringe Benefit Programs			P
150	Sponsored Project Administration			P
155	School Administration		P	
158	A-21 School/DA Unallowable Activity		P	
160	Department Administration		P	
165	Student Services Administration		S	P
170	Student Activity			P
175	Operations & Maintenance			P
185	Sponsored Training	P		
195	Career Award	P		
196	Other Sponsored Programs	P		
197	Recharge Operation		P	P
198	Specialized Service Facility			P
940	Auxiliary Enterprises			P
950	Expended for Plant			P
990	Non Current Other Than Expended for Plant			P
992	Agency Activity (Non-Student Related)		P	P