

Natural Account and Associated Reporting Hierarchy Procedure

Section 1 - Purpose

(1) This Procedure supports the [General Ledger Governance Policy](#) in establishing requirements for the creation and modification of Natural Accounts and the creation and modification to associated Natural Account Reporting Hierarchies for the Group.

Scope

(2) This Procedure applies to Natural Accounts in use within the General Ledger of the University, and the associated Management Reporting (MR) and Financial Accounting (FA) Reporting Hierarchies.

Section 2 - Policy

(3) Refer to the [General Ledger Governance Policy](#).

Section 3 - Procedures

Responsibilities and Required Actions

(4) Natural Accounts are used in the General Ledger to group transactions by nature (e.g. wages, income, debtors). These Natural accounts are then further grouped by hierarchies for internal and external reporting. Appropriate controls around the creation and modification to Natural Accounts and their hierarchies is essential to ensure that financial information is reported accurately for internal and external stakeholders.

(5) Within the University, two Natural Account hierarchies exist:

- a. Management Reporting (MR) Hierarchy – grouping of natural accounts according to management preference, to best review the financial drivers of the organisation; and
- b. Financial Accounting (FA) Hierarchy – grouping of natural accounts to support external reporting in compliance with the requirements of the [Department of Education, Skills and Employment](#).

(6) Within the controlled entities, other hierarchies exist to cater for internal and external reporting.

Types of Permitted Changes

For the University

(7) Requests for new Natural Accounts, modifications to existing Natural Accounts, as well as alterations to the description, purpose or MR and FA Reporting Hierarchies of Natural Accounts, must be made using the Natural Account and Reporting Hierarchy Request Form.

(8) Requests must be submitted for review to the Financial Reporting team.

For Each Controlled Entity

(9) The Controlled Entity Head of Finance has accountability for documenting and overseeing procedures to ensure the appropriate creation and modifications to Natural accounts or hierarchies in their entity.

Requests for New Natural Accounts

(10) Requests for New Natural Accounts must specify:

- a. description and operational purpose of proposed Natural Account;
- b. why an existing Natural account cannot be used e.g. is the new Natural Account required to meet external reporting requirements, adhere to the [Accounting Policies Register](#), or adhere to the [Inter-company Procedure](#);
- c. expected dollar value to be processed through this account per annum (as a gauge for materiality). New Natural Accounts with an immaterial expected usage levels will generally not be approved unless they are required for a reason stated in point b above;
- d. if the Natural Account is classified as an income account – submission of information for assessment of revenue recognition as required in the Revenue Procedure;
- e. details of how transactions will be posted to the Natural Account e.g. System Interface or Manual Journal. If Manual Journals will be used, submission of a Manual Journal Procedure Template to detail underlying procedure that will trigger the journals;
- f. assessment of whether the new Natural Account request will impact any of the following financial processes in Finance One:
 - i. Non-teaching revenue deferral;
 - ii. Interest allocation; and
 - iii. Indirect Costs.
- g. the proposed MR and FA Hierarchy codes to which the Natural Account will map, and an assessment of whether these mappings will trigger a new reconciling item in the MR vs FA Hierarchy Reconciliation.
- h. All other mandatory meta-data as detailed in the Natural Account and Reporting Hierarchy Request Form.

Requests for changes to existing Natural Accounts

(11) Requests for changes to existing Natural Accounts must specify:

- a. Nature of requested change, e.g.:
 - i. name change to provide a more meaningful description, with no change to underlying business process;
or
 - ii. name change and business purpose change – all information noted in Clause 10 for new Natural Accounts must be provided.

Requests for changes to the MR or FA Hierarchical mapping of existing Natural Accounts

(12) Requests for changes to the MR or FA Hierarchical mapping of existing Natural Accounts must specify:

- a. the rationale for the change of mapping is required.
- b. whether the Natural Account was used in the previous reporting year. As there is only one live hierarchy, a re-mapping of such accounts will by default change prior year groupings of Natural Accounts. This will require a Caseware prior year journal to be posted to manually force externally reported results to match audited financial statements.

Requests for changes to the narrative description of MR or FA Hierarchical mapping code, with no change to the mapping of the underlying Natural Accounts of existing Natural Accounts

(13) Requests for changes to the narrative description of MR or FA Hierarchical mapping code, with no change to the mapping of the underlying Natural Accounts of existing Natural Accounts must specify:

- a. the rationale for the change of mapping is required.

Approvals

(14) Approvals for changes are determined by the level of impact of the change, as detailed in [Appendix 1 - Approvals for Changes to Natural Accounts or Associated Reporting Hierarchies](#) and [Appendix 2 - Approvals for Changes to Natural Accounts or Associated Reporting Hierarchies in Controlled Entities](#) to this Procedure. Changes will not be made in any system until all necessary approvals are secured.

(15) For the University, the Financial Reporting team will oversee and drive the timely updating of all relevant systems upon receipt of all necessary approvals.

(16) For Controlled Entities, the Controlled Entities Head of Finance will oversee and drive the timely updating of all relevant systems upon receipt of all necessary approvals

Evidence of Approvals Obtained

(17) All documentation associated with the change request, including all relevant required information specified in this Procedure, plus evidence of required approvals, will be retained on file.

(18) Changes to Natural Accounts will be attached within Finance One as part of the metadata of the Natural Account.

(19) Changes to MR and FA Hierarchies will be retained by the Senior Finance Manager, Group Financial Reporting and Fixed Assets and tracked in a change log.

Timetable for Review, Approval and Processing of Approved Changes

(20) The Financial Reporting Team will issue a monthly timetable detailing timeframe for acceptance and review of change requests, windows for approval and for updates to necessary systems. Blackout windows for changes to reporting hierarchies will be detailed within the timetable to provide certainty of reporting structures during month-end and year-end close plus results review.

Reporting

(21) The following information must be provided to the Director, Financial Control and Treasury by the Senior Finance Manager, Group Financial Reporting and Fixed Assets on a quarterly basis:

- a. details of all changes made to Natural Accounts, to the FA and MR Reporting Hierarchies and to Caseware (via Caseware prior year journals) under this Procedure; and
- b. reports of any breaches of this Procedure.

Section 4 - Guidelines

(22) Nil.

Section 5 - Definitions

(23) Commonly defined terms are located in the University [Glossary](#). Definitions specific to this Procedure are contained in the [General Ledger Governance Policy](#) and below:

- a. Caseware means software used to produce external statutory accounts. Natural Accounts in Calumo are grouped in compliance with the requirements of the [Department of Education, Skills and Employment](#). This hierarchy is replicated in Calumo as the FA Reporting Hierarchy.
- b. Caseware prior year journal means manual adjustment made within Caseware to manually adjust the mapping for prior year statements back to the mapping in use when the statements were approved.
- c. Controlled Entity Head of Finance means the most senior person in a Controlled Entity with responsibility for Finance. This role may have a local title, e.g. Finance Director or Finance Manager.
- d. Financial Reporting team means the team within the Office of Group Finance, lead by Senior Finance Manager, Group Financial Reporting and Fixed Assets.
- e. Metadata means the contextual information about a piece of data or a data set that is stored alongside the data.
- f. Natural Account and Reporting Hierarchy Request Form means the official form, maintained by the Financial Reporting team, and used to submit all requests for change to Natural Accounts or their associated Hierarchies.
- g. Manual Journal Procedure Template means the standard template used to record a financial procedure that results in the creation of a Manual Journal.

Status and Details

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Responsible Executive	Robin Payne Vice-President, Finance and Resources
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