

**ENTERPRISE FINANCIAL SYSTEM
KEY FINANCIAL POLICY AND PROCEDURE CHANGES
AS OF 5/21/08**

Three overarching decisions impact virtually all financial policies and associated materials (procedures, forms, appendices, etc.). These are:

- Tool and terminology: The tool selected (PeopleSoft/Oracle) has different capabilities and processing options as well as terminology. An EFS project guiding principle is to change policies and procedures, where possible, in lieu of making a system modification. Choices, such as to use the terminology that was delivered with the tool, facilitate the implementation and subsequent maintenance of the system.
- Establishment of financial clusters: Complexity, risk, and quality were considered as each process was examined to determine if the future model would reduce exposure for the University and improve the overall quality of the financial transactions and oversight. The model chosen was that of financial clusters for higher risk transactions. These changes in roles and responsibilities are reflected in each applicable policy and procedure.
- Workflow and approval: The workflow capabilities of the new financial system are different than those of some tools used today. In addition, for each transaction, the level, number, and need for approvers was discussed and those decisions were incorporated into the revised policies and procedures.

These key overall changes are not repeating for each of the processes listed below.

Procurement

Employee Expenses (Travel and Other Reimbursements)

- Key policy change: None
- Procedure change: Both a travel authorization and a cash advance request are needed to obtain a cash advance.
- The only approval needed for a cash advance is from Disbursement Services.
- Expense reports, cash advances, and all supporting documentation will be imaged by Disbursement Services.
- Cash should not be requested more than 30 days in advance of the trip start date. The printed and signed Cash Advance Request must be faxed to Disbursement Services for central approval.

Procurement - continued

Vendor Set Up

Key policy change: None

Procedure change: Vendor must complete the new Vendor Authorization Form and Substitute W-9. The department is responsible for getting the completed and signed form back from the vendor and submitting the form(s) to Disbursement Services. If the vendor is an individual or sole proprietor and services are being performed, the department will also be required to complete the new Employee/Independent Contractor Determination checklist.

For single/one-time payments: Payment for a deposit refund or human subject payment, that is less than \$600 and it is anticipated that no further or future payments will be made to the payee, the above Vendor Set up procedure is not required and an official vendor record will not be set up. The Payment Affidavit form will be replaced with the Check Request form. The 'single payment' box on the form must be checked and the completed document will be sent to the Cluster for processing.

Purchasing Card

Key policy change: None

Procedure change: Transactions are reconciled as individual charges, rather than a monthly statement.

No email notification is sent. Staff may go into system at any time to select any charges to reconcile.

There will be more time to reconcile. Reconciliation must be completed and approved by the 10th of the month following the card activity. Otherwise Disbursement Services will force reconcile on the 15th of the month. Signed Purchase Detail Reports (formerly ECAR) are due to Disbursement Services for imaging by the end of the month following the card activity.

Application form allows for up to 3 reconcilers, 3 approvers and allows for a nonsponsored default account number.

Procurement - continued

Invoice Entry

- Key policy change: None
- Procedure change: Invoice entry will be performed in the college cluster.
Scanning of invoices will be performed at the department/cluster level prior to invoice entry.

Purchase of Professional Services

- Key policy change: Contracts for Professional Services (CPS) under \$25,000 will not require signatures by the department or the vendor.
Requisitions for CPS under \$3000 can be initiated after work has been completed and the invoice has been received.
- Procedure change: No significant changes***

Purchasing of Goods and Standard services

- Key policy change: All purchases except those on the non-PO related list or charged to the University's Procurement Card will be initiated in the financial system as a requisition.
- Procedure change: Every requisition will require a category code to be selected from a menu of drop-down boxes.
Departments can initiate a requisition in the financial system that links to U Stores, Dell Apple or Lenovo websites and will pull in their selected items to the requisition to select their items, then to fill their shopping carts, then 'punch' back in to route their requisition for approval.
Purchase orders will automatically be emailed or faxed to vendors as soon as the approval routing is complete. If the vendor did not select the fax or email dispatch method, the cluster is responsible for mailing the vendor the Purchase Order.

Capital Equipment Assets

Managing Capital Assets

Key policy change: Missing assets with a net book value will negatively impact a unit's carry-forward balance.

Procedure change: When receiving equipment transferred from another university, a new form will be needed.

Departments will now have access to the asset management module to view their capital equipment asset information.

Data change requests (e.g., account numbers) and interdepartmental property transfers can be accomplished through one combined form.

Billing and Accounts Receivable

Billing

Key policy change: There will be two separate policies and associated procedures on July 1, 2008; Managing Billings and Receivables using Departmental Systems, and Managing Billings and Receivables using the University Financial System.

The customer file will be shared across the University, once using the University Financial System.

Billings will be distributed from a central service center, either Sponsored Financial Reporting or Non-sponsored Accounts Receivable, once using the University Financial System.

Standard payment terms for all billings will be net 30 days.

All billings will be generated using U.S. currency amounts. Associated payments will be expected in U.S. dollars.

Credit worthiness will be a factor to be considered when either accepting awards or selling to a customer.

Procedure change: Customer maintenance, including set-up, will be centralized, once using the University Financial System.

Billing and Accounts Receivable - continued

Receivables

- Key policy change: There will be two separate policies and associated procedures on July 1, 2008; Managing Billings and Receivables using Departmental Systems, and Managing Billings and Receivables using the University Financial System.
- Collections of outstanding receivables will be handled by the central service center. Collections will be addressed for the customer as a whole, not by single invoice.
- Oversight of outstanding receivables will be a shared responsibility between the initiating unit and the central service center.
- Procedure change: Processing of payment is handled through a combination of the University's bank (lockbox) and the central service center, either Sponsored Financial Reporting or Non-sponsored Accounts Receivable.

Sponsored Receivables

- Key policy change: None
- Procedure change: Sponsored Financial Reporting (SFR) will now be accepted credit cards as a method of payment.

Sponsored Projects

Program Income

- Key policy change: Program income will be deposited and entered into the financial system at a local or academic department level.
- Procedure change: Departments prepare the check deposit forms and deliver to the Bursar's office. The receipt is entered by the department online into the financial system.

Sponsored Projects - continued

Commitment Control

Key policy change: None

Procedure change: An expense account must be established and active as a budget expense account prior to expending.

Charges entered 90 days after the end date of the award will not pass commitment control and will not post to the project.

The 90-day deadline is applicable to removal of expenses as well.

Small Business Reporting

Key policy change: None

Procedure change: Purchases from Small Businesses, made with the Purchasing Card, cannot be captured by the financial system for use in the semi-annual small business report created by Sponsored Financial Reporting (SFR). Departments will need to track this information manually and report it when requested to SFR.

Facilities and Administrative (F&A) Processing

Key policy change: None

Procedure change: The system will process the F&A expenses and revenue nightly. Departments will see their F&A expense recovery daily. RRC (Resource Responsibility Center) managers will see their F&A revenue recovery daily.

Sponsored and Cost Share Rebudgeting

Key policy change: **None**

Procedure change: Departments will initiate the budget request by completing an online form. This form will be routed to the Certified Approver who will then enter the information into the financial system. SPA will still setup the new expense account requests after notification from the Certified Approver.

Revenue Recognition

Key policy change: **None**

Sponsored Projects - continued

Procedure change: Fixed price awards will have revenue recognition when the invoice is generated. For cost reimbursable awards, revenue will be recognized when there are expenditures on the account.

NOGA Distribution

Key policy change: **None**

Procedure change: NOGAs (Notice of Grant Awards) and the corresponding award documents will be distributed electronically.

Budget

Budgeting

Key policy change: None

Procedure change: No significant changes

TIP

Key policy change: None

Procedure change: These will likely change. No details are available at this time.

General Accounting

Reporting

Key policy change:

Procedure change:

Approvals

General Accounting - continued

Key policy change: Employees may be both a preparer and an approver, but they cannot approve transactions that they have prepared.

Procedure change: Preparers may not select their approvers; the system will automatically route documents to approvers based on the Dept ID associated with the document being processed.

There will be one primary and one backup approver per module per Dept Id, along with one primary Certified Approver and one backup Certified Approver per DeptID.

Documents not approved by a primary approver within a predetermined timeframe route automatically to a backup approver.

E-procurement requisitions and non-purchase order vouchers of less than \$100 will be automatically approved by the system.

The threshold for Accounts Payable payment transactions requiring third-level approval has been lowered to \$50,000.

Emergency approvers, who have been defined at the central level, will be authorized to approve critical transactions when the primary and backup approvers are not available.

Journal Entries

Key policy change: Journal entries will be performed at the department/cluster level.

Procedure change: Journal entries will be used to capture financial transactions that are not accommodated in the other modules.

A journal entry must pass through an edit and budget check, and then must be submitted for approval via the workflow process.

Supporting documentation linked to a journal entry must be scanned into ImageNow.

General Accounting - continued

Module Close

Key policy change: The closing schedule for the month is unique by module. (refer to grid when published)

Procedure change: None

Pre-encumbrances and Encumbrances

Key policy change: Requisitions, used to create a purchase order, establishes a pre-encumbrance. The purchase order will continue to be an encumbrance, and will relieve the pre-encumbrance when created.

Procedure change: None

External Sales

Key policy change: None

Procedure change: No significant changes