



RUTGERS

## Treasurer's Town Hall

***J. Michael Gower***

*Executive Vice President, University Finance and Administration  
University Treasurer*

May 10, 2017

# Today's Agenda

- **Cornerstone**
  - Stabilizing the Systems
  - Establishing Year-End Close Guidance
  - Ongoing Activities
  - Financial Planning and Budgeting Milestones
  - Training
  - Survey

## Why Transform the Way We Work?

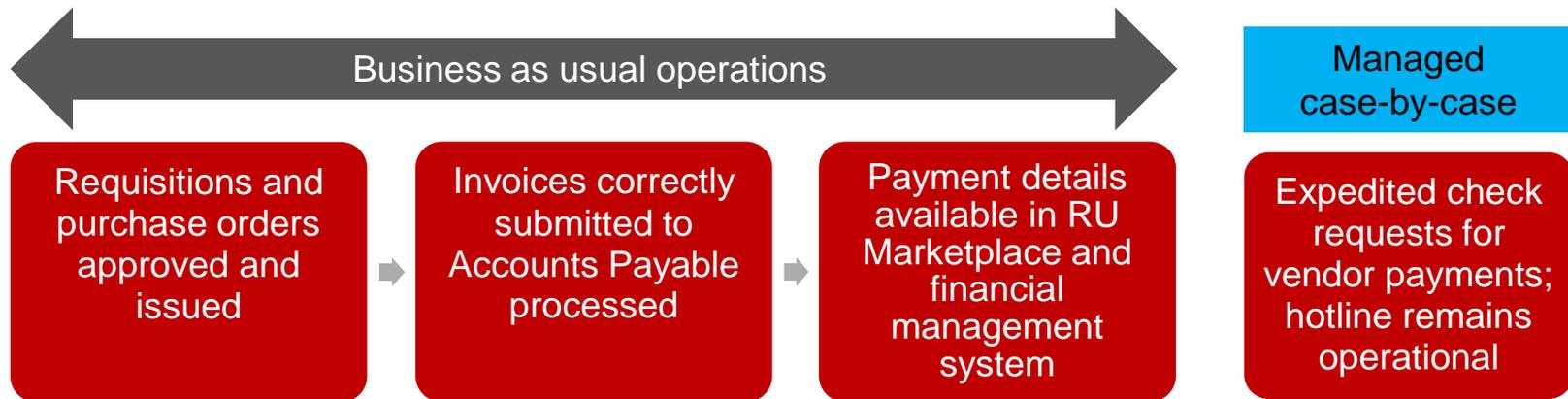
Cornerstone is the University's multi-year strategic project to:

- Modernize our systems, advance Rutgers to forefront of technology
- Operate on unified platforms with standardized practices
- Increase operational efficiencies
- Improve the way we collaborate

**You and your teams have made a significant effort to partner with the Cornerstone project team to identify issues, test solutions, and manage day-to-day operations in this new environment.**

**Thank you!**

## Procure to Pay (RU Marketplace)



### Current Focus

- Resolve remaining payment issues due to purchase order errors, and complete posting outstanding payments to general ledger by end of May 2017 (target)
- Prepare for year-end processes, and year-end and A-133 audits
- Develop year end guidance, in partnership with the Controller's Office (mid-May)
  - Align activities and timelines for areas, including: Accounts Payable, Expense Management, Grant and Contract Accounting, Payroll, Procurement, and Student Accounting

## We are Resolving Variances in the Sub-Ledger

- There are account balance variances in the general ledger for sponsored and non-sponsored projects
- The project team is taking the following steps to fix it:
  - Expedite availability of accurate and stable financial accounting reports
  - Reconcile data, validate transaction flows, and implement processes to prevent further disruptions
  - Partner with Oracle, Deloitte, Huron and others
- Reclassify journal entries that were impacted by 11 system accounting rules
  - Applies to transactions flowing from Projects and Accounts Payable sub-ledgers to the general ledger
- Most accurate reporting of project accounting is in Projects sub-ledger
  - Run [Oracle Transactional Business Intelligence \(OTBI\) queries](#) to view account balances

# Sub-Ledger Accounting Variances: UCO and GCA Actions

<b>Reasons for Variance</b>	<b>Corrective Measures</b>
Invoices not posted to general ledger	Targeting end of May 2017 to resolve remaining invoice issues and reconcile emergency payments
Data converted incorrectly	Grant and Contract Accounting (GCA), Controller's Office (UCO) completing conversion data analysis/effort
Payroll transactions dated after grant end date (+90)	GCA and UCO are correcting end dates, will reprocess transactions to post to grant or operating account; developing report to show unprocessed transactions
Change in Source of Funds (CISF) and Salary and Wage Redistribution and Justification Cost Transfers (SWRJ) forms	Review and process CISF and SWRJ forms
Requisitions showing as duplicate commitments	<ol style="list-style-type: none"> <li>1. Restart the JAGGAER (formerly SciQuest) integration process to send requisition cancellation messages to Oracle (Completed on April 6).</li> <li>2. Cancel all open requisitions in Oracle that were created prior to April 7.</li> </ol>

# Sub-Ledger Accounting Variances: Actions Units Can Take

Reasons for Variance	Corrective Measures
Incorrect default chart of accounts' segment values for expense reports	<ul style="list-style-type: none"> <li>• Override default values with correct general ledger and Project strings</li> <li>• For expense reports that have been submitted, do a regular journal entry or a Project cost transaction</li> </ul>
Data that converted incorrectly	<ul style="list-style-type: none"> <li>• If the UDO is incorrect, contact <a href="mailto:gca@ored.rutgers.edu">gca@ored.rutgers.edu</a> (sponsored), or <a href="mailto:coa@finance.rutgers.edu">coa@finance.rutgers.edu</a> (non-sponsored) to request a project set-up correction for future transactions</li> <li>• If general ledger opening converted balances have not been corrected               <ul style="list-style-type: none"> <li>○ You know the reclassification entry, prepare it and contact UCO</li> <li>○ You do not know the reclassification entry, contact UCO</li> </ul> </li> </ul>
Internal Purchase Order (IPO) credits applied to default account	<ul style="list-style-type: none"> <li>• If you have not received IPO credits, run OTBI query, "IPO Invoices and Payments" report and contact Controller's office to ensure the IPO process is working credits have been reclassified to your accounts.</li> <li>• If credit needs to be recorded to a project, do a general ledger-to-Projects entry. This will need to be done on an ongoing basis.</li> </ul>
Change in Source of Funds (CISF) and Salary and Wage Redistribution and Justification Cost Transfers (SWRJ) forms	<ul style="list-style-type: none"> <li>• Refer to <a href="#">salary cost transfers adjustments update</a> for guidance on the forms and instructions.</li> <li>• Read <a href="#">Q&amp;A Webcast summaries</a> posted on Cornerstone</li> </ul>

## Current Focus: Controller's Office

- Determine root cause and action plan to reconcile payroll transactions in Projects sub-ledger
  - Recorded in PeopleSoft, reflected in Payroll Distribution report, not recorded in the Projects sub-ledger
- Reconcile converted balances for Sponsored Projects
  - Manual and automated updates; targeting completion by end of May 2017
- April FY17 close is scheduled for May 18 at 2:00 p.m.
- Prepare processes required for year-end and A-133 audits
- Develop year-end guidance in partnership with Procurement (mid-May)
  - Align activities and timelines for areas, including: Accounts Payable, Expense Management, Grant and Contract Accounting, Payroll, Procurement, and Student Accounting

## Current Focus: Grant and Contract Accounting

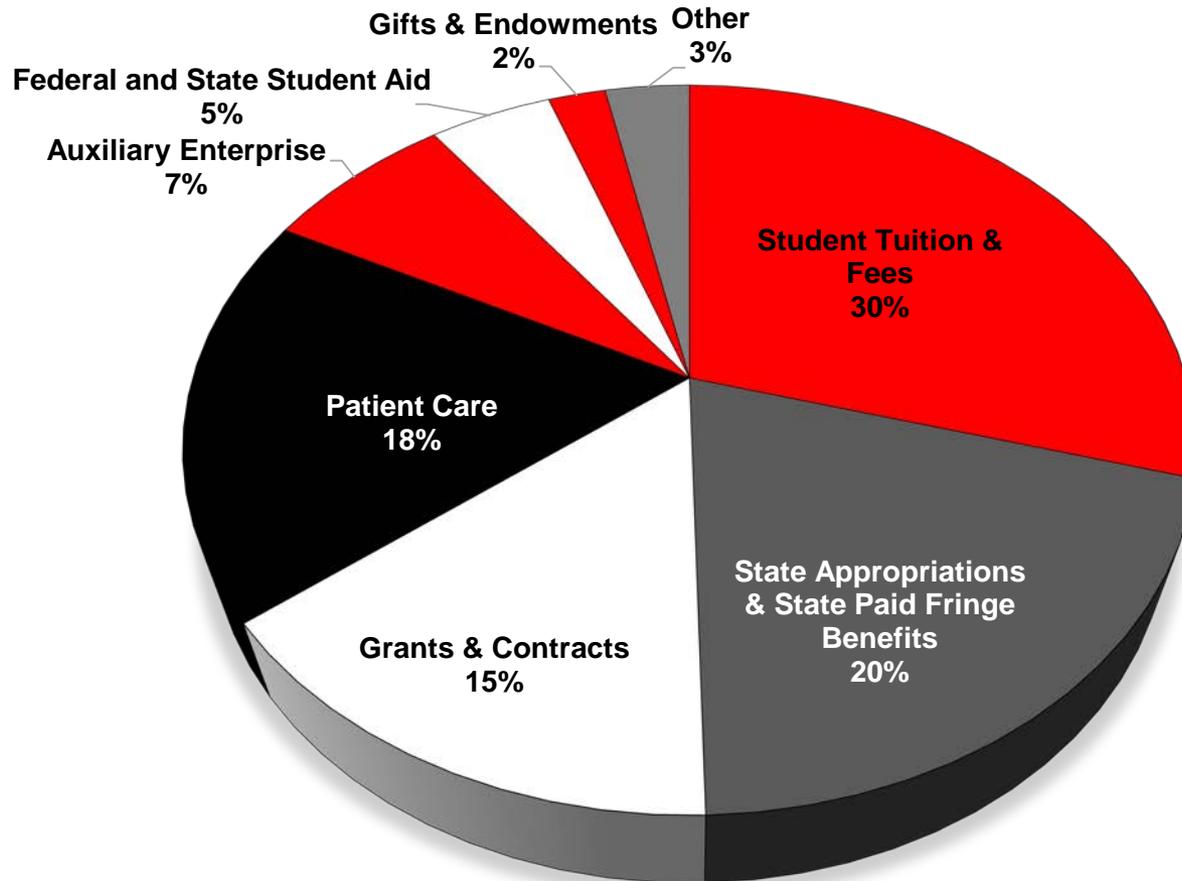
- Make systematic award end date corrections
  - True grant end date (new field) is the date agreed to by our sponsors
  - True grant end date, plus at least 90 days is the functional “end date” field
- Provide reference materials to help process cost transfers, host additional Q&A sessions
- Information and reference materials on the cost transfer process for Sponsored projects are available on the [GCA website](#)
- Addition of resources to prepare processes required for annual and two Code of Federal Regulations Part 200 audits

## Current Focus: Human Resources and Payroll

- Business Process Redesign (BPR) initiative kicked off March 31
- Purpose of the BPR
  - Understand current state processes
  - Develop consistent, aligned future state business processes; leverage voice of customer
  - Develop change mgmt. process for transition to Human Capital Management; improve service by reducing cycle times and removing administrative inefficiencies
- Business process validation workshops began April 18
  - Current state processes
  - Key input to develop future state processes after technology is in place
  - Conducted recruitment and onboarding on April 18
  - Held Part 1 and 2 of Workforce Administration on Apr. 27 and May 3, respectively
- Completed refresher training – Time Entry/Approval, Commitment Accounting

# FINANCIAL PLANNING AND BUDGET

# Revenue: \$3.9 Billion



## Pressure on Revenue

Tuition and Fees and  
Other Student Charges (~37%)

Public scrutiny, student affordability  
and access, as well as federal  
changes to financial aid and student  
support

State Appropriations (~20%)

Constrained State government  
spending not keeping pace with the  
growth of the University

Patient Care (~18%)

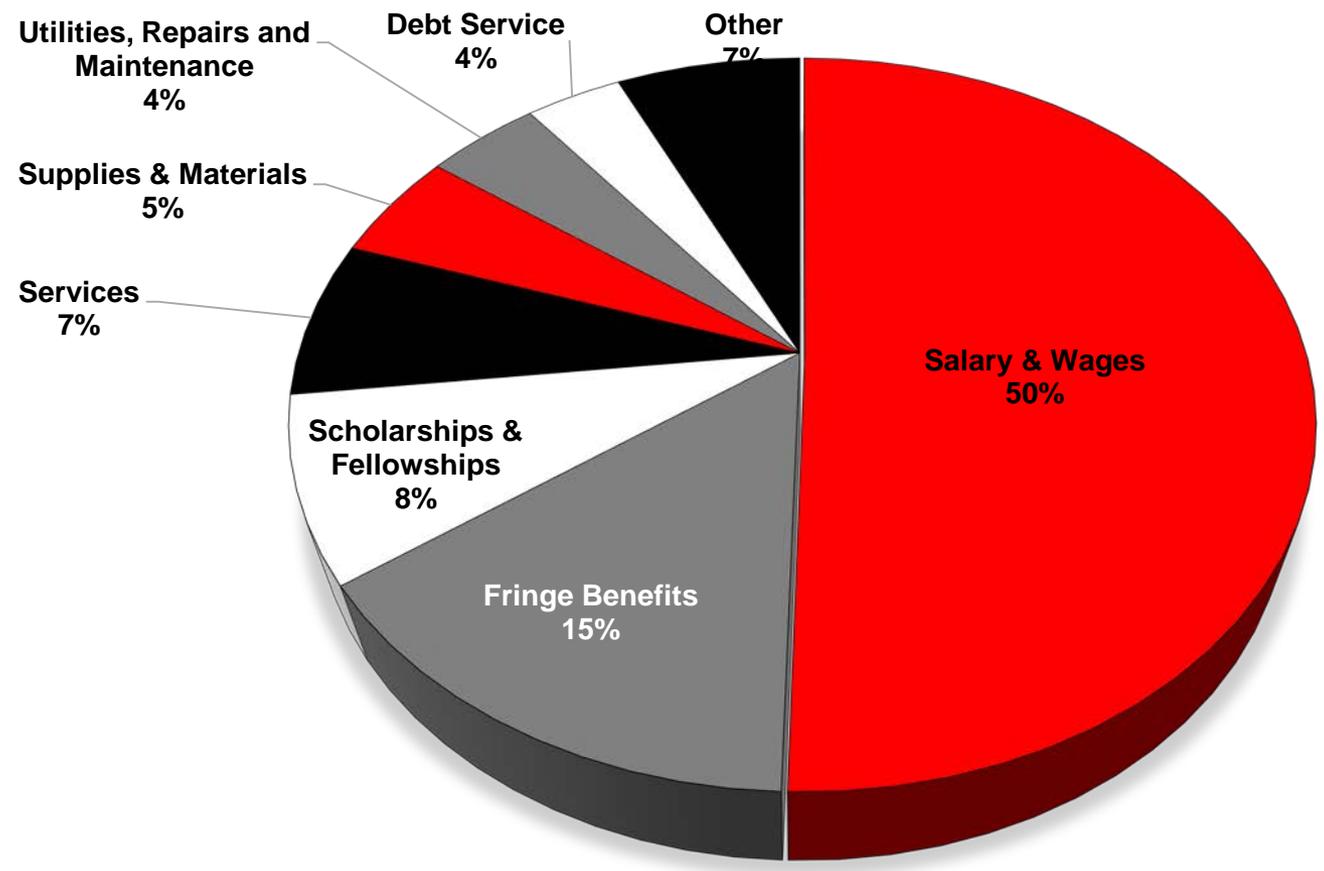
Impact of health care reform, federal  
and state health care spending

Grants and Contracts (~15%)

Significant federal government  
spending cuts expected to impact  
revenue

Note: The remaining 10% is made up of various revenue sources.

# Expense: \$3.9 Billion



## Expense Constraints

Salary and Wages (~50%)	27 labor unions with negotiated, mandatory annual salary increases
Fringe Benefit Costs (~15%)	Dictated by the state based on cost projections; the University pays approximately 50% of all benefit costs
Financial Aid (~8%)	Providing access through affordability with Rutgers Institutional Aid
All Other (~27%)	Areas where the University can look for efficiencies and cost control

## FY 2018 Preliminary Budget Assumptions

- Tuition increase is targeted for below 2%, balancing access and affordability with excellence in education
- The Governor's budget recommends Rutgers' appropriation to remain the same as in FY 2017
  - Overall the Tuition Aid Grant is recommended to increase 3.89%; the amount to Rutgers is yet to be specified
- The composite salary increases dictated by collective bargaining agreements are anticipated to drive salary increases of 2-2.25%
- Based on the Governor's Recommended Budget, fringe benefit costs for senior public research institutions are expected to go up 5%; therefore the fringe benefit rate could be as high as 49.5%

# TRAINING

# Training Classes being Held through June 2017

Course Category	Course Details
<b>Chart of Accounts</b>	<ul style="list-style-type: none"> <li>• Chart of accounts structure overview</li> <li>• Sessions held through May 24 at 33 Knightsbridge</li> <li>• Register online at <a href="https://hrservices.rutgers.edu/CornerstoneTraining">https://hrservices.rutgers.edu/CornerstoneTraining</a></li> </ul>
<b>Financial Inquiries and Reporting</b>	<ul style="list-style-type: none"> <li>• How to use reporting tools to locate general ledger and Projects sub-ledger balances and transactions</li> <li>• Classes will be held from May 17-Jun. 22 via Skype</li> <li>• Register online at <a href="https://hrservices.rutgers.edu/CornerstoneTraining">https://hrservices.rutgers.edu/CornerstoneTraining</a></li> </ul>
<b>SmartView</b>	<ul style="list-style-type: none"> <li>• How to use the Excel and web-based reporting tool available through the financial management system</li> <li>• Classes will be held from May 8-June 30 at 33 Knightsbridge</li> <li>• Working with Chancellor Unit Reps, Central Business Managers to register people for open sessions</li> </ul>
<b>Advanced Project Adjustments</b>	<ul style="list-style-type: none"> <li>• Working session for project cost and revenue transactions to be completed for participants' departments</li> <li>• Sessions held May 16-Jun. 20</li> <li>• Register online at <a href="https://hrservices.rutgers.edu/CornerstoneTraining">https://hrservices.rutgers.edu/CornerstoneTraining</a></li> </ul>
<b>Grant and Contract Accounting</b>	<ul style="list-style-type: none"> <li>• Effort Reporting Policy and Process, and ECRT System Training – Parts 1 &amp; 2               <ul style="list-style-type: none"> <li>• Pre-requisite for certification and reporting system class</li> </ul> </li> <li>• Effort Certification &amp; Reporting System Training (ECRT)</li> <li>• Register online at <a href="https://hrservices.rutgers.edu/crs/">https://hrservices.rutgers.edu/crs/</a></li> </ul>

# **SURVEY**

## We Want to Hear from You

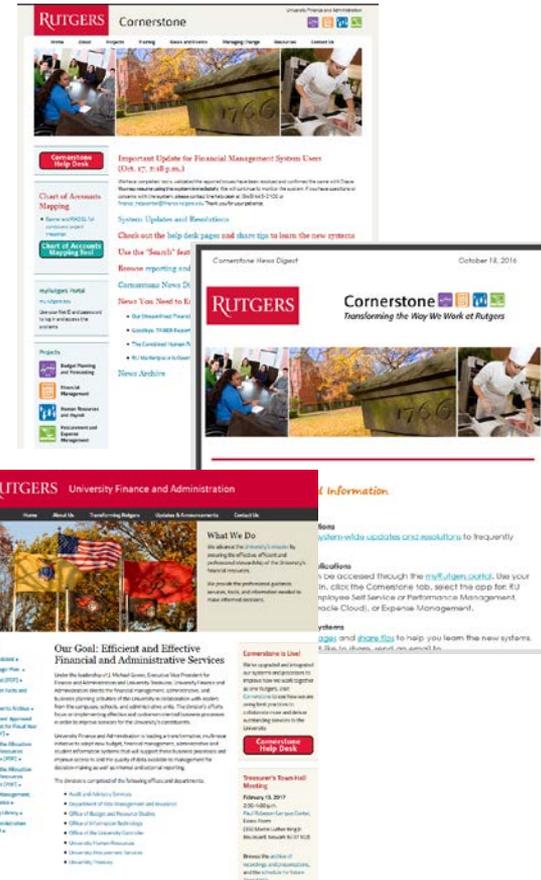
- We will conduct a survey to collect feedback on your experiences and preferences regarding change management, communications, and training
  - Pilot results will help shape full rollout
  - Business Advisory Groups, School Unit Representatives, system users
  - Other opportunities to provide feedback on transition, system functionality
- Your feedback will play an important role in helping us make continuous improvements in these areas now and as we transition to the next phase
- Look for an email during week of May 22



# RESOURCES

# Resources

- **Stay connected**
  - Cornerstone and Finance websites
  - Treasurer's Town Hall
  - Cornerstone News Digest
  
- **Send questions, suggestions and feedback to:**
  - [cornerstone@rutgers.edu](mailto:cornerstone@rutgers.edu)
  - [finance@rutgers.edu](mailto:finance@rutgers.edu)
  
- **Grant Administrators**
  - Join the [RAIN listserv](#)





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