

## **Financial Reporting - Data Requests to be Presented at the Next Financial Users Group Meeting**

### **1. Fundware Uploads**

Financial Reporting (FR) uses two programs developed by IT to extract ISRS financial data for upload into FR's financial reporting software- Fundware. The extract is in .txt format and summarizes ISRS data by school, fund, GL, Object Code, and Reporting Category (the last one is Fundware's way of summarizing more than one Object Code with similar characteristics together).

#### **FW0020CP**

This program pulls the ISRS data with no manipulation, except for summarizing it by the above fields. The program pulls based on school id, which works fine for the individual schools, but does not work for System Office. System Office in addition to being school id 0000, has four distinct campus ids. For Fundware upload we treat those campus id's as individual schools and therefore need the program to pull the System Office data by using campus id, as well as school id.

#### **FW0030CP**

This program pulls the accrual data from ISRS and converts some cash disbursements and cash receipts based on transaction code, to either Salaries Payable (S/P), Accounts Payable (A/P), or Accounts Receivable (A/R) Reporting Categories. Again based on transaction code, some of them are not converted and actually hit cash. We would like to convert all cash disbursements or receipts to either A/P or A/R or SP regardless of the transaction type, thus preventing any hits to cash in Fundware resulting from this upload. We would also like an updated list of what are the criteria for converting cash to either A/P, A/R, or S/P.

### **2. Brio Automated Reconciliations**

The OLA IT audit determined that there is no sufficient testing as to the data that is being pulled out of ISRS. We would like to have automated tests created, comparing control totals between the Row2 query transactions, and the GL EOM and CC EOM query transactions. Such control totals would include Object Code totals, Reporting Category totals, and Fund totals. Since those are pulled separately from ISRS, if the control totals equal between the two, this should give us additional assurance that the data is pulled correctly from ISRS.

### **3. Equipment**

- The equipment module also needs some improvements, which have already been discussed with Al Finlayson. He is making the following changes to the equipment program, rolling out on April 2: Adding columns for Prior Year Cost

Basis, Prior Year Accumulated Depreciation, and Prior Year Depreciation Expense. Once this is completed, Gerry Rushenberg will add calculated fields in Brio to compute the differences between current year and prior year data. We are including this here, to make sure that proper approval is granted to this project, even though it is already in progress.

- Equipment module reports:  
Currently, the year-end process for equipment involves the usage of the EQ0003CP (Exception Report for Purchased Assets) and EQ0006CP (Exception Report for Donated Assets). Al Finlayson has developed a new process involving EQ0001CP (Fixed Asset Master / Transfer – Disposal Report) and EQ0001CP (Depreciation by Fund Report) that needs to be tested out via a testing scenarios. Due to other IT priorities, Al hasn't had the time to devote to getting the testing scenarios put together and train / give direction the people that can test this process.

#### **4. A/R – Exception Reporting & Department of Finance Quarterly Report**

- **Exception Reporting**

Current Measure: Current receivables compared to current year revenues.

##### **Current Exception Reporting Process:**

Data will be extracted for GFS Fund 105 only using the accounts receivable quarterly report submitted to the Department of Finance and the cash basis revenue from the 581CP report (which includes revenue less state appropriation and transfers in). The quarterly A/R report shows total A/R for GEN and then A/R aged but not by fund. To calculate only the GEN portion, the total for GEN would be reduced by 50% of the A/R > 1 year past due.

##### **Suggested Exception Reporting Process:**

Build a Brio query incorporating CC EOM (9001 object code), A/R Balances, and A/R Balance Changes reconciling to each other. Once this built-in reconciliation is completed, data will be extracted for GFS Fund 105 current accounts receivable and \*earned charges (365 days or less) billed on the ISRS accounts receivable module, excluding any \*\*Intra MnSCU billings. The data source for the calculation is from the quarterly accounts receivable report submitted to the Department of Finance. A reconciliation is performed prior to using the data in the exception reporting process. Data reconciliation process: 9001 (Accrued Revenue), A/R Balances ("AR" type charges billed in accounts receivable module), and A/R Balance Changes (Charges, Payments & Waivers occurring between quarters) reconcile to each other. \*Earned charges is in reference to a YRTR that is in session or semester / time period that has past. Future YRTR accounts receivable and charges are excluded from the exception reporting calculation process. \*\*Intra MnSCU billings include any billings that take place between

the Office of the Chancellor and/or amongst institutions, which is identified by using customer id as its identifier.

This suggested exception reporting process (assuming data integrity) would allow this calculation to be self-calculating and a huge efficiency.

- **Department of Finance Quarterly A/R Report**

**Current Process:**

The current process involves using three data sources from Brio: CC EOM (9001 object code), A/R Balances, and A/R Balance Changes. Once the data reconciles, data is reported to the Department of Finance based on factors such as: # of outstanding A/R cases; total A/R \$ outstanding; debtor type charges / payments / waivers during a particular quarter; and an estimate write-off dollar amount. The tool to produce the final end-product is Access.

**Suggested Changes to Process:**

- 1) Provide an automatic reconciliation within Brio as suggested in #2 (Brio Automated Reconciliations). This would be a huge timesaver as it would the user to be able to spot any variances right away--alleviates re-running of data and e-mailing appropriate IT staff in a timely manner about data issues.
- 2) Additional fields added to A/R Balance Changes Brio query: HEB Fund Code and Appro Nbr. Brio table: A/R Bal Change Current
- 3) Build entire reporting process into Brio, if possible. Otherwise, allow Brio to get the data compiled for easy transfer to Access. This would eliminate extra query steps in Access itself.
- 4) Ensure that once Central Operators have been notified to run the batch process overnight, Brio is setup to update automatically – “Materialized View”. This in itself can be a huge timesaver going forward, as data will not have to be continually rerun and reconciled.

## **5. Lease Module**

**Current Process:**

The current process involves updating Brio with data that has been inputted into ISRS' lease module. After the data is extracted from Brio, additional processes include:

- 1) Verifying data from fiscal year-end financial statement instructions attachment (Attachment G).
- 2) Running Brio queries to obtain accounting transactions: lease revenues (income) and lease expenses (capital & operating). The specific object codes used depends on what the institution indicates on the lease attachment. (Can vary by school.)

- 3) Compare / reconcile accounting transactions to leases that have been entered into ISRS' lease module. Depending on how successful this step is will determine the amount of additional contact time (e-mail / phone) with schools to ensure all data is properly reflected in the lease module.
  - This process is a verification step to ensure capital lease payments (shows up as an expense) are properly reclassified to the liability account and interest expense is reported. Depending on the object code(s) each school uses, this step can be very time-consuming.
  - Verification step to ensure that lease payments /receipts inputted in lease module reflect what is being paid / received.
  - Check point: Does the school have all the applicable leases inputted into the lease module?
  - Checkpoint: Has the school filled in all pertinent fields needed for financial reporting. (There may be additional requirements from a Tax or Facilities perspective.)
- 4) Cross-reference capital leases to equipment module / building list. In order for a lease to qualify as a capital lease, a corresponding capital asset has to be accounted for. This becomes an area of review when an asset is under the \$ capitalization threshold—a lease meeting the test of a capital lease may actually require being reported as an operating lease.
- 5) Amortization schedules for capital leases may have to be put together.
- 6) Once a file data set has been reviewed for content, additional grouping and calculations take place to calculate future payments and receipts. This process can be time consuming based on how the user inputs the lease information into the module. (Does the lease include operating expenses and taxes or is this reported separately? Is the interest rate entered or does this have to be backed into?)

**Suggested Changes to Process:**

Since other areas within MnSCU would benefit from programming changes (Tax and Facilities), it would be a great chance to get other area's perspective on what they might need in terms of lease module changes. It may also help review Financial Reporting's current process in how we interpret the data. It would be extremely effective and efficient for the following to be in place:

- 1) ISRS lease module cross-reference to the Facilities & equipment module(s). This would alleviate having to do manual checks against Facilities information and equipment module.
- 2) ISRS lease module cross-reference ISRS accounting transactions (Serial #, purchase order #, encumbrances, etc.) This would allow the system to have more checks in place.
  - Flag any outstanding encumbrances that may need to be closed.
  - Allow for a comparison to be made between contract price and actual paid / received, while flagging any major variances.

- If accounting transactions were linked, Financial Reporting would be able to take those values and easily incorporate them into financial statement process.
- 3) Add functionality to allow for lease agreements that have multiple pieces of equipment to be entered. (One record with multiple sub-records for individual pieces of equipment.)
  - 4) Add additional fields for items such as: operating expenses, taxes, leasehold improvements, lease incentives, and related party transactions.
  - 5) Add prompts in the lease module that don't allow a record to be added if a field has a certain value or is null. For example, a capital lease should have an interest rate of some value.

The current process is too time-consuming and would benefit from more data integration amongst different ISRS modules. Based on lease module software currently in the market, here are some websites offering ideas:

<http://www.lucernex.com/clients.asp>

<http://www.eplus.com/Web/BaseRenderer.aspx?menuid=412>

<http://www.ais-info.com/Cientele.htm>