



RUTGERS

Chart of Accounts
Open Forum

Kathy Dettloff

Vice President, Financial Planning and Budgeting

April 2018

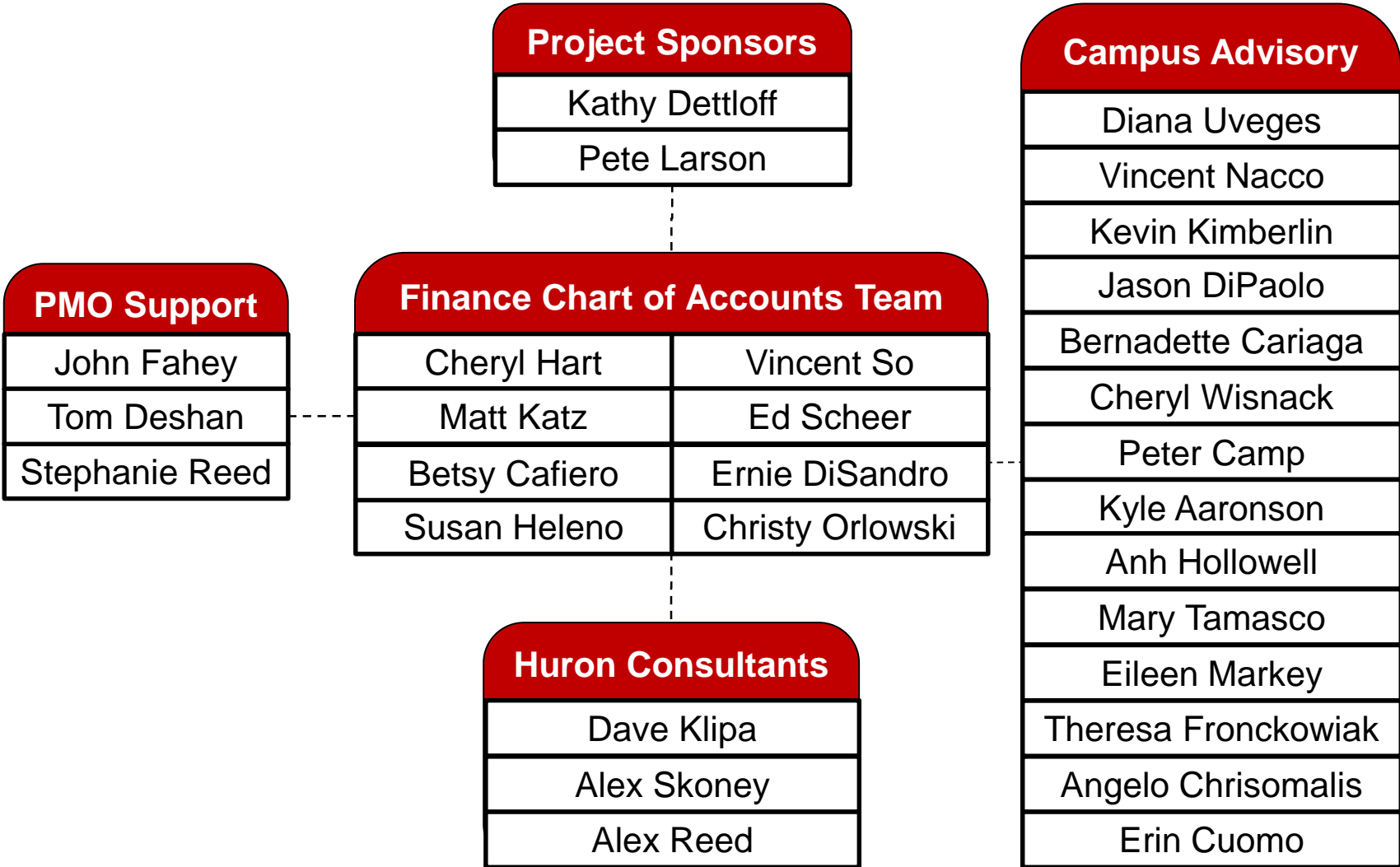
- Provide information on upcoming changes, including system changes and controls, that may impact the way you currently transact business in the Oracle, RU Marketplace and PeopleSoft systems
- Walk you through actions you need to take to ensure a seamless transition
- Offer learning opportunities to help you prepare for the change, stay on track to complete deliverables, and identify resources to support you through the process

Clean in FY19!

- After working in COA for more than a year, and hearing about difficulties staff, faculty and central administration are experiencing with its use, we are developing ways to better serve the University through chart of accounts changes, improved controls and education, guidance, support and policies to ensure the best use of the COA.

GOAL

Improve how we support our operations by making the chart of accounts simpler to use, ensuring the data are accurate and easily reportable across the University, and making certain that the project ledger interacts seamlessly with the general ledger.



- “Open” financial management system (Oracle) allows users to enter any chart string combinations they wanted to. Therefore, there are invalid combinations and accounting values throughout the University
- Chart of accounts design resulted in creation of chart segments and projects that are inconsistent with best practices
- Absence of documented accounting scenarios for standard accounting transactions and chart string usage
- Inconsistent and inappropriate use of the chart of accounts across the University
- Lack of clarity regarding how and when Project Portfolio Management (“Projects”) should be used

By July 1, 2018 implement system changes and controls with the end goal of minimizing reconciliation issues and ensuring FY2019 will have accurate and easily reportable data

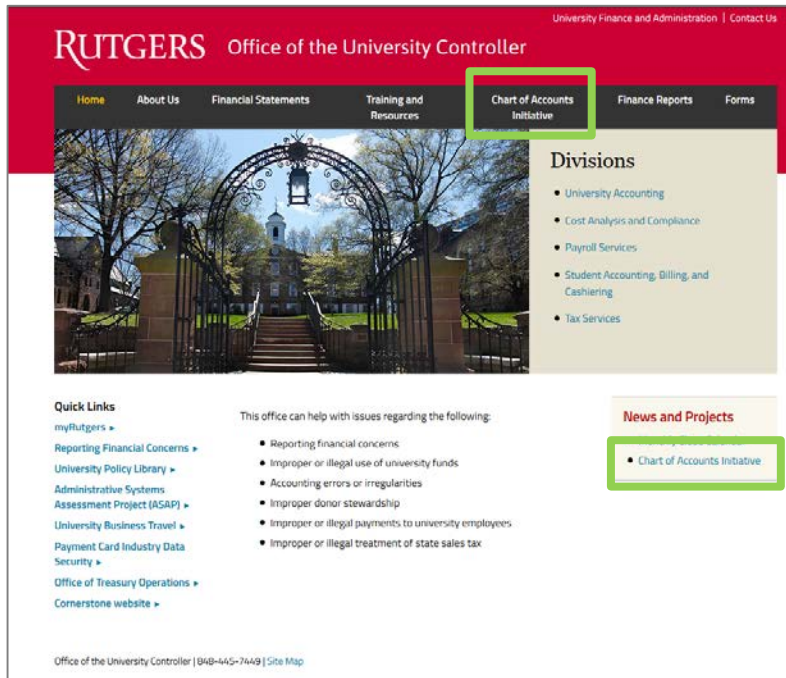
- **Cross Validation Rules:** Rules that prevent the end-user from creating unwanted transactions in the system
 - Use of only valid U-D-O combinations
 - Correct chart segment combinations
- **Sub-Ledger Accounting Rules:** Rules that dictate how transactions in the sub-ledger get recorded in the general ledger
 - Project cost and revenue to follow project U-D-O
 - Freight and Miscellaneous lines on Accounts Payable invoices
 - Facilities & Administration Cost Recoveries

Unit-Division-Organization Combinations

- Goal: Reduce U-D-O combinations to a more appropriate quantity, to reduce errors and reconciliations
 - 2,200 (approx.) valid U-D-O combinations were identified
- System controls will prevent:
 - Creation of new invalid U-D-O combinations
 - Stop use of invalid combinations already in the system
- All units will be required to use only valid U-D-O combinations for transactions in the general ledger, Projects module, RU Marketplace and PeopleSoft.



- Review valid and invalid U-D-Os and begin using only valid U-D-Os on new transactions.



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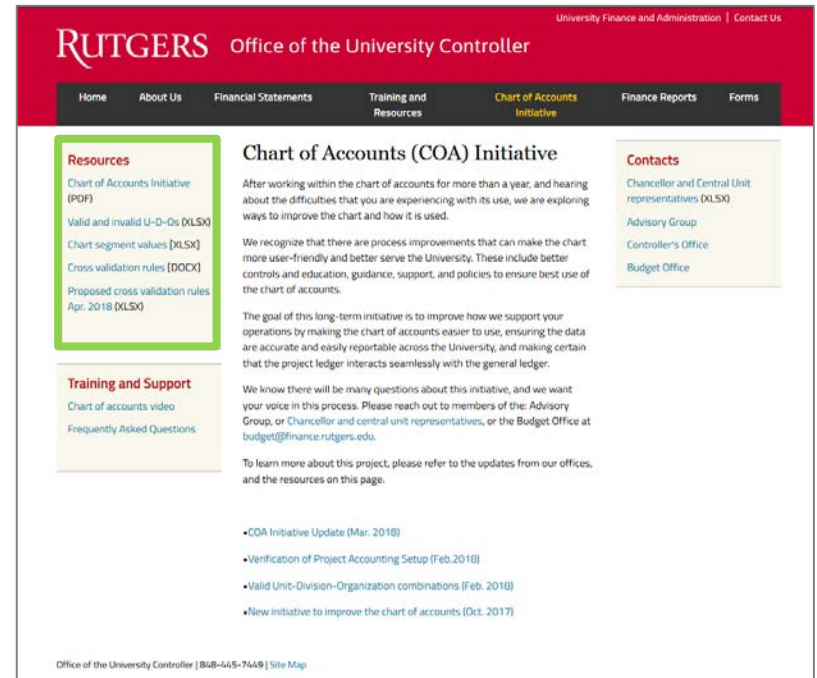
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Resources

- Chart of Accounts Initiative (PDF)
- Valid and invalid U-D-Os (XLSX)
- Chart segment values (XLSX)
- Cross validation rules (DOCX)
- Proposed cross validation rules Apr. 2018 (XLSX)

Training and Support

- Chart of accounts video
- Frequently Asked Questions

Chart of Accounts (COA) Initiative

After working within the chart of accounts for more than a year, and hearing about the difficulties that you are experiencing with its use, we are exploring ways to improve the chart and how it is used.

We recognize that there are process improvements that can make the chart more user-friendly and better serve the University. These include better controls and education, guidance, support, and policies to ensure best use of the chart of accounts.

The goal of this long-term initiative is to improve how we support your operations by making the chart of accounts easier to use, ensuring the data are accurate and easily reportable across the University, and making certain that the project ledger interacts seamlessly with the general ledger.

We know there will be many questions about this initiative, and we want your voice in this process. Please reach out to members of the Advisory Group, or Chancellor and central unit representatives, or the Budget Office at budget@finance.rutgers.edu.

To learn more about this project, please refer to the updates from our offices, and the resources on this page.

- COA Initiative Update (Mar. 2018)
- Verification of Project Accounting Setup (Feb. 2018)
- Valid Unit-Division-Organization combinations (Feb. 2018)
- New initiative to improve the chart of accounts (Oct. 2017)

Contacts

- Chancellor and Central Unit representatives (XLSX)
- Advisory Group
- Controller's Office
- Budget Office

University Controller's Office
 University Budget Office
 Cornerstone

<https://uco.rutgers.edu>

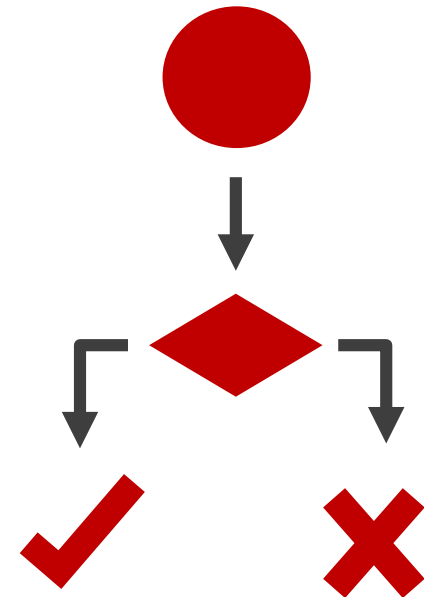
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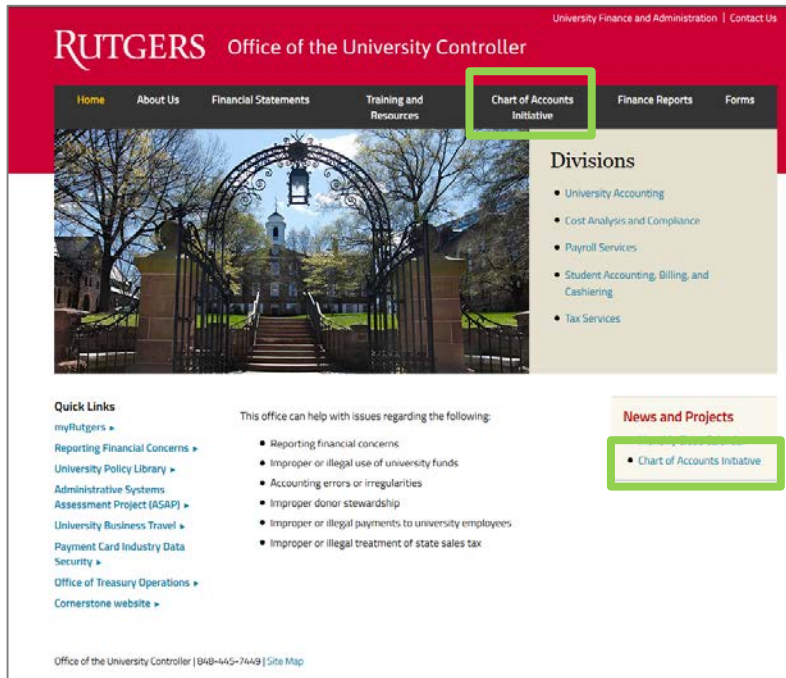
Invalid Chart String Combinations

Prevent general ledger chart strings that do not follow logic from being created, for example:

- **Fund Types 145 and 390** – “Medical Contracts for the State of New Jersey” can only be used in combination with Healthcare and Clinical Business Lines, which are in the range of 3500-3599 (all Fund Types can use the default Business Line of 9999)
- 43 rules will be phased in by July 1st
- Become familiar with these rules, and start transacting in the system using them now, so that we are ready to be clean in FY19



- Visit the Controller’s site to become familiar with the cross validation rules



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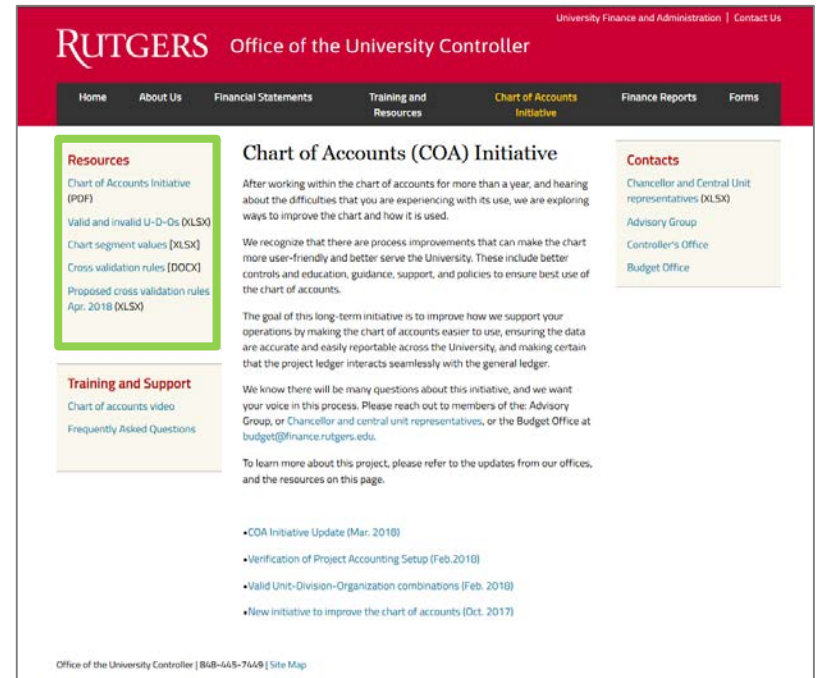
Office of Treasury Operations »

Cornerstone website »

This office can help with issues regarding the following:

- Reporting financial concerns
- Improper or illegal use of university funds
- Accounting errors or irregularities
- Improper donor stewardship
- Improper or illegal payments to university employees
- Improper or illegal treatment of state sales tax

Office of the University Controller | 848-445-7449 | Site Map

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- CVRs file contains list of all new rules that will be implemented
- Each rule can be interpreted with the same logic as the example below

		IF you are using these values				Then - ->	You must use these values	
4								
5	Rule Name	Description	*Error Message	Condition Filter Segment	Condition Filter Values		Validation Filter Segme	Validation Filter Values
	<i>CVR FT-BL 09</i>	This rule enforces that Medical Contracts for the State of NJ Fund Types (145 & 390) can only be used in combination with Healthcare & Clinical Business Lines (3500-3999). <i>Fund Types (145 & 390) can only use Business Line (9999) when recording to Balance Sheet (Assets & Liabilities) Accounts.</i>	CVR FT-BL 09 - The Fund Type value used is not valid with this Business Line value	Fund Type	145,390		Business Line	3500-3999,9999

If you use Fund Types 145 or 390, you must use Business Lines 3500-3999, or 9999

If you use this value segment,...

- **Account**
42500-42699, 45000-46699
- **Fund Type**
100, 150
- **Fund Type**
180, 610, 620, 900
- **Fund Type**
320
- **Unit**
000-150, 200, 220-470,
500-555



...then you must use this value segment

- **Unit**
700-855, 900
- **Account**
00000-47999, 49000-99999
- **Business Line**
0500, 7000-7900, 9999
- **Unit**
330, 460, 900-999
- **Business Line**
0000-3499, 4000-7699, 7899,
7999, 8299, 9099, 9999

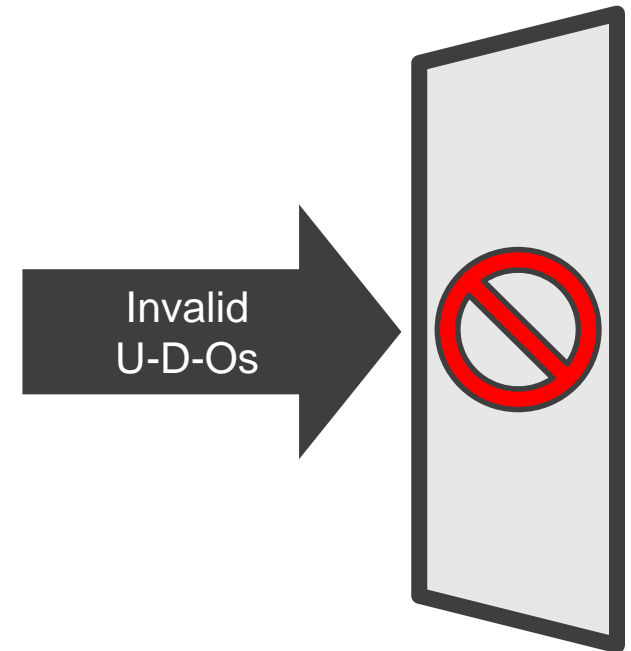
Central Actions

- Create new CVRs to ensure the use of valid chart combinations in RU Marketplace and PeopleSoft on May 7th. New requisitions in RU Marketplace and all new transactions in PeopleSoft must use valid combinations, or they will be rejected.
- Testing for all CVRs is ongoing through May 31st
- CVRs will go in to the Oracle system **for monitoring only** on May 7th
- Reports will be posted that identifies chart string combinations in violation of any rules (exception reporting)
- All CVRs will be made active on July 1st



Unit Actions

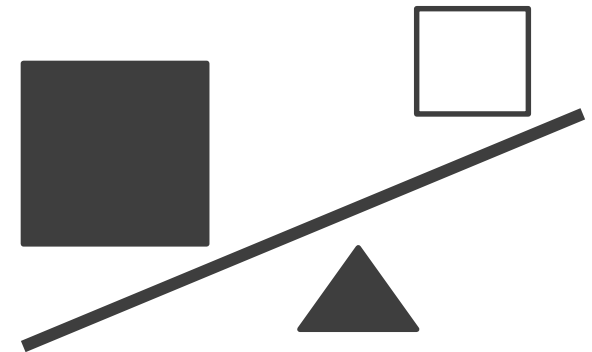
- Update U-D-O approval rules in RU Marketplace by **April 25th** (units will be notified)
- Update department default accounts in PeopleSoft by **May 23rd**
- Employee Charging Instructions need to be updated by **May 23rd** (report distributed April 24th)
- Existing purchase orders need to be updated by **May 23rd** (report distributed April 25th); central will update after receiving input from units
- Monitor exception reporting regularly beginning **May 7th**
- **Contact us for help!!**



Date	Topic
April 30-May 4	<ul style="list-style-type: none">• Valid Unit-Division-Organization Combinations• Cross Validation Rules
April 30-May 4	<ul style="list-style-type: none">• U-D-O Employee Charging Instructions• RU Marketplace
May 7-May 10	<ul style="list-style-type: none">• Purchase Order lines• Department Defaults• Employee Charging Instructions
May 21-May 25	<ul style="list-style-type: none">• Sub-Ledger Accounting Rules

- Led by subject matter experts from project team
- Two sessions for each group of topics
- 90 minutes each, including time for Q&A
- Some sessions will cover more than one topic, due to timing of changes or similar action required by units
- Complete details emailed on April 23rd, and posted on Controller's site

- **Correct balances and close invalid general ledger strings**
- Invalid chart string combinations will have activity and balances that will need to be reclassified
- We will run reports, and provide direction on how to reclass these balances at a later date
- We do not anticipate these changes being complete by the end of the fiscal year



- No action is required by units at this time

Sub-Ledger Accounting Rules

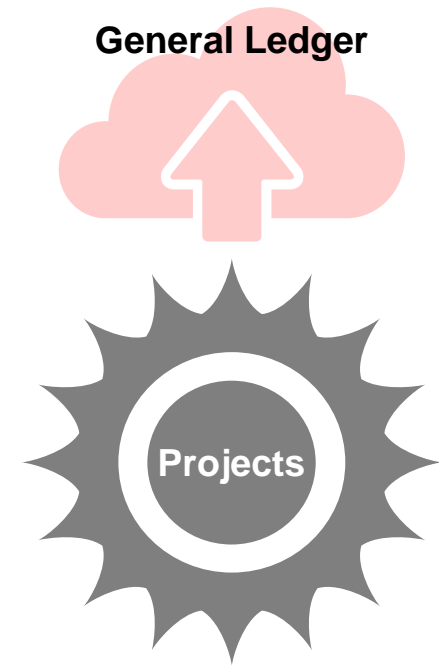
Derive general ledger accounting from project master (demographic) data

Project Costs

- Ensure all costs from projects sub-ledger follow U-D-O set up at project level, so costs always match revenues in the general ledger
- **Unit-Division-Organization** will be derived from the project owning organization, not from the expenditure organization when transacting, for all projects **regardless of what is entered on the transaction**
- **Fund Type** will be derived from project/task for all projects
- **Location and Business Line** will be derived from project/task master data for sponsored projects, and user entry for non sponsored

Will be live in the system on May 31st

- **Ensure project setup data is correct**



Derive general ledger accounting from project master (demographic) data

Facilities and Administration (F&A) Cost Recovery

- F&A will now be automatically booked in real-time to a specified general ledger string (NA 47100) identified on the project; no longer managed by UBO/UCO.

Will be live in the system on May 31st

**Natural
Account
47100**

- No action is required by units

Derive general ledger accounting from sub-ledgers

Accounts Payable Freight & Miscellaneous Lines

- All freight and miscellaneous lines on an invoice will be automatically posted to specific general ledger string, and will no longer require a manual journal entry

Will be live in the system on May 31st



- No action is required by units

Prevent users from recording activity to grant Fund Types via General Ledger Journals

Grant Fund Type Not Allowed in General Ledger

- General ledger transactions with “Grant Fund Type” on any lines will be rejected.
- Ensures no transactions on “Grant Fund Types” originated from users recording general ledger transactions
- Prevent project transactions from being booked only to the general ledger

Will be live in the system on May 31st

- No action is required by units

Fund Type Value	Fund Type Description
310	Federal Grants & Contracts
320	Hatch Smith Lever
360	EOF Program
380	Grants & Contracts State of NJ
385	Grants & Contracts Other States
390	Restricted Medical Contracts State of New Jersey
400	Local Municipal Grants & Contracts
500	Corporate Grants & Contracts
520	Foundations Grants & Contracts
560	Associations Other Non-Profit Grants & Contracts
580	Foreign Grants & Contracts
640	Restricted General Grants

- User transactions on these Fund Types must be done via Projects to keep general ledger and Projects module in sync

Other Initiatives

All chart of accounts segment value descriptions will be more intuitive

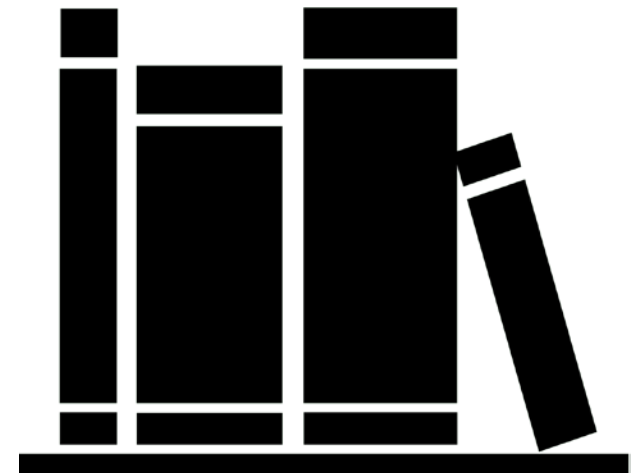
The descriptions of the chart of accounts values will be updated to be more consistent and easier to read, some examples include:

Segment	Value	Old Description	New Description	Status
Unit	160	Dining Camden	CMD Dining	In Production
Unit	290	School of Engineering SOE	NB SOE School of Engineering	In Production
Location	2105	New Brunswick Regional Campus	NB Regional Campus	In Production
Location	1200	Robeson Library	CMD Robeson Library	In Production
Location	1000	Camden Regional Campus	CMD Regional Campus	In Production
Account	47390	Healthcare Other	Other Rev Healthcare Other	Review
Account	58990	Equipment Other	Comp & Equip Other	Review

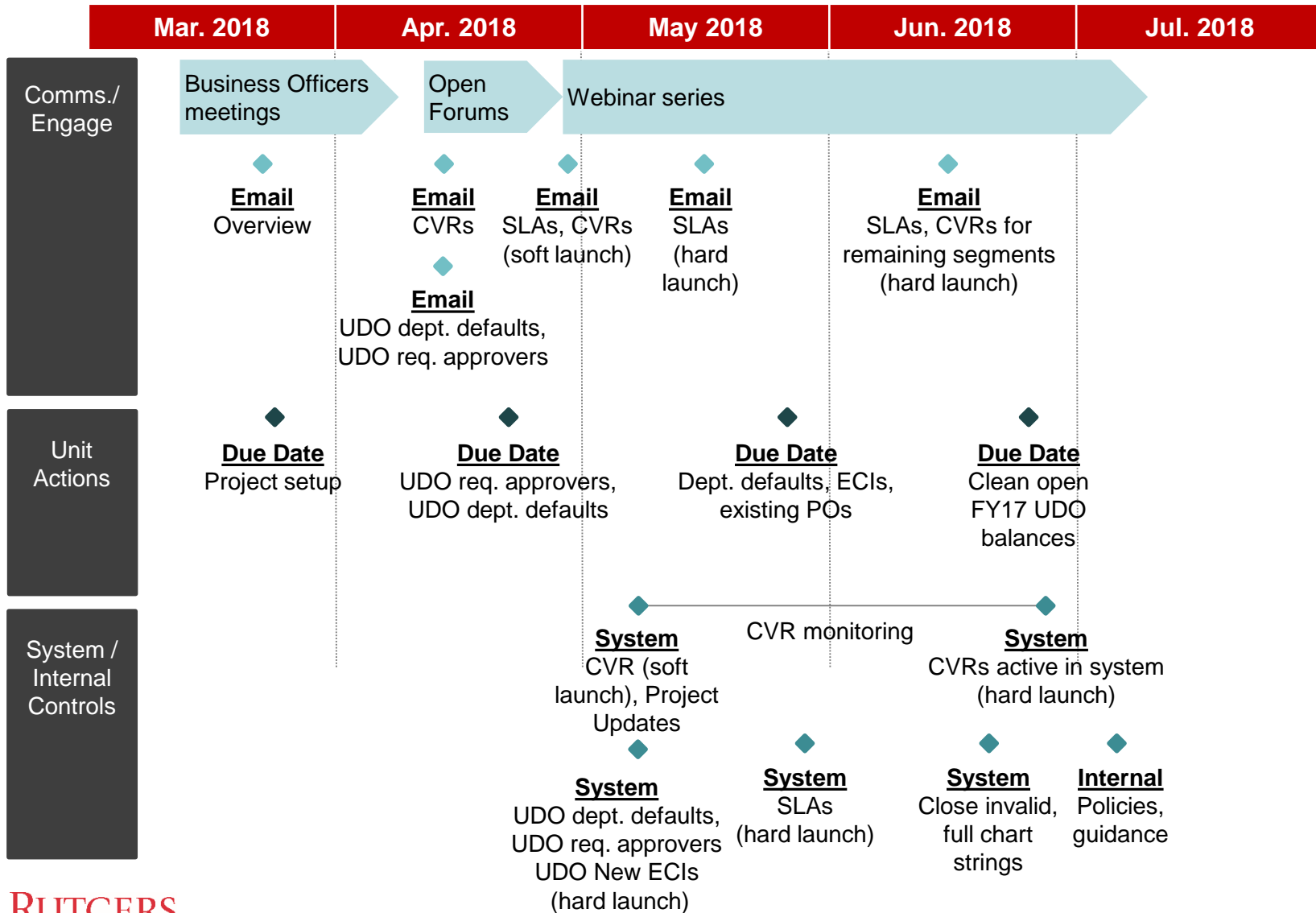
- No action is required by units

- Create standardized business processes that comprise “Policies and Procedures Guide” on accounting treatment of financial transactions
 - **Transfers***: Use certain accounts when making transfers between certain Fund Types. A guide on when to use which accounts will be provided.
 - **Expense Recoveries***: Specific accounts must be used when charging (by category), the same accounts will be credited to provider.
 - **Faculty Funds***: Will continue to use Projects under the current chart of accounts.

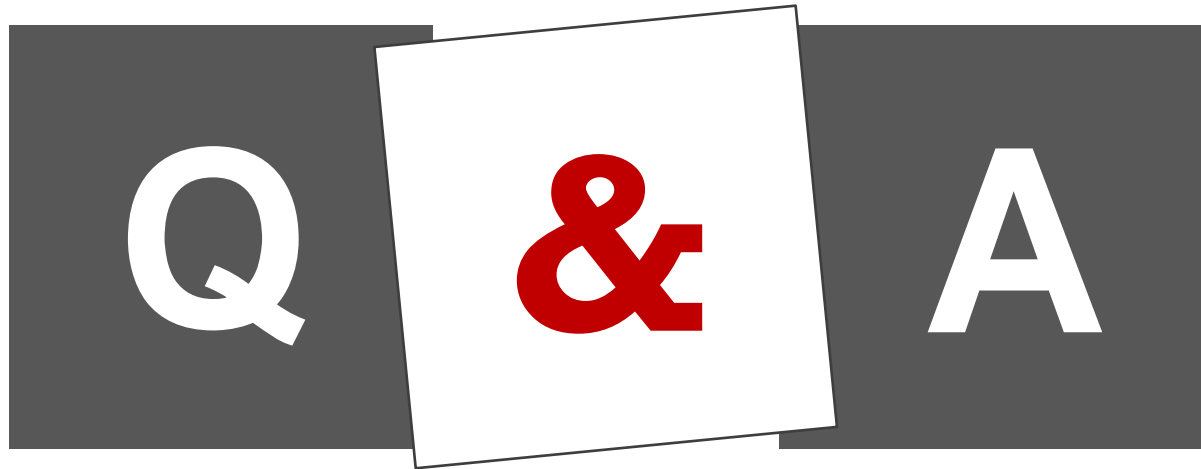
**First group of policies will rollout for use in FY19*



As of April 12, 2018. Timelines and milestones are proposed and subject to change.



- Iterative process, with changes occurring in waves through June 2018, to better educate and prepare staff and minimize disruption to day-to-day operations
- Multiple opportunities and forums to learn about upcoming changes, and talk with our staff who will support you throughout this process
- Resources will continue to be posted on Controller's website, accessible from Budget Office and Cornerstone websites
- Budget Office and Controller's Office partnering with units
 - UBO/UCO: Comprehensive project management, clear communication, multiple ways engage you, education/support resources
 - Units: Input, support and leadership, feedback



QUESTIONS & ANSWERS

Kathy Dettloff

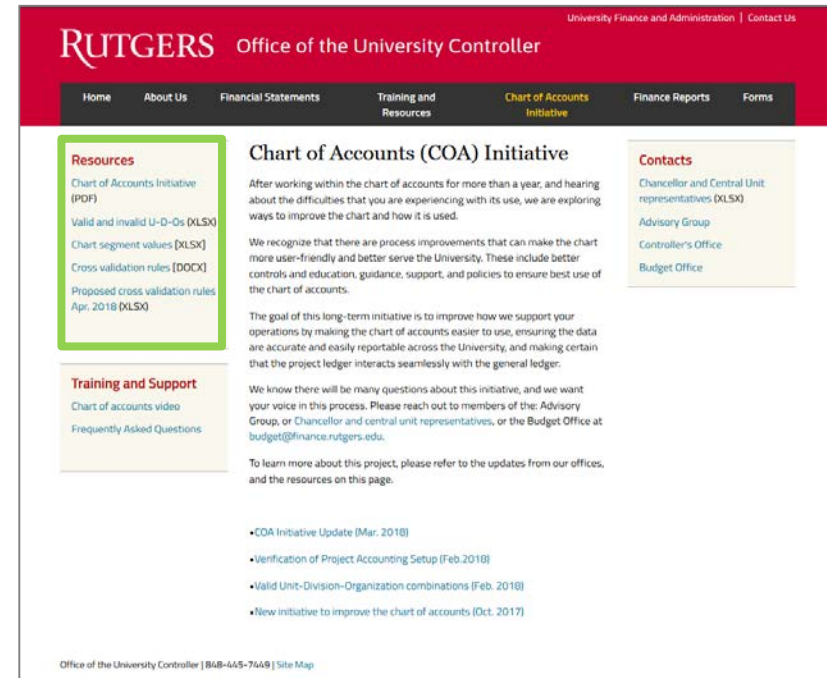
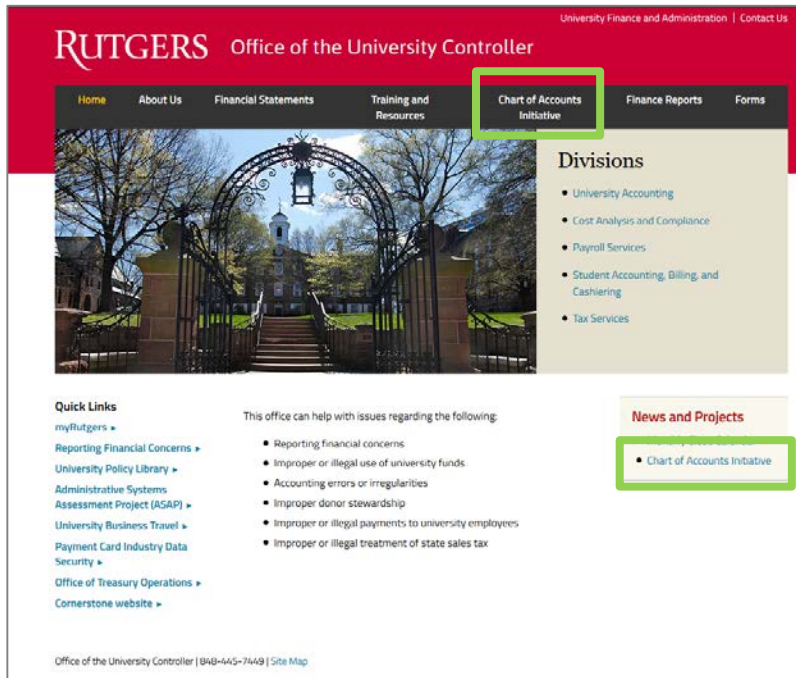
Vice President, Financial Planning and Budgeting

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Send questions to budget@finance.rutgers.edu

Submit question and suggestions to your unit's business manager, a Chancellor unit or central business representative, a member of the Advisory Group.



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