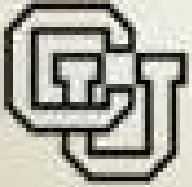


Expenditure Control Forum Phase 2 Funds September 2007

Presented by the
Office of University Controller



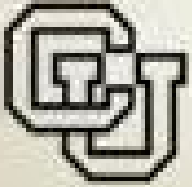
Agenda

- What, Why, When, How
- Finance Procedural Statement (FPS)
 - Key Concepts, Processes, Finance System Enhancements, Responsibilities
- Examples
- Reporting & Monitoring
- Wrap Up



What

- Expenditure Control is a comprehensive approach to promoting sound fiscal management by addressing the problem of deficit spending
 - Deficit spending occurs when expenditures exceed available resources



Why

- Approximately 5,200 SpeedTypes are overdrawn at the end of a typical fiscal year
- Deficit spending strains organizational unit functionality & puts university operations at risk
- Expenditure Control is being implemented at the direction of President Brown



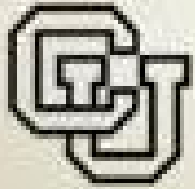
When

- Control will be implemented in phases:
 - Funds 26, 72, 78, 80: went live in January 2007
 - **Funds 10 (General) & 34 (Gift): October 8, 2007**
 - Funds 2x (Auxiliary) & Self-Funded Funds (except Fund 26): October 2008
 - Remaining Funds other than Funds 30, 31 (i.e., Plant, Loan, Endowment): October 2009
 - Funds 30, 31 (Sponsored Projects): October 2010



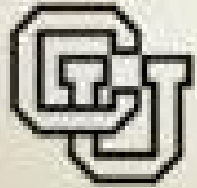
How

- New Finance Procedural Statement (FPS)
 - Articulates key concepts, processes, responsibilities, appropriate actions
- Finance System Enhancements
 - Prevent deficit spending at certain process points
- Resources
 - Approved Subsystem List, Resource Check Matrix, JE Flow Chart
- Monitoring & Reporting



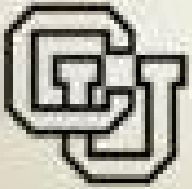
FPS - Key Concepts

- Expenditure Control Rule (ECR)
 - Identifies **level** at which to aggregate expenses
 - Identifies **how** to aggregate expenses
- Available Resource Basis (ARB)
 - Identifies how to determine available **resources**



FPS - Expenditure Control Rule (ECR)

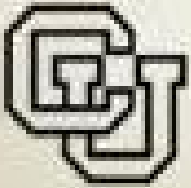
- Tells Finance System how to aggregate information
 - *Level:* Org (requires controller approval), or Program
 - *How:* All Expenses, or Expenses by Budget Pool
- An ECR has been assigned to every Program using Phase 2 Funds
 - Process varied by campus



FPS - ECR Attributes

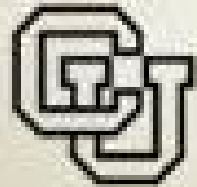
- ECR is an attribute assigned to the Program ChartField
 - PA Control at Program level,
 All Expenses
 - DAB Control at Org level, All Expenses,
 Budget
 - DAN Control at Org level, All Expenses,
 Net Assets

*DAB & DAN were formerly combined into **DA**
(Control at Org Level, All Expenses)*



FPS - Available Resource Basis (ARB)

- Available Resource Basis is an attribute assigned to the SpeedType ChartField
- Tells Finance System if the SpeedType will use Budget or Net Assets to determine available resources
 - BL Budget (BL = Budget Ledgers)
Sum of all four budget ledgers
 - NA Net Assets
Prior Year Ending Net Assets + Current Year Revenues - Current Year Expenses



FPS – ECR & ARB Attributes

SpeedType Inquiry

Menu	
ChartFields	
ChartField Audits	
Reports	
ChartField Values	
SpeedTypes	
Account	
Adjustment Type	
Alternate Account	
Budget Reference	
ChartField1	
ChartField2	
ChartField3	
Sub-class	
Fund	
Organization	
Operating Unit	
Program	
Product	
Project	
Scenario	
Statistics Code	
Book Code	
Fund-Acct Combo Edit	
Travel Table Query	
Org Fiscal Roles	
Exp Control Attribute	
Change	

SpeedTypes	Add'l SpeedType Attributes	Org/Program/Project Attributes	Gift Attributes
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SetID:	UCOLO		
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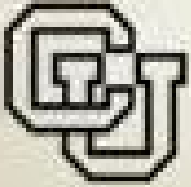
Find View All			
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SpeedType:	13410127		
Effective Date:	05/01/2007	Status:	Active

Campus Attributes			
Controller Defined:		Org Defined:	

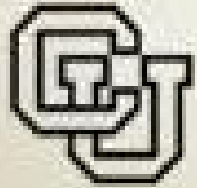
Fiscal Staff			
Position/Name:	00102196	Rumbley, Tai Ying Iris	
Telephone/Email:	303/492-1482	iris.rumbley@colorado.edu	
Campus Box:	355 UCB		

Budget Type			
Available Resources Basis:	NA	Budget by Net Assets	
Program Exp.Control Rule:	PA	Budget by Org, Prog/Proj, All Expenses	



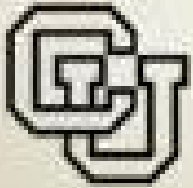
FPS – Process

- Assign ECR & ARB
 - Documented in Finance System
 - Can only be changed at the start of each fiscal year
- Turn off Expenditure Control each July (July 1-31) to ensure budgets have been loaded & net assets rolled forward
 - When Expenditure Control is turned back on in August, all July transactions are checked against the assigned Available Resource Basis



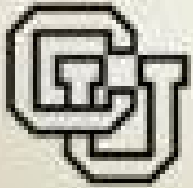
FPS – Finance System Enhancements

- If a deficit would result, the following transactions will be prevented:
 - Journal Entry post (actual, budget, encumbrance)
 - Purchasing & Accounts Payable
 - DPO dispatch
 - PO/SPO Requisition sourcing
 - Non-PO Voucher post
 - Subsystem post (unless approved subsystem)



FPS – Finance System Enhancements (*cont'd*)

- **Even if a deficit would result, the following transactions will be allowed:**
 - Payroll & Payroll Expense Transfers (PETs)
 - Procurement Card
 - Other subsystems approved by the Associate Vice President & University Controller (e.g., Month-end Allocations, Central Travel System ticket charges, Facilities, Mailing Services, Telecom, BRS)
 - https://www.cusys.edu/controller/documents/Approved_Subsystems.xls



FPS – Finance System Enhancements (*cont'd*)

- Finance System checks to see if there are adequate resources before processing/posting a transaction.
- In other words it considers, “If this transaction posts will it create a deficit?”
 - If YES, the transaction will not post (unless it is Payroll, or Procurement Card or another approved subsystem)
- Resource Inquiry Page



Resource Inquiry Page - PA

Menu

Search:

»

- ▶ My Favorites
- ▶ Imaging
- ▼ Reports
 - ▶ A/P
 - ▶ Purchasing
 - ▶ Finance Reports
 - ▶ GL A-M
- ▼ GL N-Z
 - ▶ Review Resource Check Failures
 - Resource Inquiry
 - [OpenItem Listing](#)
 - [Out of Balance Report](#)
 - [Payroll Suspense Report](#)
 - [Personnel Roster/Dept Budget](#)
 - [Posted Journals Summary](#)
 - [Record Groups](#)
 - [Schedules](#)
 - [SpeedTypes](#)
 - [Standard Journal Status](#)
 - [Statistics Code](#)
 - [Summary Calendar](#)
 - [Summary Ledger](#)

Resource Details

Business Unit	Ledger Group	Account	Fund Code	Organization	Program Code	Sub-class	Budget Period
UCOLO	CC_EXPENSE		34	20029	18188		FY2008

Available Resources Basis: NA

Ledger Amounts

Budget or Net Assets:	2,435.61	USD	Max Rows	100
Expense:	170.00	USD	Attributes	
Encumbrance:	0.00	USD	Parent / Children	
Pre-Encumbrance:	0.00	USD	Associated Budgets	

Revenue: 0.00 USD

Available Resources

Without Tolerance:	2,265.61	USD	Percent:	(93.02%)	Forecasts
With Tolerance:	2,265.61	USD	Percent:	(93.02%)	

Resource Check Failures

Exception Errors:	0	Exception Warnings:	0	Resource Check Failures
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Resource Inquiry Page – DAB

Menu

Search:

»

- My Favorites
- Imaging
- Reports
 - A/P
 - Purchasing
 - Finance Reports
 - GL A-M
- GL N-Z
 - Review Resource
 - Check Failures
 - Resource Inquiry**
 - OpenItem Listing
 - Out of Balance Report
 - Payroll Suspense Report
 - Personnel Roster/Dept Budget
 - Posted Journals
 - Summary
 - Record Groups
 - Schedules
 - SpeedTypes
 - Standard Journal Status
 - Statistics Code
 - Summary Calendar
 - Summary Ledger

Resource Details

Business Unit	Ledger Group	Account	Fund Code	Organization	Program Code	Sub-class	Budget
UCOLO	CC_EXPENSE		10	10842	DAB00		FY2008

Available Resources Basis:

Ledger Amounts

Budget or Net Assets:	10,000.00	USD	Max Rows	100
Expense:	5,000.00	USD		
	0.00		Attributes	
Encumbrance:	1,000.00	USD		Parent / Children
Pre-Encumbrance:	0.00	USD		Associated Budgets

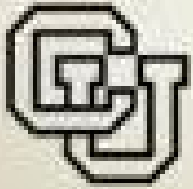
Revenue: 0.00 USD

Available Resources

Without Tolerance:	4,000.00	USD	Percent:	40%	Forecasts
With Tolerance:	4,000.00	USD	Percent:	40%	

Resource Check Failures

Exception Errors:	0	Exception Warnings:	0	Resource Check Failures
--------------------------	---	----------------------------	---	-------------------------



FPS – Finance System Enhancements (*cont'd*)

- Matrix lists various transaction types

https://www.cusys.edu/controller/documents/budget_check_timing.doc

- It identifies:
 - When Resource Check runs
 - When, and to whom, notice is sent if resource check indicates insufficient resources
 - How often, and for how long, a transaction is re-checked
- Review Resource Check Failures



Review Resource Check Failures

	If you know...	Select...
<div data-bbox="85 492 523 1206"><p>Menu</p><ul style="list-style-type: none">Review Resource Check Failures<ul style="list-style-type: none">Budget Checking StatusInquiry by ChartfieldVoucherJournalPurchase OrderPurchase Order (NP)PO RequisitionSPO RequisitionStanding Purchase OrderResource InquiryOpenItem ListingOut of Balance Report</div>	<p>... the SpeedType or any part of the FOPPS the failed transaction was charged to.</p> <p>...the voucher ID of in Error status.</p> <p>...the journal ID of in Error status.</p> <p>...the PO number in Error status.</p> <p>...the PO Requisition number in Error status.</p> <p>...the SPO Requisition number in Error status.</p> <p>...the SPO number in Error status.</p>	<p>...Inquiry by Chartfield</p> <p>...Voucher</p> <p>...Journal</p> <p>...Purchase Order</p> <p>...PO Requisition</p> <p>...SPO Requisition</p> <p>...Standing Purchase Order</p>



Review Resource Check Failures Inquire by ChartField *(cont'd)*

Budget Exceptions

Budget Type: CC_EXPENSE Expense
Business Unit: UCOLO University of Colorado
Organization: 10605 Sofo-Independent Groups,Gc

Budget Period: FY2007 FY2007

Customize | Find | First 1-6 of 6

Chartfield	ChartField Value	Description
Fund Code:	80	Agency
Organization:	10605	Sofo-Independent Groups,Gc
Program Code:	17759	Alpha Kappa Alpha Sorority
Project:		
Sub-class:		
Account:		

Exception Type: Error **Maximum Rows:** 100 ☐ More Transactions Exist

[Advanced Transaction Criteria](#) [Budget Detail](#)

Transactions with Budget Exceptions Customize | Find | View All | First 1-2 of 2 Last

Transaction Data Budget Override [EEE]

Date	Transaction Type	Exception	Amount	ID Name	ID Value
02/09/2007	AP_VOUCHER	Exceeds Budget Tolerance	35.65 USD	Voucher ID:	01842502
02/09/2007	AP_VOUCHER	Exceeds Budget Tolerance	28.41 USD	Voucher ID:	01842502



Review Resource Check Failures Inquire by Transaction *(cont'd)*

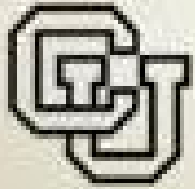
Advanced Transaction Criteria		Budget Detail										
Transactions with Budget Exceptions										Customize Find View All		
										First 1-2 of 2 Last		
	Date	Transaction Type	Exception	Amount		ID Name	ID Value	Override Budget	Transfer			
	02/09/2007	AP_VOUCHER	Exceeds Budget Tolerance	35.65	USD	Voucher ID:	01842502	<input type="checkbox"/>	Go To ...			
	02/09/2007	AP_VOUCHER	Exceeds Budget Tolerance	28.41	USD	Voucher ID:	01842502	<input type="checkbox"/>	Go To ...			

- Click on the **Budget Detail** link to view the **Available Resource** page for the SpeedType.
- Click on the **magnifying glass icon** at the far left of each line to view where the error(s) occurred that caused the transaction to fail.
- Click on the **paper and arrow icon** under the Transfer column to view detailed information about the failed transaction (such as the vendor, the invoice number, and the total amount of the invoice for vouchers).



FPS Responsibilities - OUC

- Review/approve subsystems permitted to post even if a deficit results
- Apply override (Finance System errors)
- Provide tools/training for deficit monitoring
 - Emails when transaction don't process
 - Finance & Reporting System inquiries
 - Review Resource Check Failures in Finance System



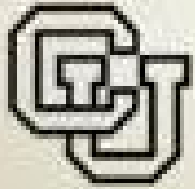
FPS Responsibilities – Campus Finance Office

- Work with organizational units to assign ECR & ARB attributes
- Review/approve Budget Journal Entries
- Monitor deficits/work with organizational units to develop deficit reduction/elimination plans
- As appropriate, override Expenditure Control
 - Override use must be fully documented with appropriate justification



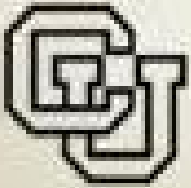
FPS Responsibilities – Organizational Unit

- Understand & manage encumbrances
 - Standing Purchase Orders (email purchasing agent regarding SPO Total Amounts & SPO End Dates; use SPO Adjustment to modify Encumbered Amounts & close expired SPOs)
 - Purchase Orders
 - Payroll (verify funding sources & distribution)
 - Other encumbrances



FPS Responsibilities – Organizational Unit (*cont'd*)

- Provide reasonable assurance that adequate resources are available before processing transactions/
monitor for deficit spending
 - SpeedType Inquiry (*ARB & ECR information*)
 - Simple SpeedType Query (*available \$ amount*)
- Take appropriate action to resolve deficits



FPS Responsibilities – Appropriate Actions

- Transfer failed transaction (or other transaction) to an *appropriate* funding source
- Demonstrate budget adjustment need/ reasonableness to campus budget office; process BJE (*for ARB of BL only*)
- Contact campus finance office to request temporary/permanent financing plan
- Contact FinPro Help Desk if identified deficit appears to be Finance System error



Let's Review: Program Level, All Expenses (PA)



Program #1
\$15,000



Program #2
\$5,000



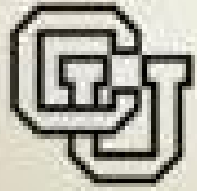
Program #3
\$10,000



Program #4
\$8,000



Program #5
\$12,000



Org Level, All Expenses: Budget (DAB) or Net Assets (DAN)





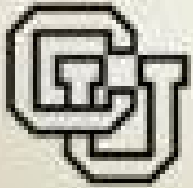
Examples – Keep in Mind

- Expenditure Control Rule
 - PA Control at Program level, All Expenses
 - DAB Control at Org level, All Expenses, Budget
 - DAN Control at Org level, All Expenses, Net Assets
- Available Resource Basis
 - BL or NA (Budget or Net Assets)
- Approved Subsystems
- Resource Check Matrix



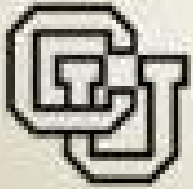
Example 1 – Adequate Budget APPO

• Budget according to ECR <i>(Are you PA or DAB?)</i>	\$5,000
• PO Requisition	\$4,600 <input checked="" type="checkbox"/>
• Voucher	\$ 100 <input checked="" type="checkbox"/>
• Purchase Order (from PO Req)	\$4,600 <input checked="" type="checkbox"/>
• Purchase Order Payment	\$4,700 <input checked="" type="checkbox"/>
• Amount available to spend	\$ 200



Example 2 – Inadequate Budget APPO & JE

• Budget according to ECR	\$10,000
• SPO Requisition	\$9,000 <input checked="" type="checkbox"/>
• Voucher	\$ 700 <input checked="" type="checkbox"/>
• SPO (from SPO Req)	\$9,000 <input checked="" type="checkbox"/>
• Journal Entry	\$ 600 <input type="checkbox"/>
– Appropriate Action Required	
• Amount available to spend	\$ 300



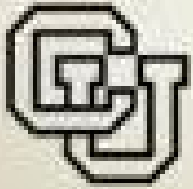
Example 3 – Inadequate Budget APPO & Payroll

• Budget according to ECR	\$10,000
• PO Requisition	\$5,000 ✓
• Payroll encumbrance (12 months) – This processed in spite of DEFICIT	\$6,000 ✓
• Voucher – Appropriate Action Required	\$ 200 ✗
• Purchase Order (from PO Req)	\$5,000 ✓
• Monthly Payroll charge	\$ 500 ✓
• New Payroll encumbrance (11 mos)	\$5,500 ✓
• Purchase Order Payment – Appropriate Action Required	\$5,100 ✗
• Amount available to spend	\$ 0



Example 4 - Adequate Net Assets APPO & JE

• Net Assets according to ECR <i>(Are you PA or DAN?)</i>	\$5,000	
• PO Requisition	\$4,600	✓
• Journal Entry – Appropriate Action Required	\$ 500	✗
• Purchase Order (from PO Req)	\$4,600	✓
• Purchase Order Payment	\$4,600	✓
• Revenue	\$ 500	✓
• Journal Entry Reprocesses	\$ 500	✓
• Amount available to spend	\$ 400	



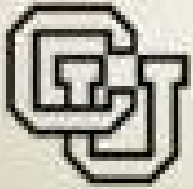
Example 5 – Inadequate Net Assets APPO & Payroll

• Net Assets according to ECR	\$10,000	
• PO Requisition	\$5,000	✓
• Payroll encumbrance (12 months) – This processed in spite of DEFICIT	\$6,000	✓
• Voucher – Appropriate Action Required	\$ 200	✗
• Purchase Order (from PO Req)	\$5,000	✓
• Monthly Payroll charge	\$ 500	✓
• New Payroll encumbrance (11 months)	\$5,500	✓
• Purchase Order Payment	\$5,000	✓
• Revenue	\$ 500	✓
• Amount available to spend	\$ 0	



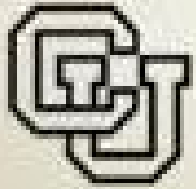
Example 6 – Adequate Net Assets APPO & Payroll

• Net Assets according to ECR	\$10,000
• PO Requisition	\$5,000 ✓
• Payroll encumbrance (12 months) – This processed in spite of DEFICIT	\$6,000 ✓
• Voucher – Appropriate Action Required	\$ 200 ✗
• Purchase Order (from PO Req)	\$5,000 ✓
• Monthly Payroll charge	\$ 500 ✓
• New Payroll encumbrance (11 months)	\$5,500 ✓
• Purchase Order Payment	\$5,000 ✓
• Revenue	\$2,000 ✓
• Voucher Reprocesses	\$ 200 ✓
• Amount available to spend	\$ 800



Example Review – Working with Expenditure Control

- Know your Expenditure Control Rule (ECR)
- Check resources *before* transactions
- Remember: some subsystems process automatically & can create deficits
- Encumbered transactions will process/post
- Know your Available Resource Basis (ARB)
 - Adding revenues to a SpeedType will not help if the SpeedType's ARB is BL (Budget)
- Understand the Resource Check Matrix



Reporting & Monitoring

- Simple SpeedType Query (SSQ)
- Monthly financial reports & monthly reconciliations
- Campus-based deficit monitoring



Wrap Up

- Questions & Answers
- Expenditure Control Web Site
 - <https://www.cu.edu/controller/initiatives/expenditure-ctrl.html>
- Expenditure Control Resources
 - Finance Procedural Statement, Resource Check Matrix, JE Process Flow Chart, Finance System Pages, Approved Subsystem List