

Campus Finance Representative Group

May 16, 2012



WAKE FOREST
UNIVERSITY

- **Fiscal Year-End Audit & Compliance**
 - **Fiscal Year-End Closing**
 - **Purchasing Procedures & Updates**
-

Importance of Fiscal Year-End Close

Jeffrey M. Manning
Assistant Director, Audit & Compliance



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- **Importance of Fiscal Year-End Close**
 - **Audit of University Financial Statements**
 - **Audit Timeline**
 - **Basis of Accounting**
 - **Questions**
-

- Annual evaluation of financial performance at the University and Departmental levels
- Close of operating budgets
- Evaluation of effectiveness of internal control systems in place and fiduciary responsibilities
- Needed for the preparation of Financial Statements in accordance with U.S. GAAP for:

External Audit (KPMG)

Bond Holders

Donors

Insurance Providers

Board of Trustees

Department of Education

Tax Returns

Banks

The Wake Forest University fiscal year 2011 Financial Statements can be found at:

<http://www.wfu.edu/fas/reports/index.html>



KPMG LLP
Suite 400
300 North Greene Street
Greensboro, NC 27401

Independent Auditors' Report

The Board of Trustees
Wake Forest University:

We have audited the accompanying consolidated balance sheet of Wake Forest University (the University) as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2010 consolidated financial statements and, in our report dated October 13, 2010, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wake Forest University as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in the consolidated balance sheet, statement of activities, statement of cash flows, and the accompanying notes related to the College of Arts and Sciences, Schools of Law, Management, and Divinity, and Reynolda House, Inc. (collectively Reynolda Campus); and Wake Forest University Health Sciences (WFUHS) is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

KPMG LLP

October 20, 2011

“In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wake Forest University as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.”

- KPMG, LLP will be conducting the external audit
 - Preliminary Fieldwork, including an assessment of internal controls, will begin on May 21st
 - KPMG will return in mid-August to audit the University's financial statements
 - Audited financial statements and communication regarding internal controls will be presented to the Board of Trustees in October
-

U.S. GAAP – generally accepted accounting principles, in the U.S., are the accounting rules used to prepare, present, and report financial statements for non-profit organizations.

- *GAAP includes the standards, conventions, and rules for recording and summarizing transactions, and for the preparation of financial statements.*
 - *Requires that WFU prepare financial statements using the Accrual Basis of Accounting.*
-

Accrual basis is the accounting method that records financial transactions by matching revenues to expenses at the time in which the transaction occurs rather than when payment is made or received.

Accrual Examples:

- Accounts Payable – *(used in fiscal 2012, paid in fiscal 2013)*
- Accounts Receivable – *(earned in fiscal 2012, received in fiscal 2013)*

Deferral Examples:

- Prepaid Expense – *(paid in fiscal 2012, used in fiscal 2013)*
- Deferred Revenue – *(received in fiscal 2012, earned in fiscal 2013)*

Fiscal year-end accruals will reverse in July 2012.



Questions?



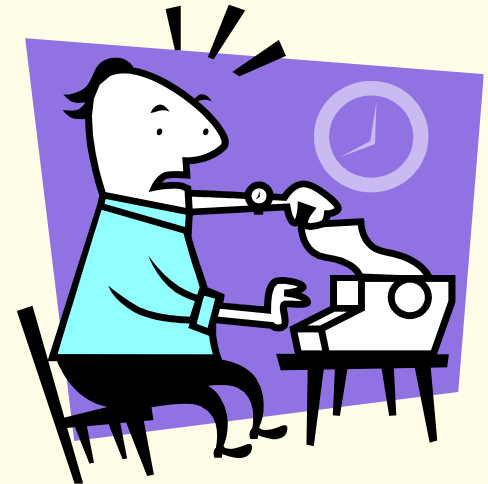
2012 Fiscal Year-End Closing

Jennifer Killingsworth
Manager, General Accounting



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- **Fiscal Year-End Close and Your Role in the Process**
- **Fiscal Year-End Closing Schedule with Key Dates**
- **Fiscal Year-End Guidelines**
 - Financial Accounting & Reporting (FAR)
 - Accounts Receivable (AR & SFS)
 - Payroll
 - Accounts Payable (AP)
 - Procurement Services
- **Questions**



What is WFU's Fiscal Year-End?

Fiscal year is July 1st through June 30th



Year-end close is performed to finalize a snap shot of transactional activity for an entire fiscal year. Processes are performed to ensure that all transactions are posted and reflected on the financial reports.

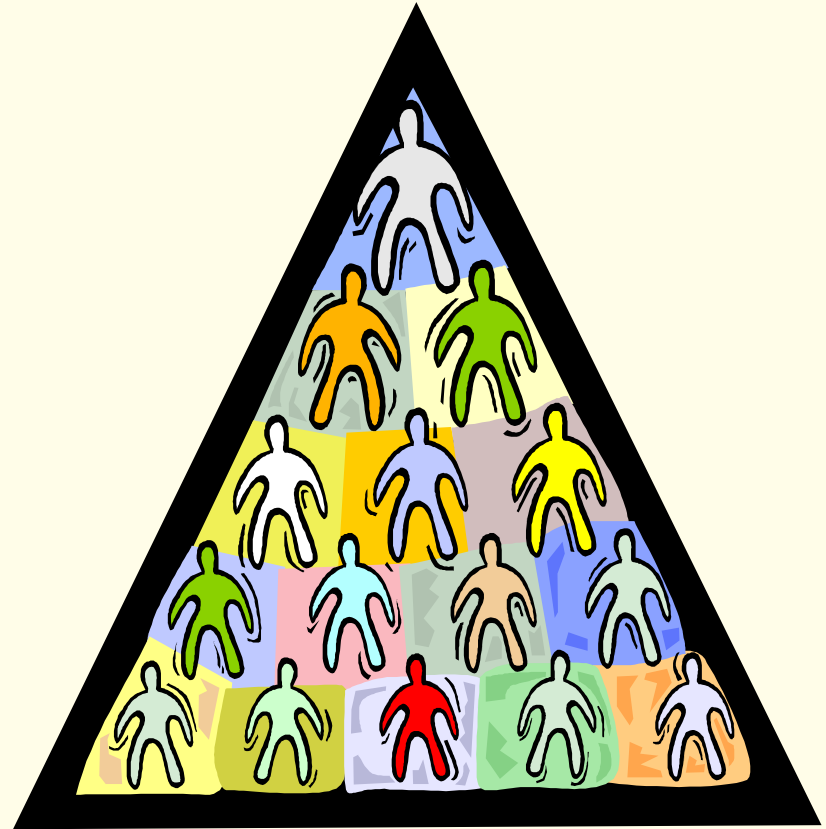
Most processes at year-end occur throughout the year. The only new process for year-end is proper management of June and July cut off dates.

To record ALL receipts/revenues and disbursements/expenses in the proper fiscal year.





**The entire
campus
community
from top to
bottom.**



What is your role?

- **Review your reports and research any unusual or incorrect items (should be done throughout the year) as soon as possible.**
- **Ensure proper cutoff for transactions during June and July.**
- **Make sure all deadlines are met and that you have followed all year-end procedures that will be discussed today.**
- **Please ask questions if you need help!!**



Key Dates for Fiscal 2012 Close- First Departmental Close

June 18th * **Manual Purchase Requisitions in Procurement by 5 PM**

June 18th * **Project Summary Requests (PSR) in FAR by 5 PM**

June 25th * **Deacon Depot Purchase Requisitions entered by 5pm**

June 30th * **Final day for receipt of goods for fiscal 12**

July 3rd * **All deposits in Accounts Receivable by 4:30 PM**

* **Invoices, employee travel expense reports, and
expenditure vouchers in AP by 5 PM**

* **Journal entries in FAR by 5 PM**

* **Fixed asset additions/disposals in FAR by 5 PM**



July 5th * **All fiscal 2012 gifts in Advancement by 5 PM**

July 9th * **FIRST Departmental Close – Draft reports available
after 5 PM**

Key Dates for Fiscal 2012 Close- Second Departmental Close

July 9th

- * Payroll reallocations and redistribution in Payroll by 5 PM



July 11th

- * Procurement card (Pcard) documentation in Accounts Payable (AP) by 5PM

July 12th

- * Final Invoices, employee travel expense reports, and expenditure vouchers in AP by 5 PM
- * Journal entries in FAR by 5 PM

July 13th

- * Final Bi-weekly Payroll Accruals recorded
- * July 2nd Pcard statement journal entry recorded

July 16th

- * **SECOND Departmental Close – Draft reports available after 8:30 AM**

Key Dates for Fiscal 2012 Close- Final Departmental Close



**July 17th * Final Journal entries in FAR by
5 PM**

**July 18th * FINAL Departmental Close – Final
reports available after 5 PM**

- **Remaining balances on fiscal year 2012 purchase orders roll to fiscal year 2013**
- **Ongoing review of expense and revenue transactions for accrual**
- **THE EXTERNAL AUDIT!!!**
- **University Audited Financial Statements presented to the Board of Trustees and issued in October**





Financial Accounting & Reporting (FAR)

GUIDELINES

- Fill out the journal entry form completely. If you need assistance, please call Ruth Smith (x 5977) or Freddy Acuña (x 5186) or go to the FAS webpage at: www.wfu.edu/FAS/yearend.
 - Include an accurate description (up to 35 characters).
 - Attach proper support documentation (i.e., copies of receipts, invoices, etc.)
 - Ensure that you have proper signature authorization before sending the journal entry to FAR.
-

Project Summary Requests (PSR)

For projects being funded from current fiscal year departmental funds, approved PSR's must be submitted to Jessica Gorrell no later than June 18th.

Fixed Assets

Support for all additions, disposals, and transfers must be submitted to Kathryn Hackworth (x 4096) no later than July 3rd. Forms and policy can be found at:

www.wfu.edu/fas/fixed_assets/index.html



Accounts Receivable (AR and SFS)

GUIDELINES





Cash Receipt Deadline

Tuesday, July 3rd at 4:30 PM

Reminder: If making a deposit after June 30th that relates to fiscal 2012 activities, tell the cashier that the transaction should be posted to fiscal 2012.

Cash not received by June 30th



If a service was performed by June 30th and payment has not been received by the cash receipt posting deadline (Tuesday, July 3rd), we must evaluate the documentation to determine if we need to accrue (record in a journal entry) the revenue. Please complete and submit the Deposit Accrual Form to Karen Brown at brownkm@wfu.edu. The form can be found at:

<http://www.wfu.edu/fas/yearend/index.html>

Example: A department receives cash after July 3rd for revenue that was earned in fiscal 2012. This item may need to be recorded as a receivable due to WFU in fiscal 2012.



Cash received prior to June 30th for services not yet performed

If cash has been received prior to June 30th for a service that will not be performed by June 30th, we must evaluate the documentation to see if we need to record the payment as deferred revenue. Please complete and submit the Deferred Revenue form with your deposit. The form can be found at:

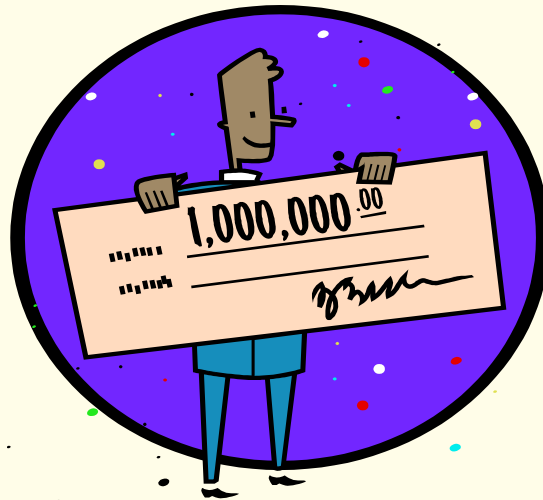
<http://www.wfu.edu/fas/yearend/index.html>

Example: A department receives a deposit in fiscal 2012 for a conference that will be hosted in fiscal 2013. This item may need to be recorded as deferred revenue in fiscal 2012.



Payroll

GUIDELINES





First Departmental Close

	Dates Worked	Pay Date
MO06	6/1/12 – 6/30/12	6/29/12
BW13	6/9/12 – 6/22/12	6/29/12
ST07 (100% Accrued)	6/1/12 – 6/30/12	7/10/12

Second Departmental Close

	Dates Worked	Pay Date
BW14 (50% Accrued)	6/23/12-7/6/12	7/13/12
Accrual for fiscal 2012 Additional Compensation to be paid in July	Fiscal 2012	July
Redistributions/Reallocations **	Fiscal 2012	

*** Wages that need to be moved from one FOAPAL to another are due in Payroll no later than July 9th.*



Accounts Payable (AP)

GUIDELINES



The appropriate documentation must be submitted by at least July 12th in order to be recorded in fiscal 2012:

- Invoices
- Travel expense reimbursements
- The July 2nd Pcard statement
- Documentation to clear advances in fiscal 2012



Travel and Entertainment Voucher and Expenditure Voucher forms can be found at:

<http://www.wfu.edu/fas/yearend/index.html>

Criteria for processing vouchers in fiscal 2012:

- **The transaction must be properly completed and approved**
- **Goods and services must be received or performed no later than June 30th**
 - Freight on Board Shipping Point—WFU takes ownership when the goods are placed on the dock to be shipped at the supplier's warehouse
 - Freight on Board Destination—WFU takes ownership when the goods are received at WFU
- **The vouchers need to be received in AP by either of the two closing deadlines (July 3rd and July 12th)**



When do we need to accrue?

- If a good was received or the service was performed by June 30th AND
- an invoice is not received prior to the close dates.

Items that may be accrued:

- Employee reimbursements
- Outside service contractor invoices
- Supplier invoices for goods



- **If your department has items that need to be accrued, you should submit documentation that gives price (quote), name of the supplier, and items purchased.**
 - **The documentation could be in the form of:**
 - Quote
 - Requisition
 - Contract
 - **Documentation to support an accrual should be sent to AP prior to noon on July 16th.**
 - **Please do not send documentation for an accrual if:**
 - You have an open purchase order in fiscal 2012
 - You receive an invoice prior to the second departmental close.
-



First Departmental Close

Statement Date

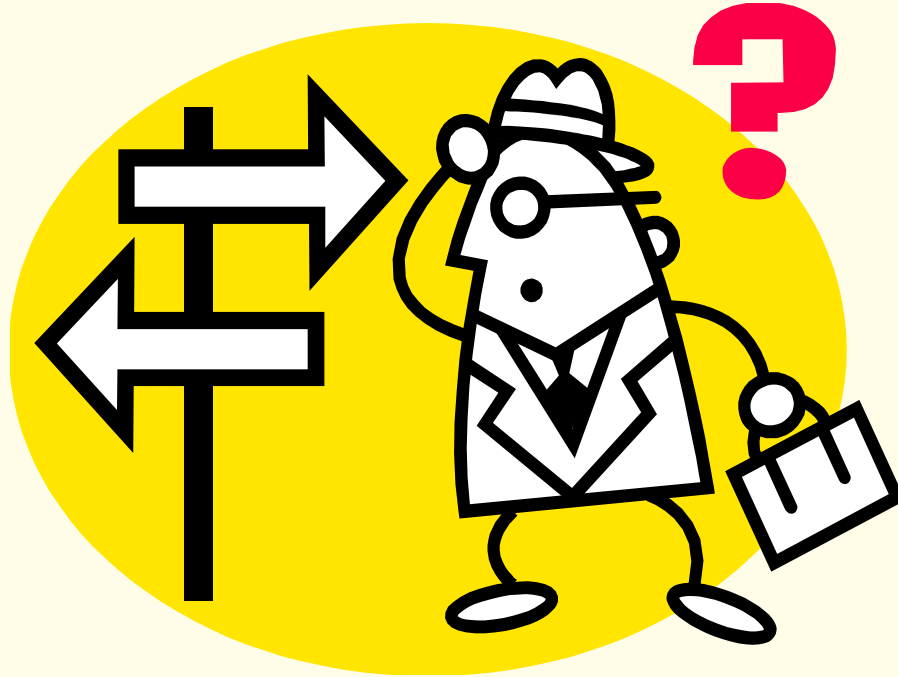
June 1
(actual expenses)

Second Departmental Close

Statement Date

July 2
(accrual entry)

Note: Any updates to taxes or account codes could cause a difference between the reversing July entry and the actual July 2nd entry that will post in July 2012.



Questions?

Fiscal Year-End Administrative Procedure can be found at:

www.wfu.edu/FAS/yearend

Purchasing Procedures and Updates

Mary A. Cranfill

Executive Director, Procurement Services



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- Purchase order, Bid, and Quotation thresholds
- Fiscal Year-End Closing Schedule with Key Dates
- Encumbrances
- Procurement Card (Pcard)
- Questions



Purchase Order Threshold

Materials and services greater than \$2,500 must have a University Purchase Order. (see Procurement Policy for exclusions).

Bid & Quotation Thresholds

- \$5,000-\$10,000 – 2 quotes
 - \$10,000-\$75,000 – 3 formal quotes
 - >\$75,000 – Request for Proposal (bid)
 - Exceptions – Sole source (must be approved) and materials/goods currently under an existing contract.
-

May 25th	Deadline to submit vehicle purchasing requests and requests for RFP's
June 1st	Deadline for requests to set up new suppliers through Procurement
June 18th	Deadline for all approved manual purchase requisitions to Procurement
June 25th	Deadline to submit approved Deacon Depot purchase requisitions
June 30th	Final day for receipt of goods for fiscal 2012 and deadline for Pcard purchases in fiscal 2012

Please print an Encumbrance Detail Report in Cognos.

Procurement will also be following up with you on closing PO's starting June 25th.

Contact Procurement at uBuy (ext 8289) or email procure@wfu.edu to close or cancel PO's/items to remove encumbrances.



The statement closing date is July 2nd. All supporting documentation must be in Accounts Payable no later than 5 PM July 11th. These transactions will appear on Second Departmental Close financial reports available on July 16th.

If you will be out of the office during the critical date period, please have someone else designated as a proxy to update Works and submit documentation. DO NOT GIVE YOUR USERNAME AND PASSWORD TO SOMEONE ELSE!





Questions??

**Contact Procurement Services at uBuy x8289
Or email procure@wfu.edu**

Campus Finance Representatives

Development Planning



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May 16, 2012



- **Sent to 375 employees, afternoon of May 4th (Friday)**
 - **Respondents**
 - 108/250 (43%) Dept. Heads & Faculty Chairs
 - 74/125 (59%) CFR list serve
 - 49% response rate, blended
 - **Closed end of business, May 10th (Wednesday)**
-



Training and Development Opportunities:

- **Tools**

- Banner
- COGNOS
- Excel

- **Processes and Fundamentals**

- Basic accounting (for the non-finance professional)
 - COA (code definitions, when to use which account)
 - Fund training, fund accounting
 - Budget development & management
 - Data mining and analysis
 - Project management
 - Reconciliation process
 - Reporting
 - Transfer of funds
 - Receiving process, invoice payment process, T&E process, general overview of AP, Deacon Depot
 - Core training module of “How To” guides for FAS, Procurement, Facilities, IS, and HR procedures
 - IM chat or blog for on demand Q&A
-



What Department Heads Want to Know and Expect of their CFR (specific)

- Understanding of University procedures and protocols; clarification and consistency
 - Ability to translate procedures and protocols in an articulate, useful way to faculty and staff
 - Ability to create ad hoc reports, displaying information in an easily digestible way
 - Ability to analyze complex financial problems and create solutions
 - Learning daily and monthly best practices from current department heads
 - Procurement-to-payment life cycle (back office processes)
 - Passing familiarity with Advancement's role in helping to increase income
 - Speedy introduction to "All things FAS"
 - COGNOS (specific for Dept. Heads and Business Managers)
 - Who's Who across campus
 - Employee classes and fringe rates, what are these, how are they related, and why do they change
 - Access to a high level financial dashboard (and real time reporting)
 - Contract management
 - RFQs/bids/freelance payments
 - Things to know about T&E BEFORE I travel
 - Provide a monthly financial report to new Dept. Head with prior 2-3 year side-by-side comparison
 - Provide for new department business staff a 1:1 review of annual budget for the upcoming fiscal year
-



- Quick Guides for many FAS processes
T&E / FOAPAL / Journal entries / how to request fund and activity codes / COA / pCard / Invoice coding / Payroll (HR) requests / WF@Work /
 - How FAS flows and “How we do it at Wake” guidebook
 - How to run reports in COGNOS
 - Understand the encumbrance process
 - PCI and credit card acceptance
 - Departmental budget training – “one way” to track departmental budgeting and a best practice concept instituted
 - How to more easily manage a report from COGNOS that is in Excel format
 - Notebook with completed sample forms and quick guides
 - Overview training for department heads and program directors
 - Continuance of CFR meetings focused on timely or unusual topics to supplement continual training and development
-



- 1. What should be the Top 5 training topics for next year?**
 - 2. What tools could finance provide to support CFR to train your constituents? What are the top training aids that best utilize the “train-the-trainer” approach?**
 - 3. What is the Campus Finance Representative’s role in support of the Department Head, and what are the essential finance related tools or skills needed in that role to be successful?**
 - 4. To better understand key fiduciary responsibilities, what are they and who is responsible?**
-



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Next Steps

Office Supplies

May 16, 2012



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PDC Classrooms

Began in Oct 2011

Key Drivers:

- ☐ Discrepancies between business Office Depot site and OfficeDepot.com retail site
 - ☐ Pricing changes—not clear when pricing due to change
 - ☐ Core list set for a year at a time yet wide variation in use
 - ☐ Contract shared by both University Stores and academic/admin departments yet not optimized for either
 - ☐ Partnership with Wake Forest Baptist Health- opportunities to leverage higher spend (FY11- approximately \$750M for Reynolda Campus and \$1.3M for WFBH)
 - ☐ Explore sustainable options and reduce costs
-

- **Received unique proposals from Office Depot, Staples, and Office Max:**
 - ☐ Provided list of items used last year
 - ☐ Asked for creativity in providing value
 - ☐ List less vs. retail/web—how to address concerns
 - ☐ Sustainable options
 - ☐ Keep next-day delivery and ability to order through Deacon Depot
 - ☐ Optimize for WFU Reynolda Campus (academic/admin departments), WFU Stores, and WFBH – each had to see substantial benefit
 - ☐ Ease of Contract Management and review– clearly defined price changes and core lists
-

Complications:

- ☐ Over 5800 unique SKU's for Reynolda Campus alone
- ☐ Approximately 3300 used 5 times or less and more than 2500 used only once!
- ☐ Cross-referencing SKU's with each supplier to make sure product was correct
- ☐ First-time partnering on global commodity with WFBH
- ☐ Existing contract had an upfront payment to the University which would require payback of a pro-rated portion

Evaluated proposals based on pricing and value-added services, several months of clarification and review



OFFICE DEPOT!

- ❑ Savings of approximately 15% for campus, 21.5% for Stores, and 21% for WFBH
 - ❑ Separate and expanded core lists for each entity—WFU, Stores, & WFBH— Change core items bi-annually for WFU & WFBH, quarterly for Stores
 - ❑ Offer alternatives at even greater price savings – ‘soft sell’
 - ❑ Paper/toner held constant for 90 days – other office supplies for 6 months
 - ❑ Pricing for items furnished for proposal range from 40%-80% off list, other items available at discount ranges by categories
 - ❑ List pricing furnished at least 30 days ahead of price change
 - ❑ Dedicated Service Consultant – answer questions, meet with departments, resolve issues, training & vendor shows, cost reports to help departments identify savings
 - ❑ Marketing assistance for the Stores -- increase in sales to students means more revenue for the University!
-

Differences:

- ☐ Lower pricing!
- ☐ Options for lower priced alternatives when shopping
- ☐ Clearer marking of green/sustainable items
- ☐ Minimum Order Value- \$35
- ☐ Implementation over summer

Phase-out of direct Office Depot site in move to Deacon Depot:

- ☐ As departments go-live on Deacon Depot, deactivate logins to separate site
 - ☐ Single access through Deacon Depot – January 1, 2013
-



Questions??

**Contact Procurement Services at uBuy x8289
Or email procure@wfu.edu**
