Treasurer's Town Hall

J. Michael Gower

Executive Vice President, University Finance and Administration
University Treasurer

May 17, 2018
Livingston Student Center

- **Welcome**   Mike Gower

- **Middle States Accreditation Review**   Mike Gower

- **University Finances**   Richard Aks

- **University Budget Office**   Kathy Dettloff

- **University Controller's Office**   Pete Larson

- **University Procurement Services**   Nimish Patel

- **Project Management Office**   John Fahey

- Chris will provide leadership and management of the University Budget Office, and will be a strategic partner and thought leader for the Vice President, Financial Planning and Budgeting in developing plans for senior leadership and the Board of Governors.

  – Develop and implement budget practices and policies

  – Oversee daily activities of the University Budget Office

  – Facilitate the development, implementation and management of the university's annual budgets and long-term financial plans

- Bradie will lead change management activities that help modernize universitywide systems, business processes, and organizational structures; and create a unified identity and culture, standardized practices, and improved collaboration across the university

  – apply structured methodology to lead change management activities, support communications, assess change impact, and support training

  – Lead and facilitate project teams that are comprised of relevant stakeholders from across the university

  – Apply quantitative and qualitative methods to measure the effectiveness of change management initiatives

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Middle States Accreditation Review

- Voluntary, nongovernmental, peer-based membership association dedicated to promoting standards of excellence and improvement in higher education
  - Ensure standards of quality are met
  - Encourage a culture of continuous improvement
  - Involve faculty, students and staff in institutional planning and evaluation
  - Provide accountability to Federal, State educational agencies and public

- On-site team visit occurred on March 19-22, 2018

- Final accreditation determination will be communicated in June of 2018

I.   **Mission and Goals**

II.   **Ethics and Integrity**

III. **Student Learning Experience**

IV. **Support of the Student Experience**

V.   **Assessment of Educational Effectiveness**

VI. **Institutional Planning, Resource Allocation, and Institutional Improvement**

VII. **Governance, Administrative Organization, and Institutional Leadership**

All standards met, no additional requirements

Commendations	Suggestions
• Affordability and accessibility • Strong leadership; robust shared governance • High transparency • Transformational changes • Sustained commitment to educational effectiveness • Excellence re: merger with UMDNJ	• Examine, clarify commitment to online courses, programs • Continued efforts to close achievement gaps universitywide • Better coordination of Student Affairs collaboration • "Run to the Top" (RU–New Brunswick) • Transfer student services

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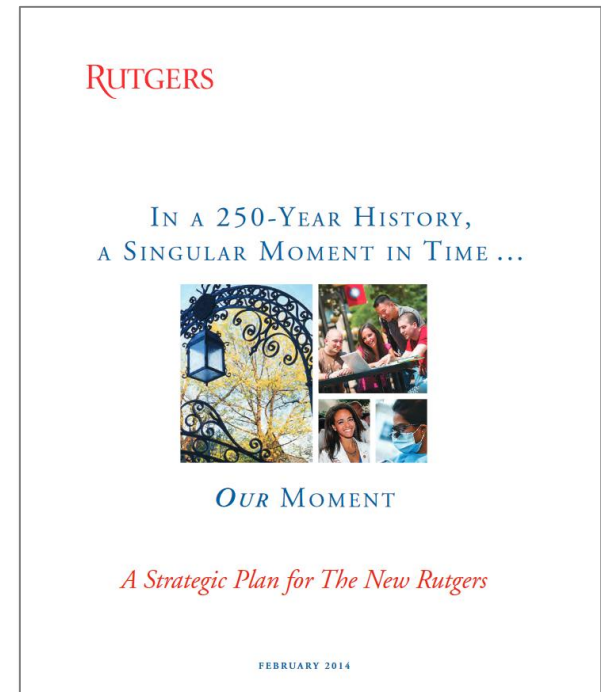
University Finances

Richard Aks

*Vice President, Finance*

Associate Treasurer

- University bonds, gifts, plant funds and State funding, including "Building our Future" bonds approved by the voters in 2012, are used to fund capital projects

- Bonds enable the University to borrow money today in the bond market and repay the funds over 30 years – annual principal and interest payments are about $150 million

- The University currently has about $2 billion in bonds outstanding

- On March 22 Rutgers sold $144 million in bonds to fund Board of Governors-approved capital projects

- Capital Planning process aligns strategic and master plans with capital priorities, and the University's ability to finance new projects

- Key elements of the process are:
  - University, unit and department prioritization

  - Project development with Institutional Planning and Operations

  - Financial review with Debt Management and Capital Finance Office

  - Capital Planning Advisory Committee review

  - Board of Governors review and approval

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IN A 250-YEAR HISTORY,
A SINGULAR MOMENT IN TIME ...

OUR MOMENT

A Strategic Plan for The New Rutgers

FEBRUARY 2014

- The University has a Debt Management Policy that provides general guidelines for the use of debt, metrics, and reports for the Board of Governors to evaluate proposed bond issues.

- Key metrics include total cash, and investments as a percent of debt (currently 73%), and annual debt service as a percent of annual operating expenses (currently 0.36%).

Debt Service
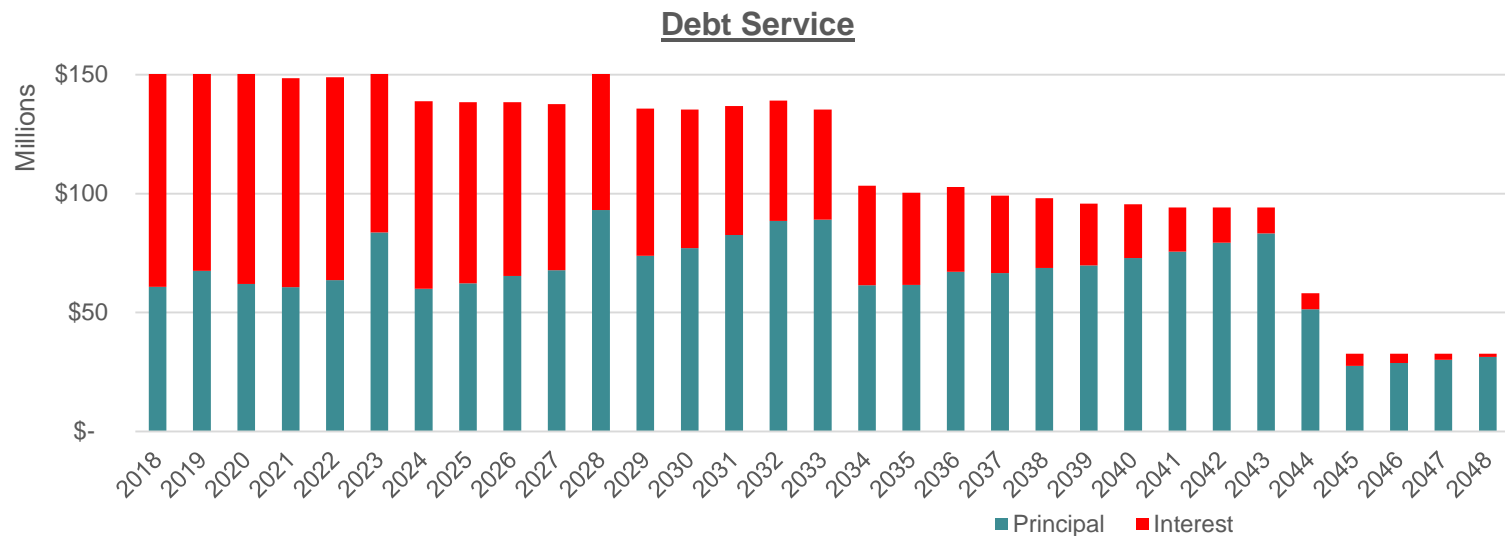
- Bond ratings provide an external evaluation of the University's operations and financial position

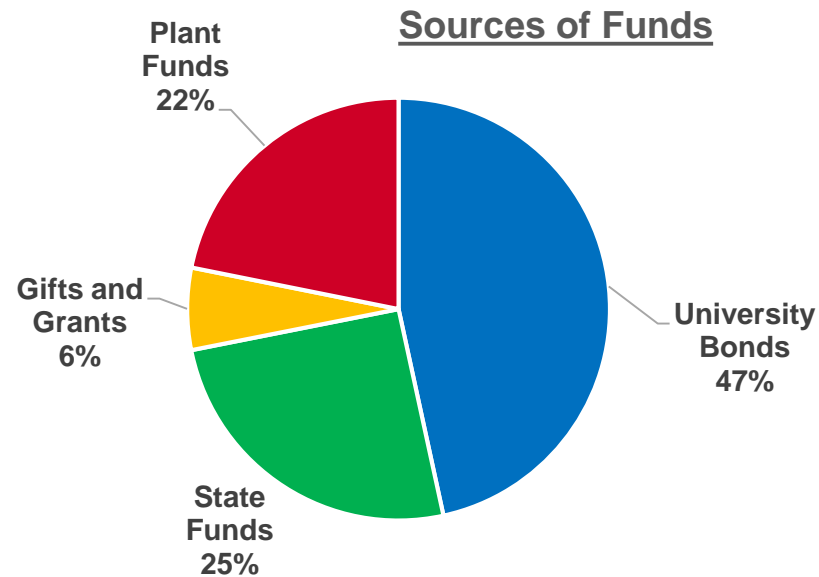- Bond ratings play a crucial role in determining the cost of financing
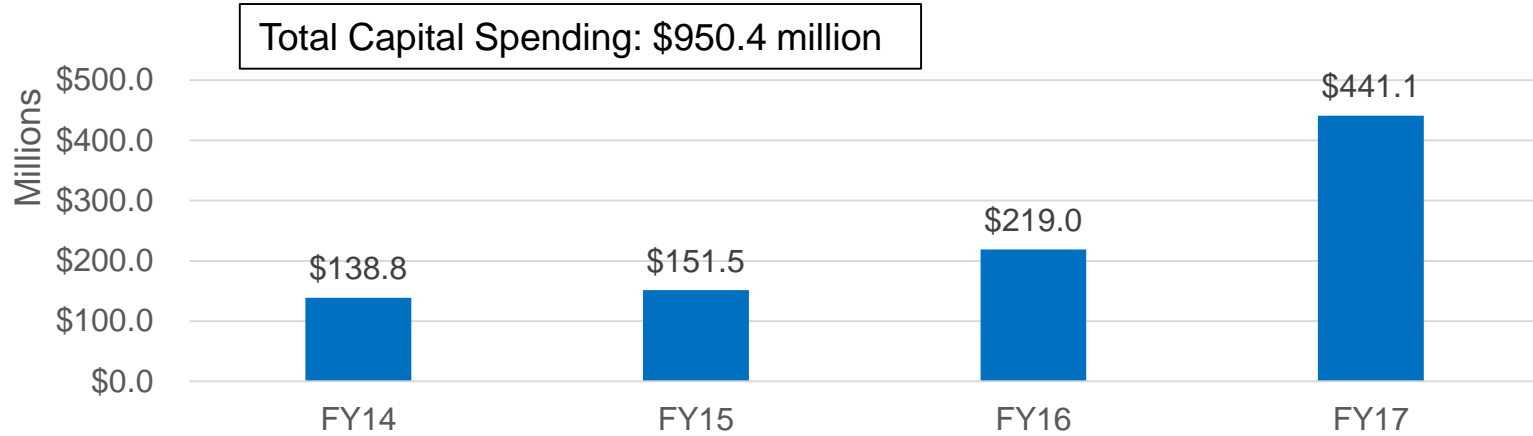
Rating Agency	Bond Rating
Fitch	AA- Stable
Moody's	Aa3 Stable
S&P	A+ Stable

Rutgers University Strengths and Challenges

+ New Jersey's flagship public university with substantial scale at over $4 billion in revenues

+ Growing enrollment and brand strengthening through medical and athletic enterprises and introduction of honors college

+ Diversified revenue base including student charges, research grants, state appropriations and patient care

- Thin operating reserves relative to size of operations

- Poor funding of state-sponsored pension system could result in higher fringe benefit costs

- Aspirational multi-campus capital plan may be too costly

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Total Capital Spending: $950.4 million

Millions

Year	Amount
FY14	$138.8
FY15	$151.5
FY16	$219.0
FY17	$441.1

$500.0
$400.0
$300.0
$200.0
$100.0
$0.0

Sources of Funds

- University Bonds 47%
- State Funds 25%
- Plant Funds 22%
- Gifts and Grants 6%

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RU–New Brunswick

- Richard Weeks Hall of Engineering
- Busch Infrastructure
- Administrative Services Building III Repurpose
- Waksman Institute of Microbiology 3/F Add

RBHS

- Clinical Academic Building 7/F Renovation
- NJ Dental School Oral Health Lab Renovation
- Research Tower Vivarium Improvements

RU–Newark

- Honors Living Learning Center
- Olson Hall Renovation

RU–Camden

- Camden Recreational Fields
- Chemistry Lab
- Artis Building Renovation

Universitywide

- RWJBarnabas Health APC
- Newark RBHS Co-Gen Plant
- Busch Co-Gen Plant
- Athletics Parking Garage

University Budget Office

Kathy Dettloff

Vice President of Financial Planning and Budgeting

- **FY 2018 Year-End Forecasting**

  – Second quarter was the initial attempt to create a coordinated, detailed year-end forecast

  – Learning experience for everyone; we sincerely appreciate your attention, commitment, and partnership through this effort

  – Part of a cyclical process; moving toward quarterly forecasts, we will continue to work with units to improve forecasts' quality and timeliness

- **Currently Reviewing FY19 Budgets**

  – Budget Office is currently analyzing FY 2019 budgets submitted

  – Analyze submissions using prior year actuals, current year budget, and current year forecast

  – Analysts are developing questions and working through Chancellors' Offices and Central Unit representatives for variance explanations

Chart of Accounts Initiative

- Making progress toward:

  - Updating project master data
  - Developing cross validation rules to ensure a clean chart of accounts
  - Correcting data as a result of monitoring for cross validation rules violations in Oracle, PeopleSoft and RU Marketplace

- As of May 7th, only valid U-D-Os can be used on new requisitions in RU Marketplace and any new transaction in PeopleSoft

- Testing of cross validation rules (CVR) are underway and exception reporting is available so you can see where action is needed on your part

- Sub-ledger accounting rules will go into effect on May 31

- We are gearing up to implement the remaining CVRs for July 1 so we are…

Clean in FY19!

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- Listen to open forum

- Listen to Webinars, download slides
  - Valid U-D-O combinations
    Cross validation rules

  - Employee charging instructions
    RU Marketplace
    Purchase order lines

  - Sub-ledger accounting rules
    (will be available by May 24)

- They were great!

- If you are still lost, reach out to the resources we have available
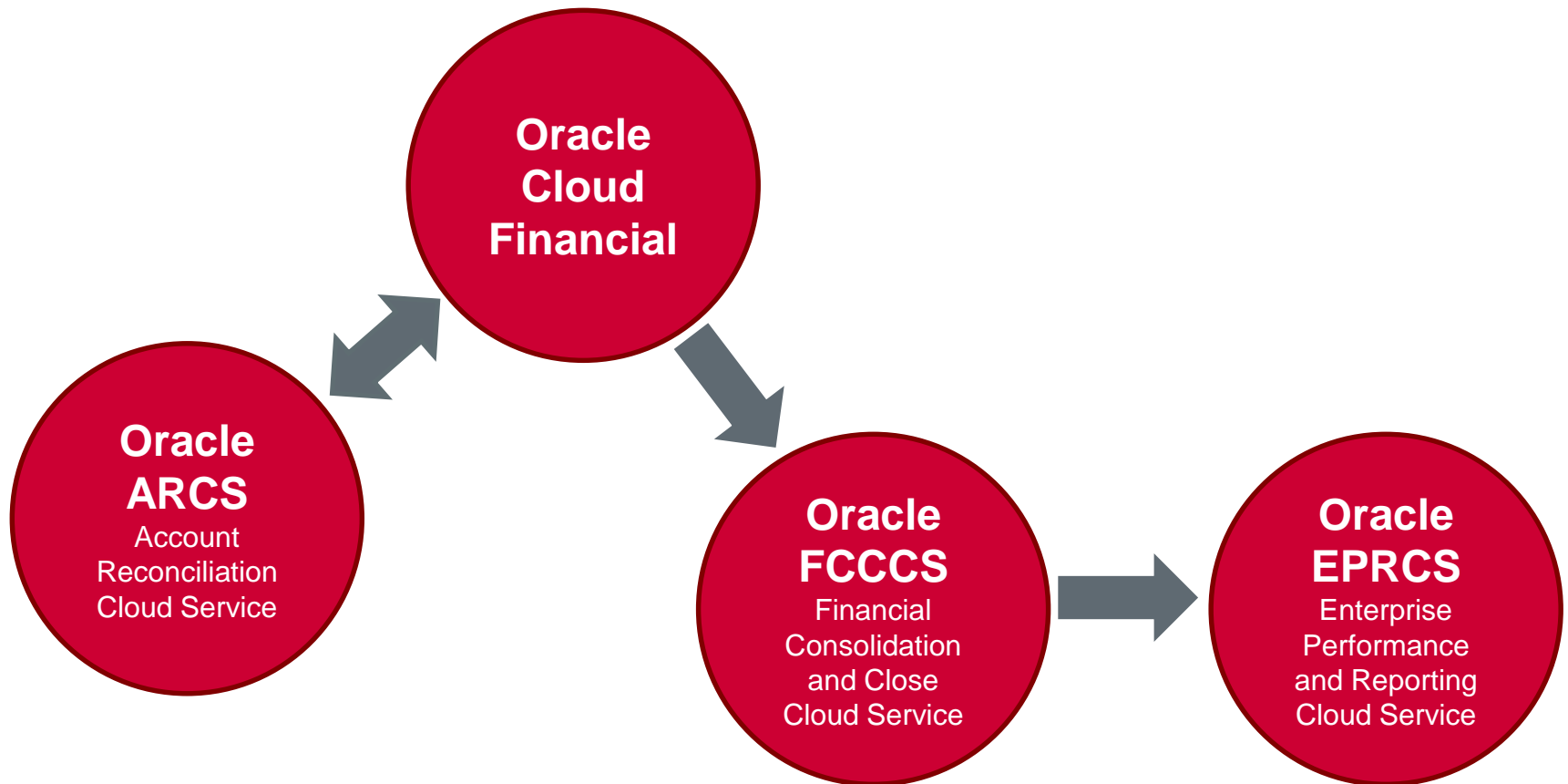 - coa@finance.rutgers.edu
  - budget@rutgers.edu
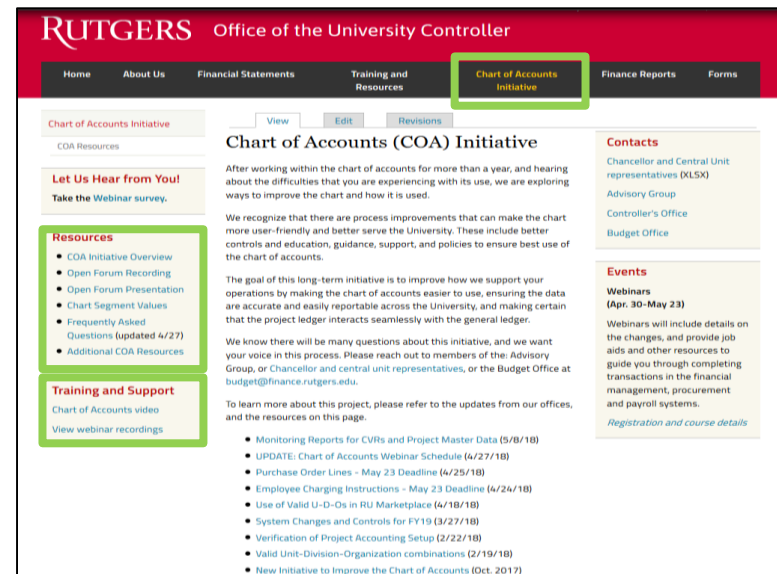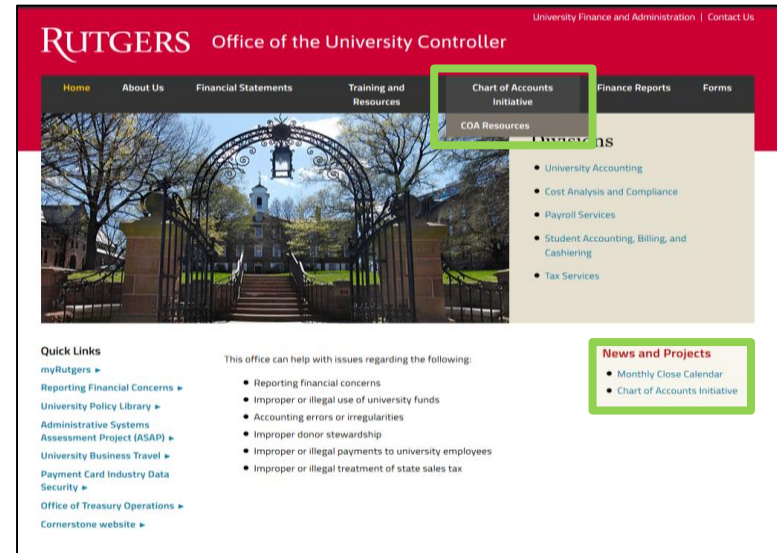
University Controller's Office
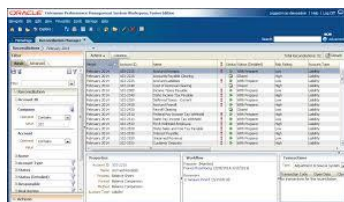
Pete Larson

Associate Vice President for Finance and University Controller

Oracle ARCS
Account Reconciliation Cloud Service

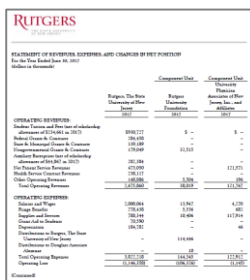**Oracle FCCCS**
Financial Consolidation and Close Cloud Service

Oracle EPRCS
Enterprise Performance and Reporting Cloud Service

Date	Action
Monday, June 4	KPMG Interim Audit Fieldwork Begins
Friday, August 3	Fiscal Period June Project Ledger Closed for Field
Friday, August 3	Fiscal Period June General Ledger Closed for Field
Friday, August 10	Fiscal Period June Project Ledger Closed for Central Accounting
Friday, August 10	Fiscal Period June General Ledger Closed for Central Accounting
Friday, August 17	Complete Account Reconciliations and Prepared by Client (PBC) Schedules for Year End Audit
Monday, August 20	KPMG Year End Audit Fieldwork Begins

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Date	Area	Action
Friday, June 1	Purchasing	• Complete approvals for requisitions greater than $50,000.
Friday, June 15	Travel and Expense	• Complete Project Approver and Financial Approver review and approval. • Submit travel and expense reports. Reports submitted and approved by this date, and without audit violations, will be processed for FY 2018 close.
Friday, June 15	Accounts Payable	• Vendors to submit all invoices directly to accountspayable@finance.rutgers.edu. • Invoices submitted after this date will be processed, but Accounts Payable cannot guarantee processing will be completed before fiscal year-end close.
Friday, June 15	Purchasing	• Submit purchase order line close/cancel requests. • Complete approvals of purchase order modifications.
Friday, June 22	Purchasing	• Complete approvals of requisitions of any dollar amount.
Wednesday, June 27	Interdepartmental Purchasing	• Complete approvals of requisitions for Internal Purchase Orders (IPOs). • IPOs approved in RU Marketplace by this date will be processed for FY 2018.
Wednesday, June 27	Accounts Payables	• Complete processing and approvals of IPO-related invoices.

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University Procurement Services

Nimish Patel

Associate Vice President – Procurement

Chief Procurement Officer

Uniform Guidance

- New Federal Regulation effective July 1, 2018
- Impacts Purchasing practices using funds from Federal Sources

Procurement Policy

- Approved by Board of Governors in April 2018
- Incorporates Uniform Guidance requirements, several related policies into single policy
- New sourcing criteria, changes to Purchasing thresholds, new Procedures Manual
- Training and Webinars starting June 2018

Procurement Thresholds	Former Policy	New Policy
Low Value Purchase Range	Under $5,000	Under $10,000
Informal Bid Range	$5,000 – $49,999	$10,000 – $149,999
Formal Bid Range	$50,000 +	$150,000 +

- Effective June 1, 2018

- Incorporates procedural aspects of policies

- Provides guidance to campus on:
  - Uniform Guidance requirements

  - Mechanics of purchasing goods and services

  - Expense Management

  - Work instructions, where applicable

- Will be updated periodically as business needs evolve

What is a P-card?

- Alternate way to purchase goods/services, typically for one time, low-cost transactions
  - Examples: Postage, professional memberships, conference registrations

Current Status

- Launched pilot with Athletics, Facilities, Mason Gross School of Arts
- Ordered 11 cards
- End of month 2 cycle close – manual journal entries, limited transactions
- Bank of America automation in progress (estimated completion ~10 wks.)

Next Steps

- Pilot expansion/Campus Deployment
  - Manual journal entry at month end, select programs [Rutgers Global (formerly GAIA)], replacement of existing cards (Diners' Club, JP Morgan), Amazon accounts automation, direct invoice program
  - Process Checkpoint: Assess w/ pilot team (continue pilot or expand)
- Finalize P-Card manual, forms, documents, etc.

Project Management Office

John Fahey

Project Executive

- **Phase 1: Active Grants (5,315)**

  - Stabilizing data in the system to allow research units to run appropriate reports for **accurate budget, expenses, and balances**

  - Project Management Office, Grant and Contract Accounting, and consultants partnering with research units from **all campuses**

  - Focusing retraining program on **four key reports** for grants and contracts

  - **Completion date: June 30, 2018**

- **Phase 2: Active Grants and Expired Awards**

  - <u>Active Grants</u>: Complete clean up of remaining project data (balance sheet), including system reconciliations of billing and accounts receivable

  - <u>Expired Awards (7,599)</u>: Complete close out of expired awards.

  - Develop business processes and policies, and provide change management and training to support consistent and correct use of the system going forward.

  - **Completion date: 6-9 months**

Total Population				Active Projects				Expired Projects		
Review Population (By End Date)	Active Count	Expired Count		Internal Review Complete	Reviewed projects and adjustments pending	Pending Internal Review		Internal Review Complete	Reviewed projects and adjustments pending	Pending Internal Review
CR	1,058	1,474		1,058				804	109	561
UMDNJ AR	298	1,332		298	-	-		260	528	544
LOC	1,653	1,161		1,653	-			260	901	
Clinical Trial	400	248		400	-	-			248	
BR3	808	593		553	255	-				593
Other	1,098	2,791		1044	54	-		22	68	2,701
Total	5,315	7,599		5,006	309	0		1,346	1,854	4,399
Total Population:	12,914			Total:	5,315			Total:	7,599	

Sent out for field review as of 5/3 (two rounds, includes reviews completed through 4/27)	
Count by Campus	
Camden	71
Central	62
New Brunswick	2,092
Newark	261
RBHS	1,908
Total:	4,394

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Campus	Projects Sent Apr. 19	Projects Sent May 3	Total Sent	Responses Received May 9
RU–New Brunswick	1711	385	2096	1518
RBHS	1139	769	1908	982
RU–Newark	177	84	261	191
RU–Camden	45	26	71	72
Central	41	17	58	26
Grand Total	**3113**	**1281**	**4394**	**2789**

Campus	Confirmed	Confirmed with Known Issues	Additional Review Required	Total
RU–New Brunswick	1003	284	231	1518
RBHS	529	47	406	982
RU–Newark	139	8	44	191
RU–Camden	48	5	19	72
Central	20	1	5	26
Grand Total	**1739**	**345**	**705**	**2789**
	62%	12%	25%	

- Confirmed counts include projects with correct expense and budget amounts. Some require action such as updating coding, Project Managers, Principal Investigators, Grant and Contract Accounting (GCA) accountants or project closure (items with no impact on expenses or balance).

- "Known issues" include Fringe, Facilities & Administration, tuition, and/or payroll adjustments needed, all other information is correct. GCA is working on updates.

- Additional review is primarily missing expenses, incorrect budget or encumbrances. For "additional review" projects we have been receiving many detailed responses on the issues from the field. Triage is in progress.

| Mobilize (4 weeks) May 2018 | High Level Design (~8 weeks) Jun-Jul 2018 | Detailed Design (~12 weeks) Aug-Oct 2018 | Implement (~ 22 weeks) Nov 2018-Mar 2019 | Pilot Mid Jan ★ | HRSC go-live April 1st ★ | Optimize (~ 4 weeks) April 2019 |
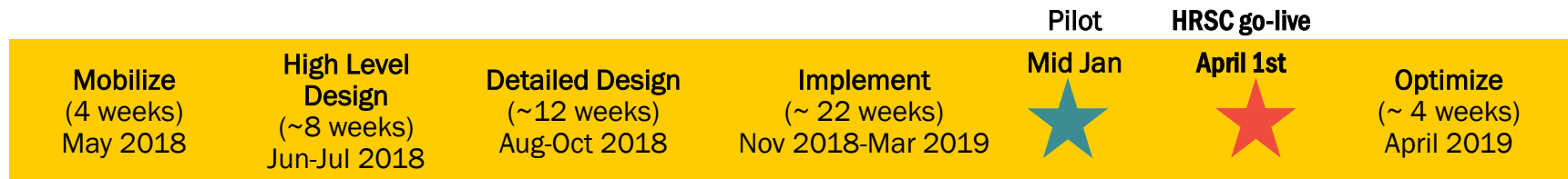
- Design, development and implementation of a new enterprise Human Resources Service Center (HRSC) that will help Rutgers in its efforts to provide excellent customer service for all campuses and central HR.

- Define business requirements and prepare for selection of implementation partner for transformation to new cloud-based Human Capital Management system (planning and implementation will begin in 2019).

Transition, Project, and Change Management

HRSC Organization and Mgmt. Design

Process and Controls

People and Staffing

Service and Performance Management

Technology and Data

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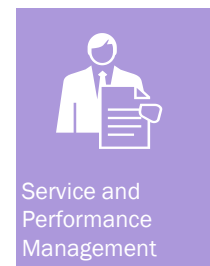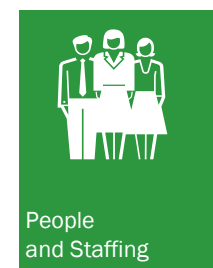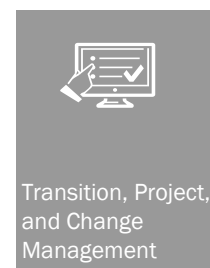
- Continue design and implementation of One Stop Shops for servicing student needs.

- There will virtual shops as well as physical locations on each campus, staffed with Generalist and Specialist staff to meet student needs.

- Define requirements and prepare for selection process to identify a new Student Information System (planning and implementation of the new system will begin in 2019).

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Phase 1: Review of current state (Week 1-2)	Phase 2: Develop requirements & RFP (Weeks 3-6)	Phase 3: Evaluate systems & vendors (Weeks 11-13)	Phase 4: Develop recommendation (Weeks 14-16)
Key Activities			
• Review the SIS Project strategic goals and priorities • Review existing application portfolio and IT infrastructure landscape • Review documentation around related business processes	• Review requirements already developed/ gathered • Conduct requirement gathering/review workshops with business stakeholders to finalize a signature set of capabilities & requirements by identifying "must haves" with "nice to have" • Derive applications requirements to support the business capabilities • Develop and release RFP	• Schedule vendor demonstrations • Define overall scoring and criteria and weightings • Develop scoring template • Facilitate vendor demonstrations • Clarify or collect missing or ambiguous information • Facilitate follow-up Q&A where needed • Facilitate discussions with references • Compare proposed software Bill of Materials and pricing	• Compile notes and observations • Compile scoring results • Develop project costing/Total cost of ownership (TCO) model • Contingency planning (if necessary) • Develop solution recommendation and next steps • Develop roadmap for solution procurement and implementation • Socialize findings with key stakeholders

Program Planning

Project Management

Change Management

- Integrated financial data and reporting platform that will support finance reporting and analytics across the entire organization.

- Lead to creation of a Reporting Center of Excellence (COE) to meet the current and future finance reporting demands of the business community.

- Allow us to integrate and harmonize data from multiple source systems and optimize information access to provide timely and accurate reporting to all levels within the organization to gain insights into the business and to help make better decisions for improved outcomes.
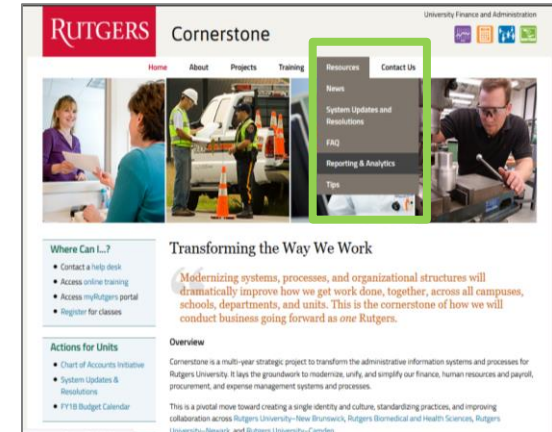
- **Why does Rutgers need a Change Management Office (CMO)?**

  – The CMO is being established to focus on the **people** side of change. The CMO will partner at different levels and different ways throughout the university community to:

    o ensure people are engaged early in the project life cycle, and

    o kept informed and appropriately involved throughout implementation and roll out.

- **How will the CMO operate?**

  – As Rutgers' technology platforms and processes evolve, the CMO will implement a consistent approach to help people transition more smoothly.

  – We are in the process of developing a sustainable operating model that will identify immediate, medium-term, and long-term actions.

- **How will the CMO help me?**

  – People will be engaged, communicated to, asked to provide feedback, and trained on new processes/systems to make your jobs easier.

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J. Michael Gower

Executive Vice President, University Finance and Administration
University Treasurer

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