

DFA Conversations

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Agenda

- Introductions
- Financial Services Functional Review Update
- Year-End, Financial Statements, External Audit Update
- Payment Strategy and Other Procurement Updates
- Sponsored Financial Services Operations Updates

Financial Services Functional Review Update

Objectives of Functional Review Initiative

- Clearly define roles, responsibilities, standards of performance, and accountabilities within each major administrative area and function throughout the university, including related college and unit programs.
- Realize increased effectiveness and efficiency in administrative services across campus.
- Develop consistent service expectations and quality standards.
- Create opportunities for advancement and talent retention.

Financial Services Functional Review Update

Financial Services Functional Review

- Reviewed financial transactions and services provided throughout the institution.
- Focused on those services/transactions that are generated in the unit and that pass through the business service centers.
- Developing communication plan and next steps.

Year-End, Financial Statements, External Audit Update

- KFS Year-End Close
- Financial Statements
- External Audit Process
- Year-End Audit Postmortem

KFS Year-End Close

- June 30 cutoff for normal year-end activity.
- Period 13 lasts 15 days for campus users.
 - Post to current year using year-end e-docs.
- Account reversions.
- Actual KFS year-end close.
 - July 21, 2021 for FY21.
 - Balances roll forward to next fiscal year.

Financial Statements

- Report the results of our operations and financial position in compliance with Generally Accepted Accounting Principles (GAAP) on a fiscal year basis.
- Require an independent audit.
- Approved by Board of Trustees.

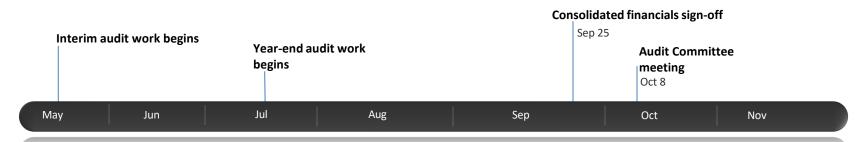
Financial Statements

- Statement of Financial Position
- Statement of Activities
- Statement of Cash Flows
- Footnotes

FY20 Financial Statements

- Challenges:
 - Condensed audit timeline.
 - Adoption of new accounting standards.
 - Fully remote.
- Successes:
 - Clean audit opinion issued by PwC on October 8.
 - Fully remote.
 - 2019/20 Annual Report

External Audit Process



- Interim work (May June)
 - 110 requests from PwC
- Year-end work (July November)
 - 298 requests from PwC
- Financial statements
 - University Consolidated Financial Statements
 - SUNY
 - Jacobs Institute
 - Johnson Trust

External Audit Process

- DFA responsibilities:
 - Coordinate with Weill Cornell Medicine.
 - Provide support for PwC requests.
 - Create reclassification entries.
 - Create footnotes.
 - Conduct variance analysis.
 - Prepare financial statements.

Year-End Audit Postmortem

- Discuss what went well and what can be improved.
- Involve different stakeholders:
 - DFA
 - Weill Cornell Medicine
 - Other campus partners
 - PwC
 - Third-party design firm (Iron Design)

Payment Strategy and Other Procurement Updates

- Payment Strategy
- Procurement Card (PCard) Receipt Requirement Changes
- Independent Consultant Evaluation Process Changes
- Certificate of Insurance Collection Changes
- Use of TeamDynamix

Goals

- Reduce the costs and complexity of payments.
- Increase Cornell's liquidity/cash on-hand by extending payment terms (Days Payable Outstanding, or DPO) based on payment and/or invoice type*.
- Incorporate strategies to increase adoption of automated clearing house (ACH) payments, promote electronic invoicing (elnvoicing), and reduce check writing.

^{*}Wire payments to foreign payees are not impacted by the new payment terms. Those payments are routed to the Treasurer's office for processing upon fiscal officer approval.

Days Payable Outstanding (DPO)

- An effective method to increase liquidity.
- Metric used to gauge payment strategy success.
- A financial calculation that indicates the average time (in days) it takes to pay vendors and payees.
- Indicates how well we manage cash outflows.
- Higher DPO indicates that we have funds available for a longer duration.

Steps Taken to Increase DPO

- Changed standard purchase order (PO) terms for all vendors effective July 1.
- Changed disbursement voucher default payment date from next day to >7 days.
- Reduced check writing to once per week.
- Worked with Facilities to improve the DPO for Facilities' construction-related contractual payments.
- Conducted a 90-day disbursement review pilot.

Increasing elnvoicing and ACH Adoption

- Marketing ACH for faster reimbursements:
 - Targeted vendors and payees.
 - Faculty, staff, and student promotion.
- Added invoice number and date fields to disbursement vouchers:
 - Vendors need this information to correctly identify and apply payments received via ACH.
- Promoting new web-based elnvoice tool.
- Using PaymentWorks for vendor registration:
 - Efficient ACH registration process for vendors and payees.

Procurement Card (PCard) Receipt Requirement Changes

PCard receipts are no longer required for transactions \$75 and less, except when on federal appropriations or sponsored awards.

- Reduction in administrative burden for the approximately 75,000 pcard transactions that are \$75 and under (represents \$2.5M of the total annual pcard spend of \$66.5M).
- Over a five-year period, 41% of transactions were \$75 or less.

Independent Consultant Evaluation Process Changes

- Simplified service provider evaluation form.
- Reformatted service provider questionnaire.
- Added better instruction to website.

Certificate of Insurance Collection Changes

- Stopped collecting insurance certificates from vendors except in high-risk situations or at the discretion of the procurement agent.
- Campus units no longer have to collect certificates.
- All certificates will be collected by Procurement and Payment Services only.

Use of TeamDynamix

- Using new ticketing system for inquiries sent to e-SHOP and Procurement mailboxes.
- Developing reporting which will be used to enhance training and website content and the development of FAQ.

Sponsored Financial Services Operations Updates

- Requisition and Disbursement Voucher Reviews
- Budget Adjustment Processing
- Non-Sponsored Payment Receipt Assistance
 - https://www.dfa.cornell.edu/accounting/topics/accountsreceivable/external-payment
- Closing Awards
- Contract Control Account Creation

For help contact us at <u>sfs-help@cornell.edu</u> or view the presentation at <u>https://www.dfa.cornell.edu/sfs/managingawards/policies#documents</u>.

Questions and Answers

Please put your questions in the webinar Q&A section.

Thank You!

- Contacts:
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A recording of this webinar will be available in a few days at https://www.dfa.cornell.edu/about-us/dfa-conversations.