



# 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

# Payment Strategy

## 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 (eInvoicing), 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.

# Payment Strategy

## **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.

# Payment Strategy

## **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.



# Payment Strategy

## **Increasing eInvoicing 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 eInvoice tool.
- Using PaymentWorks for vendor registration:
  - Efficient ACH registration process for vendors and payees.

## Other Activities

### **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.

## Other Activities

### **Independent Consultant Evaluation Process Changes**

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

# Other Activities

## **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.

# Other Activities

## **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 [sfs-help@cornell.edu](mailto:sfs-help@cornell.edu) or view the presentation at <https://www.dfa.cornell.edu/sfs/managingawards/policies#documents>.

# Questions and Answers

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

# Thank You!

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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>.