Banner Initiatives – Project Initiation Document

Project Statement:

Review all aspects of Western’s Chart of Accounts and Provide Recommendations for changes so to:

- Accurately and efficiently group financial data for external reporting;
- Eliminate or minimize manipulation of financial data on worksheets for internal reporting and decision-making purposes;
- Provide consistency in use of FOAPAL strings across campus.

Program: Banner Initiatives

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Process Owners: Teresa Hart Mike Ulrich

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Date Modified: 10/23/2014
Version: Final
Definitions

Chart of Accounts (COA)

A Chart of Accounts defines the basis of an Accounting structure. Ellucian (Banner) refers to its Chart of accounts combination as a **FOAPAL**. The term FOAPAL is used to define the various elements of the accounting structure (**FOAP** defines the mandatory elements):

Mandatory elements:

- **Fund**: Identifies the source of revenue (*where* funds come from). Examples: 10xxx funds are state operating revenue and include state appropriations and tuition revenues; 20xxx funds are local operating revenue and include fee revenues. Mandatory element.

- **Organization**: Used to track the financial activities by functional reporting units; generally corresponds to Western’s organization chart (*whose* funds/budget responsibility).

- **Account**: Identifies *what* the funds are spent on. Account classifications include asset, liability, revenue, expense and transfers.

- **Program**: Used to track (first two numbers of the code) functional categories (*why*) funds were spent. Functional categories include instruction, research, scholarships, and auxiliaries.

Optional elements:

- **Activity**: Used to track financial transactions for short-term or specific types of activities; Reduces need to create separate funds to track separate activities.

- **Location**: Used primarily for fixed asset, facilities, student housing and off campus program tracking.

FAST Index

Fast Index is a code that can be used to set up a combination of COA code elements to speed data entry and facilitate accuracy. A Fast Index is ideal in cases where a particular combination of Fund, Organization, Program (and Activity) is likely to occur many times, as only the Fast Index and Account Code need to be keyed. Example: Fast Index FOTRSY is equivalent to (Fund) 10200 (Org) 5380 and (Program) 082FIS).
Current Situation

Western has undergone changes in structure and business practice throughout the past 20 years, but there has not been a university-wide comprehensive review of the Chart of Accounts (COA) since implementing Banner Finance in 1991. Because of the organizational shifts that have occurred over time, it is likely that the FOAP (see definitions above) elements are not currently fully utilized for effective and accurate reporting. The COA is the basis for all internal and external financial reporting. As COA data is used to prepare Western’s (and auxiliary) financial statements, IPEDS (Integrated Postsecondary Educational Data System), and AFRS (Agency Financial Reporting Systems, Washington state reports) together with many others, it is important that we thoroughly review how the FOAP is understood and utilized by the front-end users (those inputting transaction data) and the back-end users (those reporting on the data). Inconsistent use of the Chart of Accounts results in the use of shadow systems to filter, combine and massage data in order to obtain the information needed internally by Senior Administrative officers for decision-making purposes. Inconsistent use of the COA entails the risk of inaccurate external reporting, and poses the possibility that management will make decisions based on inaccurate data.

Accounting Services is the responsible office for the COA but has not recently reevaluated the criteria for the creation of new FOAP elements. In an effort to provide customer service, the focus traditionally has been primarily to accommodate the needs or requests of each department and division. Over the years, this has resulted in a “bloated” COA that makes it difficult to use consistent coding. Additionally, lack of consistency between Western’s primary COA (Chart 1) and the Foundation’s COA (Chart 2) results in confusion for the end users. As the gatekeeper of the COA and the appropriate classification of financial information, we realize there is a need to standardize the COA and provide appropriate guidance to campus in serving University needs for reporting.

Currently, focused training on the COA is minimal as training resources are limited (Accounting Services did have a “trainer” at one time, but this resource has not been available for about 7 years).

In addition, a project to review/revise the COA was introduced in 2009 as the first Banner Initiative. Western contracted with a Banner consultant to review the COA and make improvement recommendations. The outcome of the project was the elimination of the many 14xxx (state) funds and consolidation into one 10200 state fund (which includes appropriation and tuition dollars), the purpose of which was to simplify end user data entry into Banner Budget Development. While other elements of the FOAP were discussed at the beginning of this project, there was no substantial revision to the Organization, Account or Program codes. Consolidation of all state funds into one fund may not have achieved the intended result due to turnover of key decision makers in the University Budget Office. When state funds were separate as 14xxx funds, each area’s state fund balance was available to end users in Banner. With consolidation, there is no way to carry state fund balance at the department or even division level. In an effort to solve this problem for state funds and to provide self-sustaining and auxiliary funds the ability to allocate fund balances to a more granular level (to the Organization/Program/Activity/Location), we developed a manual (spreadsheet) process whereby departments provide the FOAPAL
allocations and we upload them into Millennium (data warehouse). However, this is not currently being done for the state (10200) funds.

In addition to the COA review, we would like to review the functionalities of NSF (not sufficient funds) and Fund/Org Security (limiting the ability to access funds and organizations to certain individuals). The NSF function would prevent or flag any transaction if there are not sufficient funds to cover the transaction. We currently conduct an annual review of negative balances, which we can only address many months after the fund has gone negative. We will review these functions and provide pros and cons as to their use.

1) Review Plan and Deliverables
   a) FOAPAL elements:
      (1) Review account codes for redundancy and provide recommendation for consolidation or elimination
      (2) Evaluate whether account codes are adequately defined for input to fixed asset module and project management and provide recommendation
      (3) Determine appropriate use of H (intra-agency) and K (transfer) codes and provide standard and guideline
      (4) Review account codes for consistency with Foundation chart and provide recommendation
      (5) Review program codes for redundancy with other Chart of Accounts elements and provide recommendation
      (6) Evaluate how program codes could be enhanced for analyzing cost and reporting business activities and provide recommendation
      (7) Review organization codes for hierarchy and consistency with Millennium and provide recommendation
      (8) Define criteria for approval of new codes and provide guideline
      (9) Provide procedures for COA structure in re-organization of departments or divisions
      (10) Determine impact on FAST indexes if any chart elements change, including impact on all other applications/forms/programs and provide recommendation
   b) Compare Chart 1, Chart 2 and Chart 3 structure, recommend possibility and plan for standardization of all charts
   c) Document external reports produced, including IPEDS (Integrated Postsecondary Educational Data System), Financial Statements, State Reporting; Provide recommendation to achieve external reports in a consistent and accurate manner
   d) Understand and document management (internal) report needs by division:
      (1) Outcome desired
      (2) Current pain points including extensive use of other database tool (Access, Excel) to extract or massage data and retrieve reports; Provide recommendation
      (3) Identify discrepancies between Banner and Millennium reports and provide recommendation
   e) Review the consolidated 14xxx – 10200 funds – Document how it helps (or does not help) Western in efficiency and effectiveness; provide recommendation to separate the state funds or keep as is.
   f) Investigate Banner NSF function and provide pros, cons and recommendation
g) Investigate Banner Fund-Org security function and provide pros, cons and recommendation
h) Identify campus financial reporting needs and provide recommendation

Recommendations are anticipated by May 2015.

2) Functional Areas That Will Be Impacted

<table>
<thead>
<tr>
<th></th>
<th>Academic Affairs</th>
<th>Business Services</th>
<th>Capital, FM, Safety &amp; Parking</th>
<th>Enrollment &amp; Student Services</th>
<th>Financial Services</th>
<th>Human Resources &amp; Payroll</th>
<th>Information Technology</th>
<th>Internal Audit</th>
<th>Internal Control</th>
<th>Legal &amp; Policies</th>
<th>Outside Consultant</th>
<th>Planning &amp; Budgeting</th>
<th>University Advancement</th>
<th>University Relations</th>
<th>All Others</th>
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<tr>
<td>Impact</td>
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<td>Resources Required</td>
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Business & Financial Affairs
• Sharon Colman, Business & Financial Systems (functional expertise in Banner)
• Teresa Hart, Business Owners
• Diane Fuller, Accounting Services
• Nicole Goodman, BFA Policies & Internal Control
• Vic Kiel, Human Resources
• Julie Larmore, Facilities Management
• Donna Mason, Human Resources
• Diana Rosen, Facilities Development and Capital Budget
• Linda Teater, Budget Office
• Michael Ulrich, Accounting Services
• Wanna VanCuren, Project Manager

Enrollment & Student Services
• Linda Beckman, Enrollment and Student Services
• Gary Buma, Enrollment and Student Services
• Janet McLeod, Enrollment and Student Services
• Debora Short, Enrollment and Student Services
• Raquel Wilson, Enrollment and Student Services - Viking Union

Internal Audit
• Paul Schronen, Internal Audit

University Advancement & Foundation
• Tom Jones, Western Foundation

NOTE: We recognize that the team members listed represent a very large group. The tentative plan is for all team members to attend the first project meeting. At this time, the team will select which team members will participate as the “Work Group” (no more than 10). The remaining team members will serve as subject matter consultants. There will be a significant time commitment for the Work Group participants, at some times meeting every week. The Consultant Group will be kept informed of project activities by receiving the notes for all meetings held so they can ask questions and provide input on an ongoing basis.

5) Relationship to Banner Initiatives Objectives

The Chart of Account project achieves the following Banner Initiatives Objectives:
• Simplify and automate business processes by implementing best-in-class practice
  o Improve data integrity
    Project requires data to be well defined, commonly understood and consistently applied from input to output
  o Increase productivity and improve accuracy
    Project will assist campus in understanding the data and therefore using/reporting it accurately
Integrate systems and reduce/eliminate redundancy and shadow systems
Project goal is to organize the data within the system via an effective FOAPAL structure so that additional massaging of data is not required

Improve services to campus and boost customer satisfaction
Project provides clarity and understanding to campus regarding the financial recording and reporting of department activities

Improve reporting capabilities on:
- Management reports
  Project provides the opportunity for campus to define data needs for reporting departmental financial activities
- State and federal reporting requirements
  Project will ensure that data used in State and Federal reports is appropriately classified for accurate reporting

Deliver effective training program to all identified end-users across different departments prior to “go-live”
Project includes providing initial training to the campus for any changes to the COA

Provide efficient post implementation support to end-users
Project goal is to develop online easily accessed post implementation training

6) Risk Assessment

<table>
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<tr>
<th>Risk</th>
<th>Impact</th>
<th>Mitigation</th>
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<tbody>
<tr>
<td>Departments with differing needs will not agree on changes needed so that COA is used in a consistent manner.</td>
<td>Project will either stall or we will not achieve desired outcome.</td>
<td>Communicate clearly and frequently; address each area’s needs maintaining focus on the commonalities and the varying uses of data.</td>
</tr>
<tr>
<td>Team members are unable to devote sufficient time to the project.</td>
<td>Project will delay.</td>
<td>Seek support from division VP, manager and/or supervisor</td>
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<td>Recommended changes result in difficulty obtaining comparable data for previous fiscal years.</td>
<td>Campus will be frustrated.</td>
<td>Develop crosswalk.</td>
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<tr>
<td>Inadequate testing results in COA changes not working as designed</td>
<td>Financial reporting may be inaccurate.</td>
<td>Develop testing matrix to ensure all outcomes are as anticipated.</td>
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### Risk | Impact | Mitigation
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Inadequate training results in dissatisfaction with the project and inaccurate data input and reporting. | Potential for producing inaccurate data. | Develop training program, including on-line video training. Direct Accounting Services resources to provide outreach to end-users.

Chart of Accounts is the “heart” of the Banner System as many other modules using the information for posting transactions over to the General Ledger. Changing the Chart of Accounts may impact set up in these Banner modules and other systems like FAMIS and Millennium FAST Finance and HR. | Failure or missing to change the set up or integration points based on the new Chart of Accounts structure may result in incorrect posting. Worst case would be that these transactions will fail and require investigation and fixing from users and functional analysts, delaying. | Work closely with other functional analysts for other Banner modules and systems. Conduct detail analysis regarding the impact, make changes and test accordingly.

Many Banner reports and other shadow systems, Excel spreadsheet and Access database have the current COA built-in. Changing of Chart of Accounts will impact all of these areas. | Very time consuming to modify all existing reports that have the current COA built-in. Reports will be broken and will not function anymore. | Work closely with users that currently extract financial data from Banner. Inform them about the changes and allow sufficient time for them to modify their reports, spreadsheet and databases. Provide support if necessary. Work with ADMCS and modify all financial and related reports, allow sufficient time to do this.

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**7) Research**

We will research how other schools use Banner COA (including those WA state schools that use Banner). We will also consult with schools that have performed a revision to their COA. The project will likely include a site visit to Eastern Washington University.

**8) Process Review Budget**

Consultant - $30,000.00 (approximately 3 consulting onsite visit), $2,000.00 (site visit to Eastern)