Project Statement: To analyze the current property, plant and equipment (PPE) asset tracking and reporting process (formerly known as Fixed Assets) and make recommendations for their improvement.

Program: Banner Initiatives

Created and submitted by: Jack Herring, Nancy Larson

Process Owners: Sally McKechnie, Jack Herring, Michael Ulrich

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Version: V6
Current Situation

The Western Equipment Inventory System (EIS) was developed locally in the 1970’s as an equipment tracking system that was based on requirements specified from OFM (Office of Financial Management). The system tracks all of the University’s property, plant and equipment (PPE) and includes small and attractive assets (>300 and <5,000) and capital assets (>5,000). It was originally designed from the viewpoint of the Purchasing Department which focused on the Purchase Order Number as its key identifying field. All reporting and referencing was tied to a PO Number. As personnel and business structure changed throughout the years, it became apparent that using the PO Number as an identifier created reconciliation problems. Over the years, additional programming has been done to refine some of the reporting capabilities including elimination of rounding, capturing invoice level details, and automating the population of the asset transactions into the EIS asset table. In early 2010, the external reconciliation process was further modified to use Fund Code as the key identifier.

Equipment Inventory currently maintains a Microsoft Access database front-end to the data that is stored in the EIS asset table in Banner. The EIS asset table is a non-baseline table. Until 2001, all PPE assets were hand keyed by the Central Services Supervisor. This has since been automated and PPE asset records are now created by a Banner job that pulls information from payments made to vendors. The Banner job does not capture PCard and FAMIS data so additional Access database processes are used to identify PCard and FAMIS PPE asset records and enters them into the EIS asset table.

Once the PPE asset records are created in Banner, each record must be reviewed to add additional descriptive information since the item description pulled from the payment record may not be adequate. A state inventory tag number is then assigned to all PPE assets. Letters containing the assigned inventory tag are sent to end users with instructions to tag the new asset and report the asset's location and owner. There is currently no mechanism or process in place to track equipment movement from one location to another throughout its life cycle. Full physical inventory is conducted bi-yearly. Physical disposal of assets occurs throughout the year but the actual General Ledger transactions are only recorded at yearend.

The end of month reconciliation and end of year reconciliation is a manual process. Equipment Inventory generates reconciliation reports using Access. A monthly reconciliation meeting is scheduled between the Central Services Supervisor and Accounting Services to review the reports. If discrepancies exist, additional investigation is done by the Central Services Supervisor to validate data. Accounting Services reviews, and creates necessary adjusting entries. Once the final yearend reconciliation is complete, annual cumulative depreciation schedules are calculated. Appropriate Journal Voucher entries are executed to record Accumulated Depreciation in the appropriate Investment in Plant fund and asset accounts. While this process produces the necessary financial reports including yearly depreciation and amortization schedules, it is lacking the integration of the
assets details to the financial records. There are currently no fixed assets reports available in Banner.

The intended deliverable of this analysis will be recommendations (if applicable) for the improved handling and reporting of fixed assets. The results of this study are also intended to aid Business Services in determining the direction of new processes for requisitions, purchase orders and use of the PCard for future equipment purchases as these processes are interrelated. The implementation of these recommendations may not be executed immediately, but will depend on available departmental resources.

1. Business Processes to Be Reviewed

- Asset acquisition, identification, and tagging
  - Banner
  - PCard
  - FAMIS

- Physical inventory (conducted every 2 years)

- Handling of construction in progress

- Financial Reporting
  - Monthly reconciliation
  - Annual depreciation/amortization schedules

- PPE Surplus and Disposal processes within EIS

2. Functional Areas That Will Be Impacted

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<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>Impacted</td>
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<td>Resources Required</td>
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3. Identify Stakeholders
- Sally McKechnie, Business Services
- Susan Banton, Purchasing
- Donna Foley, Accounts Payable
- John Zuzarte, Central Services
- Gary Jordan, Facilities
- Mike Ulrich, Accounting Services
- Diana Rosen, Capital Budget Office
- Tom Jones, Foundation
- Bob Schneider, ADMCS
- Kim Herrenkohl, Internal Audit
- Nicole Goodman, Internal Control
- Barbara Lechtanski, Policy

4. Identify Team Members
Note: All team members are proposal only. Proposed team members will be contacted after approval of this initiative.

- Jack Herring – Subject Matter Expert / Co-Project Lead
- Nancy Larson – Co-Project Lead
- Sharon Colman – Banner Subject Matter Expert
- Steve Weinberg – IT Support
- Mike Ulrich – Accounting/Reporting Subject Matter Expert / Internal Control
- Diane Fuller – Accounting Subject Matter Expert
- Susan Banton – Purchasing Subject Matter Expert
- Donna Foley – A/P Subject Matter Expert
- Gary Jordan – FAMIS Subject Matter Expert
- Tom Jones – Foundation
- Clinton Burgess – Academic Affairs
- Stephen James – Academic Affairs
- Gordon Turman – Surplus Subject Matter Expert

5. Relationship to Banner Initiatives Objectives

Banner Initiatives Objectives
- Simplify and automate business processes by implementing best-in-class practice
  - Avoid human errors
  - Improve data integrity
  - Reduce process cycle time and unnecessary paperwork and handling
  - Increase productivity and improve accuracy
  - Integrate systems and reduce/eliminate redundancy and shadow systems
The focus of this project is to analyze the current PPE asset tracking and reporting process. The team plans to conduct a business process analysis of all key PPE asset processes within EIS. In conjunction with the business process analysis, the team will explore the SUNGARD Banner Fixed Assets module and the Millennium Data Warehouse to determine their alignment with the Banner Initiative Objectives. Once the analysis is completed recommendations will be presented that will provide an implementation path to best-in-class fixed assets practices.

- **Improve services to campus and boost customer satisfaction**
  The analysis of the PPE assets process will focus on how to better provide timely and accurate data of all PPE assets of the University. Providing this information to the campus community will increase confidence in our ability to track and report on the assets of the University.

- **Improve reporting capabilities on:**
  - Management reports
  - State and federal reporting requirements
  Providing easily accessible reports for PPE assets is one of the main driving forces behind this analysis. It is crucial that this functionality become available to the defined end-users so that a single position is not the linchpin of all PPE asset information.

- **Deliver effective training program to all identified end-users across different departments prior to “go-live”**
  Both demonstration and hands-on training will be provided for any new processes, procedures, and/or systems that are put into place as a result of this analysis. Additionally, documentation for the PPE asset system (current/future) will be created to assure that the information is accessible by all necessary end-users.

- **Provide efficient post implementation support to end-users**
  Post-implementation technical support will be provided by the Finance Systems Support Analyst, or identified resource at the time.
6. Risk Assessment

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<tr>
<th>Risk</th>
<th>Impact</th>
<th>Mitigation</th>
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<tr>
<td>Resource conflicts in Central Services Office.</td>
<td>Analysis may not be completed within set time schedule.</td>
<td>Coordinate with Banner Initiative Portfolio Manager time and effort commitments required by Fixed Assets team members. Publish project timeline immediately to clearly communicate with team so members can allocate sufficient time.</td>
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<tr>
<td>Knowledge of the Banner Fixed Assets module may not be sufficient to provide an informed recommendation</td>
<td>Post-implementation problems and implementation of a system that does not satisfy the needs of the University</td>
<td>Hiring a Banner consultant to provide specific insight and working knowledge of the Banner Fixed Assets module. Insure that the information is completely and successfully transferred from the Banner consultant to internal analysts.</td>
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<tr>
<td>If SUNGARD Banner Fixed Assets is the solution:</td>
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<tr>
<td>Migration of data is complex and time consuming,</td>
<td>Loss of historical data and delay of implementation,</td>
<td>Engage consultant to assist with migration of data.</td>
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<tr>
<td>Reconciling the existing GL balance to the new Fixed Assets Ledger could be challenging.</td>
<td>Unbalanced opening GL balance to the new Fixed Assets Ledger</td>
<td>Create a working team consisting of Accounting Services, Equipment Inventory, Banner Finance Support and Banner consultant to ensure correct reconciliation.</td>
</tr>
<tr>
<td>Consultant may not have the requisite experience in this kind of migration process</td>
<td>Incomplete data in both the GL and Fixed Assets Ledger and delay of project</td>
<td>Draw upon experience to interview and select competent consultant who has a documented track record.</td>
</tr>
<tr>
<td>ADMCS resources may be stretched too thin due to other BI projects and day-to-day maintenance</td>
<td>Delay of project</td>
<td>Work closely with ADMCS team. Include them in timeline planning discussions to maximize available resources.</td>
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7. Research

Research on the BFINANCE listserv and the SunGard Commons shows that the SUNGARD Banner Fixed Assets module is being utilized by several schools. The conversion of existing data appears to be a fairly straight-forward process. A recurring comment is that the reporting function within Banner Fixed Assets is very limited.

Fixed Assets are in use by several schools including the following:

- Salk Institute, San Diego CA
- University of Saskatchewan
- New College, Sarasota FL
- Xavier University, Cincinnati OH
- University of Dayton, Dayton OH
- St. Louis Community College, St. Louis MO
- Tulsa Community College, Tulsa OK
- University of Central Oklahoma, Edmond OK
- University of North Florida, Jacksonville FL
- Arkansas State University, Jonesboro AR
- Walters State Community College, Morristown TN
- University of Central Arkansas, Conway AR
- Roosevelt University, Chicago IL
- Kent State University, Kent OH
- Portland State University, Portland OR
- University of Illinois, Champaign-Urbana IL
- New Mexico State University, Las Cruces NM
- Auburn University, Auburn AL
- University of New Hampshire, Durham NH
- Virginia Tech, Blacksburg VA

See Appendix A for a selection of comments from the BFINANCE listserv and Commons.

8. Process Review Budget

In order to fully understand the capabilities of the SUNGARD Banner Fixed Assets module, this team would like to engage a Banner Consultant to conduct a one day training session, informative presentation, or webinar.

8 hours @ $180/hr.

Approx. $2,000 (if webinar is not possible)
Appendix A
Comments from the BFINANCE Listserv and SunGard Commons

# | by Kim Bendickson on November 03 2011, 01:56 PM
New College has been using the fixed asset module since 2006.
No, we did not use it from the beginning of Banner implementation; rather we added it about 2 years post implementation. Conversion wasn't too painful, as there were only 3 tables that needed to be populated with legacy data. We did, however, use a Sungard consultant for our conversion to make sure we were adding the right data elements to the right places so that we didn't mess up depreciation and what not. Well worth the cost.
It is working well for our campus users.
The module does the job and we will stay with the product. Any report you want from the FA module, you pretty much need to write yourself. The canned reports from the module aren't too useful.
-kim bendickson

# | by Trevor Batters on November 04 2011, 11:55 AM
The University of Saskatchewan is using the fixed assets module.
1) We've been using it since go live in May 2005
2) We converted assets from the FRS fixed assets system, and did not have any significant issues as I recall.
3) To assess how it is working depends on the needs you have at your campus. We have the use of the fixed assets module centralized where we centrally do all the asset inventory/accounting management. There have been plans since the beginning to provide transfer and query access to our campus, but we have not provided that access yet.
4) There are some problems with the module, some glitches and issues we have run into, but we've managed to put control reports and processes in place to work with/around them and have been using the module successfully. There is a lot of transactional work to keep up with as we use the automatic capitalization and Document tags. We have also created some scripts to handle some of the aspects of updating assets. To give a sense of our scope, we currently have about 4,500 new capitalized assets per year ($1,000) and have >67,000 total capitalized assets.

# | by John Dickey on November 08 2011, 10:08 AM
We at St. Louis Community College have been using Banner Fixed Assets since going live with Banner in 2000. Though we did not convert to fixed assets after going live, my thought is that a later conversion might be a bit easier that converting at go live. Why? Because you have a better understanding of how Banner finance really works. You don't know Banner Fixed Assets module yet, but you know most of Banner finance. When converting and going live, your Banner knowledge is less limited.

Is it working well? Overall assessment of the product? It is working okay. The design is different from what I have seen in other ERP systems. We do use the automatic capitalization process in
Fixed Assets, but it is a bit tricky. Banner will create an origination tag for each unit purchased by the invoice. That works fine if you have like 12 PCs on an invoice, and want to capitalize each PC individually (which you would want to do). Does not work so good when you don't want separate assets for each invoice unit. There are some glitches as well in the product. Maybe the biggest one is when we do a Fixed Assets adjustment on an asset. For some reason that takes the asset out of process depreciation status. We learned that you have to go into the depreciation form (FFADEPR). It looks great in the form. You make no changes, but do SAVE the asset. Bingo. Then the asset will depreciate again. Nothing in Banner documentation tells you that you need to do this. Banner also lacks a cost accounting module to handle construction work in progress (CWIP) - such as building a new classroom building. Overall I would rate it the weakest of any ERP system that I have seen, but it does get the job done, and you obviously will be integrated with the rest of Banner finance, which is a big benefit.

# by Joshua Bergstrom on November 08 2011, 12:56 PM

1) How long have you been using it?
   5 years

2) Did you use it from the very beginning of your Banner implementation or did you add it later? If added later, what was the conversion like?

   We added it a few years after go-live for Finance. The conversion was much easier having a better understanding of Banner. The conversion is pretty simple as long as you know what should go in the tables. The difficulty in conversion will mostly depend on how you store your data in your old system.

3) Is it working well for your campus users?
   It is working fine. We turned off the auto-capitalization feature to gain greater control over when something is capitalized, which allows us to delete extra asset tags created from the A/P invoice when there are multiple invoice items and we only want one asset tag for the total. Turning of auto capitalization, though, will require you to manually batch your capitalizations as well as be sure to adjust any existing asset capitalizations if you change funding information. For example, we have situations where unrestricted funds may purchase an asset that is later moved to grant funding. This generates a Dtag that we can update the asset with, but it doesn't move the capitalization information (we capitalize assets under different funds depending on the funding source). In these cases, we have to perform an asset adjustment to change the capitalization fund (not a huge deal, but can be forgotten).

   Reporting is the biggest challenge. We wrote all custom reports to track the data and reconcile it to the operating ledger as best as possible.

4) What is your overall assessment of the product?
   The fixed asset module works, but it has its limitations and uniqueness. My best suggestion is to learn the way it is intended to work and then built your process around/into how Banner does things. The Banner module is leaps and bounds above what our Legacy system could do and it
has made reconciliation and depreciation much easier. We are happy we implemented it and that it is integrated with Banner.

# | by Jennifer Schick on November 16 2011, 11:07 AM
We have been using this for 6 years.

We converted about 6 months after go-live. It was pretty seamless.

This works well for our accounting department and is not being used across campus. The most troublesome part has been related to the fact that purchasing had trained all users to always use document level accounting which does not work well. Subsequently, very few purchase orders are caught and re-done to commodity level accounting when it would be advantageous to fixed assets and the fixed asset accountant has much to clean up.

Overall, this is a pretty decent tool, once you learn the work around to a few quirks. Auto capitalization is a very usable tool, depreciation seems very easy, we have to use write offs instead of sale of assets.

You'll have to write adhoc reports to get year-end listings with depreciation as assets that are fully depreciated dropped off the list the last I knew.

Jennifer Schick
Grand Valley State University