



Budget & Spending Mechanics Transition Workshop FAQ

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General

1. Are budget adjustments still done using the RBAC form?

Budget adjustments will be submitted and processed electronically through an online budget journal portal.

2. What happens when a deficit budget rolls forward?

Units will be encouraged to cover deficits prior to fiscal year closing. Chart strings in deficit will be identified in pre-closing reports. If a chart string ends the fiscal year in deficit, the deficit amount will be carried forward to the next year as a negative carry forward expense budget. Although a negative budget moves forward, spending will still be permitted by the system for all non-designated chart strings (subject to workflow approvals).

3. Has the workflow process been set up? How will this be done?

The workflow process for budget journals has been set up as follows:

- Department approver required for each department
- For movement within a school/unit, school/unit approval is necessary
- For movement between schools/units, approval is required by both parties
- Budget Office approval required on:
 - Transactions exceeding \$50,000 gross
 - Special interest on movement between salary and non-salary over \$50,000

Project Café will be collecting information on this and other workflow/security specifications through a template that will be distributed in April/May.

4. What will the criteria be for reviewing budget transfers?

In FY2009, the Budget Office will review all budget transfers exceeding \$50,000. Review at the department and school/unit level will be facilitated through workflow. In the first part of FY2009, all salary budget adjustments will be reviewed by the Budget Office to ensure proper use of fringe benefit codes and rates.

5. Will there be any redundancy in completing forms and using the system?

The budget journal portal should eliminate the need to fill out any paper forms. Adjustments can be entered directly into the budget journal portal.

6. How does the Project ID work with budgets?

For chart strings that use Project ID, such as those for designated, gift, and endowment income, the budgets will reside on accounts (i.e., objects and revenue sources) associated with the Fund-DeptID-Project ID combination.

For chart strings that do not use Project ID, such as the main unrestricted departmental chart strings, the budgets will reside on accounts associated with the Fund-DeptID combination.

7. How do restrictions factor in to spending on gift chart strings? Will there be such checks as "Hard Stops?"

There will not be "hard stops" or "hard controls" on spending taking place on gift chart strings. Rather, reliance will be placed on the review and approval process established through workflow. The only spending controls in place for gift chart



strings are the following: in order to spend on salary accounts, a budget must be present on a salary code; in order to spend on non-salary accounts (object codes) a budget must be present on a non-salary code.

8. What should units (schools and departments) do to prepare for changes?

Preparations should include:

- planning for expanded budget responsibilities relating to budgeting more types of chart strings and accomplishing more transactional activity through budget adjustments
- updating local systems as needed for the new Chart of Accounts
- reviewing business processes and workflow requirements
- attending training on the new types of reports and the new delivery mechanisms
- planning for training of staff, faculty, and lab personnel (as appropriate) in the coming months.

9. What is the difference between unrestricted and designated chart strings?

The general notion is that unrestricted chart strings will be used for ongoing, core operating activities, while designated will be used for activities with a more specific purpose or time frame. From a budget mechanics standpoint, there will be differences in spending controls and revenue recognition. For example, designated chart strings will have hard controls, while unrestricted chart strings will function with limited controls.

10. Will there be controls for revenue budgets? How will they work?

There will not be controls for revenue budgets. Also, designated chart strings will not have any associated revenue budgets. Revenue budgets will serve as planning targets.

11. Is it mandatory to budget on roll-ups? Can we spend beyond our budget?

Budgeting can be done either at the roll-up or detailed level, although budgeting at the roll-up level will be encouraged. Subject to workflow approval, units will be able to spend beyond the budget on all chart strings, except for designated. At the same time, units will be expected to cover deficits prior to closing.

12. How do we spend on unexpected or unbudgeted items?

As long as there are budgets established on either a salary or non-salary code, as relevant, units will be able to spend. Units will not be able to spend unless some budget is created on the respective chart string. There will be no more need to open the object code or revenue source.

13. Will the Budget Office handle salary budget adjustments?

As with other budget adjustments, salary budget adjustments will be initiated at the department/school/unit level. The Budget Office may review salary budget adjustments over a certain threshold amount to ensure correct usage of benefit rates and codes.

14. Can one adjust budgets among chart strings in a self-supporting unit (i.e., Medical School)?

Yes, budgets can be adjusted between chart strings so long as the adjustments



are balanced and do not cross funds (except for adjustments between unrestricted and designated, which can cross funds).

15. Will the carry-forward estimates be clearly marked as estimates in PeopleSoft Financials?

Yes, while we are still working out the final details, it is likely that carry-forward estimates will be budgeted on account 79998. Actual carry-forward amounts will be posted as budgets on account 79999.

16. Will the closing process be the same time frame as it is now?

It is likely that the closing process for the close of FY2008 will be shortened by at least a week, but this is still to be determined. Monthly closes under PeopleSoft will usually be about 3-4 business days after the end of the month. The September 2008 monthly close is expected to be considerably longer.

17. Will you need to have budgets to spend on endowment accounts?

Yes.

18. How will the carry forward be different for recharge centers?

Carry-forward calculations for recharge centers are still under review. We anticipate creating a mechanism to display surpluses and deficits, while also allowing for subsidizing entries.

19. Please explain in more detail the 79999 code.

The 79999 code will be a detailed expense value on the account code tree. In some ways, it is a replacement for the use of the 0670 carry forward revenue code. The only activity on 79999 will be carry-forward expense budgets. For instance, if a gift chart string received \$100,000 in FY2008, and expended \$90,000, in FY2009 a \$10,000 carry forward expense budget will be entered on account code 79999. There are no offsetting revenue budgets to this carry forward line and no actual revenue will be posted.

20. How will gift monies be budgeted when you never know how/how much/when the gift money will be received during a budget period?

If there is considerable uncertainty about gift monies, then no budget should be entered. As gifts are received during the fiscal year, budgets can be entered to reflect that income. For more macro-level projections at the school or department level, estimates of gift activity can be budgeted on a general "annual giving" or similar gift chart string. As new individual gifts come in against this forecast, the general gift chart string's budget can be reduced by the amount of the new gift.

21. In CUFs, budget adjustments are not easily tracked. Please explain the process with PeopleSoft Financials.

Each budget adjustment will be entered as a budget journal in PeopleSoft. These adjustments will be flagged as non-recurring (apply for one year only) or recurring (are permanent changes). Budget journals can be accessed and queried with the Cognos reporting tool.



22. Will budget adjustments be treated as full transactions in the new systems?

Budget adjustments will be entered as budget journals, which are actual system transactions entered in PeopleSoft.

23. Adjustments within funds— can you move funds between projects?

Actual dollars can be moved between projects as actual journal entries. Budget adjustments cannot be made between projects (only adjustments within project IDs are allowed), except in the case of designated chart strings.

24. Do we have to do anything additional to budget when revenues are deposited?

On designated chart strings, deposited revenue will create additional spending authority automatically. On other chart strings, there is no need to add revenue and offsetting expense budgets to increase spending authority, as there are no hard controls on funds other than designated and plant.

25. Will revenue allow spending authority (0024s)?

Revenue will not create spending authority on recharge chart strings. Recharge chart strings do not have hard controls, so any level of expense budget will provide spending authority.

FY09 Budget Prep

1. What happens when FY09 budgets are loaded and adjusted? What is the timeline?

FY2009 budgets will be created in CUFS terms and then converted into PeopleSoft values for the September 1 go-live date. The Budget Prep calendar will be circulated shortly and will be available on the Budget Office web site: <http://www.northwestern.edu/budget>.

2. Will we need to estimate carry forwards for each chart string in FY09 Budget? Will this happen every year?

Yes, carry-forward amounts will need to be estimated in order to allow spending to occur before the actual carry-forward amounts are posted in October. This estimation process will take place each year during the budget prep process.

Reporting

1. Can a unit perform its own ad hoc reports?

Yes, this capability will be provided via the Cognos Query Studio tool. This capability, however, may not exist immediately. As the system stabilizes, this capacity will be rolled out to the central offices of schools and units.

2. Will the University still generate reports for various line items, such as indirect cost recovery for the Medical School?

It is likely that key, special-purpose reports, such as the indirect cost recovery report for the Medical School will be production reports that schools and units can access. Central University offices will also have ad hoc reporting capabilities to generate various line item reports.



3. What are the levels of detail available in reports?

Both summary and detail reports will be produced. In general, reports in the new financial system will have the same level of detail as current reports and will have additional drill-down capabilities.

4. How much detail will be available to the user in the drill down in reports (i.e., is salary information visible)?

This feature is still under development but the current working scope includes some level of salary drill-down capability.

5. Will PIs have access to budget reports?

Yes, PIs will have access to certain standardized reports for their projects delivered through the Cognos reporting tool.

6. Is there a way to download account information for budget management?

All of the reports delivered by the Cognos reporting tool can be exported to Excel or text form for easy manipulation by schools and units. Some standard data extracts will also be delivered with the express intent of supporting this need.