Financial Systems Transformation

Campus Forum: Introduction to FST and Pre-implementation

Winter 2020
Agenda

Introduction to the Financial System Transformation (FST) Program

Scope of FST Program Work: changes to systems and processes

Upcoming FST Activities

Q & A
Agenda

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Q & A
Introduction to the FST Program

The University’s Financial Accounting System (FAS) is an integrated general ledger and revenue/expenditure reporting system.

FAS was installed in 1983 and is primarily a COBOL-based system.

As the University work became more complex, a range of systems were built up around FAS to bridge gaps in capabilities and meet the unique needs of units.
Introduction to the FST Program: Current Problems

FAS cannot be updated to meet current practices or provide desired features and is overdue for replacement.

Integrations with complementary systems are cumbersome or not available.

The lack of functionality limits accessibility to timely financial data and makes reporting overly burdensome.
Introduction to the FST Program: Aims

Implement new, modern software that provides high quality support for financial accounting and reporting.

Improve efficiency by accomplishing more functions in the financial system software, reducing needs for other systems and integrations.

Ensure that the system can be upgraded regularly to stay current and meet the University’s needs in the future.

Adapt financial processes to meet requirements of the new system and review current processes for other improvements.
Introduction to the FST Program: Challenges

System changes will impact a wide range of work across the University and require institution-wide involvement.

The current Chart of Accounts is large and limited in its structure; it needs to be redesigned to support modern accounting and reporting.

The new system will be a different experience for end users and others. Ensuring that everyone is well-trained and comfortable with the new system is critical.
Introduction to the FST Program: University Leadership

Geethanath Marri is the Program Director and oversees the work and staff.

The University’s FST Program has administrative and academic leadership:

Ivan Samstein, CFO - delegates: Mark Weber and Kevin Boyd

Ka Yee Lee, Provost - delegate: Melina Hale

Kenneth Polonsky, EVP, BSD Dean - delegate: Mumtaz Darbar

Financial leaders in central offices and from across campus are also engaged and provide their expert knowledge of current practices and future needs.

Grant Thornton is the consulting partner for the pre-implementation stage of the program.
# Introduction to the FST Program: Timeline

**Current State**

<table>
<thead>
<tr>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<td>Feb</td>
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<td>Apr</td>
<td>May</td>
<td>Jun</td>
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- Choose software and implementation services
- University Wave 1 (Financials, Supply Chain, Projects and Grants)
- University Waves 2 and 3 (Budgeting and Asset Mgmt)

**Estimated timeline milestones:**

- Implementation to begin in January of 2021.
- Initial go-live expected in July 2022, at the start of Fiscal Year 2023.
# Introduction to the FST Program: Coordination with UCM

## Pre-Implementation

<table>
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<tr>
<th>Year</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug-Oct</th>
<th>Nov</th>
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<tr>
<td>2020</td>
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**Current State**

**Future State**

**Req's**

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**Intersection Points**

- Future State Design and Requirements

- RFP 1 (App)

- RFP 2 (SI)

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**Future State / Req's**

**Choose software and implementation services**

**University Wave 1**

(Financials, Supply Chain, Projects and Grants)

**University Waves 2 and 3**

(Budgeting and Asset Mgmt)

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**UCM Implementation**

(Wave definition/ duration TBD)

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## Implementation

**We are here**

**Go-Live - Wave 1**

**University Implementation**

(Wave definition/ duration TBD)

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**Pre-Implementation**

**We are here**

**Current date estimates**

*University*  *University & UCM*  *University of Chicago Medicine*

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Agenda

Introduction to the Financial System Transformation (FST) Program

Scope of FST Program Work: changes to systems and processes

Upcoming FST Activities

Q & A
Scope of FST Program Work

Financial Management
- Chart of Account Redesign
- General Ledger
- Endowment Accounting
- Fixed Assets
- Receivables
- Cash Management
- Treasury
- Payables
- Forecasting

Projects & Grants Management
- Project Costing
- Project Billing
- Grants Management

Budgeting & Planning
- Budgeting
- Planning

Supply Chain
- Procurement
- Sourcing
- Contracts
- Inventory Management

Asset Management
- Facilities Operations & Maintenance
- Space Utilization & Planning
- Property Management
- Construction Program Management

Operational & Analytical Reporting
Scope of FST Program Work

Chart of Accounts Redesign - A Chart of Accounts is the structure used to record effects of financial transactions for the institution. Thus, it underlies all fiscal administration of projects, units, activities, and the ability to report. **UChicago’s chart needs to be redesigned to integrate information that will increase capacity for and efficiency of accounting and reporting.**

Financial Management encompasses all the core financial processes including bookkeeping of all financial transactions. **A modern financial system will enable real-time visibility, highly automated financial processing and effective management controls.**
Scope of FST Program Work

**Projects & Grants Management** includes management of the complete post-award process, from initial funding to close out for sponsored projects and programs. It similarly supports internally-funded projects.

*A modern financial system will enable a real-time view of grant funds, automated billing, traceability to expenses (drill-down capabilities), indirect costing, award compliance and government reporting.*
Scope of FST Program Work

Budgeting & Planning includes long-range planning and development of budget for annual operating expenses and sponsored/internally-funded projects.

An integrated modern financial system facilitates near real-time view of budget vs. actuals and improves the planning process.
Scope of FST Program Work

Supply Chain includes procurement of goods or services, such as issuance of bids, receiving quotes, and negotiating contracts with vendors. It also includes capability for management of warehouse operations.

A modern financial system streamlines procurement and contracting processes and supports realization of strategic savings by leveraging negotiated pricing and terms.
Scope of FST Program Work

Asset management includes construction and maintenance of facilities and equipment, space allocation, and management of property leases.

A modern system will be able to support planning and scheduling of maintenance activities with minimal disruption to operations. It can help to centrally track and manage construction projects and moves, as well as streamline lease lifecycle management.
Scope of FST Program Work: Planned Go-Live 7/22

Financial Management
- Chart of Account Redesign
- General Ledger
- Endowment Accounting
- Fixed Assets
- Receivables
- Cash Management
- Treasury
- Payables
- Forecasting

Projects & Grants Management
- Project Costing
- Project Billing
- Grants Management

Budgeting & Planning
- Budgeting
- Planning

Supply Chain
- Procurement
- Sourcing
- Contracts
- Inventory Management

Asset Management
- Facilities Operations & Maintenance
- Space Utilization & Planning
- Property Management
- Construction Program Management
Scope of FST Program Work: Planned Go-Live 2/23

**Financial Management**
- Chart of Account Redesign
- General Ledger
- Endowment Accounting
- Fixed Assets
- Receivables
- Cash Management
- Treasury
- Payables
- Forecasting

**Projects & Grants Management**
- Project Costing
- Project Billing
- Grants Management

**Budgeting & Planning**
- Budgeting Planning

**Supply Chain**
- Procurement
- Sourcing
- Contracts
- Inventory Management

**Asset Management**
- Facilities Operations & Maintenance
- Space Utilization & Planning
- Property Management
- Construction Program Management
Scope of FST Program Work: Planned Go-Live 2023

Financial Management
- Chart of Account Redesign
- General Ledger
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Projects & Grants Management
- Project Costing
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Budgeting & Planning
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Supply Chain
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Asset Management
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Scope of FST Program Work: Planned Go-Live 2023
Agenda

Introduction to the Financial System Transformation (FST) Program

Scope of FST Program Work: changes to systems and processes

Upcoming FST Activities

Q & A
Upcoming FST Activities

Pre-Implementation
Planning the Future Processes and Technologies

Implementation
Implementing and Operationalizing Processes and Technology

Post-Implementation
Maintaining and Continuously Improving Processes and Technology
Upcoming FST Activities

1. Financial leaders in divisions, schools and central offices will document **current state** processes that are University-wide and unique to units.

2. They will work to define an improved **future state** for the financial system and processes and develop **requirements** for a new system.

3. **Selecting software** will include putting out a request for proposals and reviewing software features against the list of requirements.

4. Once software has been selected the University will contract with an appropriate **system implementation partner**.
Upcoming FST Activities: Communications

We will have the next round of forums in late spring/early summer.

Updates will also be provided in the quarterly Administrative Modernization email.

The FST program website (fst.uchicago.edu) will share updates and materials.

We would be pleased to meet with your groups and discuss the state of the project and your ideas for financial system improvements.
Agenda

Introduction to the Financial System Transformation (FST) Program

Scope of FST program work:
changes to systems and processes

Upcoming FST Activities

Q & A
Q & A

Themes of questions submitted in advance:

What current systems will be impacted and/or replaced by the new one?

How will the Chart of Accounts change and why?

What is the process for switching from the old system to the new one, especially in terms of data conversion?

What training will be provided for staff and faculty on the new system? When will training happen?
Q & A

Themes of questions submitted in advance:

Will I still have access to my historical data?

Will I have real-time access to all of my accounts and transactions?

Will I be able to do flexible, real-time reporting on my grants?

How will the system handle international wire transfers and payments in foreign currencies?
Additional Questions?

Thank you for attending this Financial System Transformation forum.

We welcome your additional questions or input anytime.

FST Program email: fst@uchicago.edu
FST Program website: fst.uchicago.edu

Presenters:
Melina Hale: mhale@uchicago.edu
Geethanath Marri: gmarri@uchicago.edu
Appendix
## FST Scope: Financial Management

<table>
<thead>
<tr>
<th>Chart of Accounts (COA) Redesign</th>
<th>General Ledger</th>
<th>Endowment Accounting</th>
<th>Fixed Assets</th>
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</thead>
<tbody>
<tr>
<td>The COA structure is used to record the financial effects of transactions by segregating revenues and expenses (likewise, assets and liabilities for financial reporting). Our desire is to identify a comprehensive list of COA attributes e.g., Cost Center, Fund, Account, Program, etc., each of which has a single use with a clear and consistent definition.</td>
<td>Bookkeeping of all the financial transactions including payables, receivables, cash management, purchasing, projects, etc.</td>
<td>Management and accounting of charitable donor contributions meant for investment to earn an expendable &quot;payout&quot;.</td>
<td>Financial bookkeeping of capital assets from acquisition thru retirement.</td>
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### FST Scope: Financial Management (Continued…)

<table>
<thead>
<tr>
<th>Receivables</th>
<th>Cash Management</th>
<th>Treasury</th>
<th>Payables</th>
<th>Forecasting</th>
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</thead>
<tbody>
<tr>
<td>Management and accounting of receivables from students (for tuition, fees, housing, etc.) and from other sources, including grants, gifts, donations, etc.</td>
<td>Analysis and management of cash including bank account balances, funds transfers (between bank accounts), and, more importantly, forecasting cash flow.</td>
<td>Management of financial investments considering financial risks, funding costs, and investment returns.</td>
<td>Processing of payments against vendor invoices, expense reimbursements, etc.</td>
<td>Financial projections from long-range planning to periodic rolling forecasts and line-of-business planning.</td>
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</tbody>
</table>
## FST Scope: Projects & Grants Management

<table>
<thead>
<tr>
<th>Project Costing</th>
<th>Project Billing</th>
<th>Grants Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and consolidation of expenditures for large projects (e.g. construction projects).</td>
<td>Creation and submission of invoices for expenditures incurred to complete a project or a project phase.</td>
<td>Manage the complete post award process, from initial funding to close out for sponsored projects and programs.</td>
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<tr>
<td>FST Scope: Budgeting &amp; Planning, Supply Chain</td>
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<tr>
<td><strong>Budgeting &amp; Planning</strong></td>
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<tr>
<td>Planning and allocation of budget to various units, projects, and operations.</td>
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<tr>
<td><strong>Procurement, Sourcing, and Contracts Management</strong></td>
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<tr>
<td>Procurement of goods or services including issuance of bids and receiving quotes, and negotiating contracts with vendors.</td>
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<tr>
<td><strong>Inventory Management</strong></td>
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<tr>
<td>Management of warehouse operations including stock replenishment, issuance, and on-hand stock verification.</td>
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## FST Scope: Asset Management

<table>
<thead>
<tr>
<th>Facilities Operations and Maintenance</th>
<th>Space Utilization &amp; Planning</th>
<th>Property Management</th>
<th>Construction Program Management</th>
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<tbody>
<tr>
<td>Condition assessments and ongoing maintenance of facilities, including unplanned repair work and preventive maintenance.</td>
<td>Planning and assignment of space along with the management of the move process (a single person or restacking entire buildings), including all associated tasks, dates, and assignments.</td>
<td>Management of real estate lease lifecycle including lease creation, billing, lease amendments, and lease termination.</td>
<td>Planning, coordination, and execution of construction projects considering project's schedule, cost, quality, safety, and scope.</td>
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