Procedure Changes in the Business Office

As the fiscal year winds down I want to bring everyone up to date on some of the process and procedure changes that we are ready to implement and some that are on their way. There are three main reasons that we are undertaking these changes; ensuring regulatory compliance, reducing paper usage and other costs, improving workflow and efficiency. I will try to provide quarterly updates so that you can follow our progress. And we hope to create a series of procedure documents and place them on the Business Office web page. I want to thank all my staff in the Business Office and Student Accounts for being willing to have their worlds turned upside down with all the changes. And although I do not like to name names (because I will leave someone out) I have to thank Brad Wilkin, Chris Logan, Anastacia Dillon, the entire staff in Human Resources, all the Business staff at the Law School and Grad School. Every one of them has helped us work toward these changes.

Four Day Week
We will be experimenting with a four day work week for part of this summer. The Business Office will still operate with its normal business hours.

Student Employee Web Time Entry
We have moved most student employees to web time entry. They now enter hours worked through Web Advisor and supervisors approve the "time sheets" through Web Advisor. There have been some minor glitches, but we have not found any that we were not able to resolve.

Student Pay Date
It is becoming impossible to run all payrolls on the same day of the month with our existing staff. We believe that moving student payrolls to the 10^{th} of the month will help even out the workload throughout the month. Students would be paid for the entire previous month, so students will be receiving half their pay (from 1^{st} to 15^{th}) ten days later and half (from 16^{th} to month end) twenty days earlier.

Direct Deposit Expense Reimbursements
We have been making reimbursements through direct deposit for test group and there have been no problems. Therefore we are opening this to all faculty and staff immediately. Bank account information will be entered once by each interested employee through Web Advisor. Instructions on how to do this will soon be available on the Business Office web page, but in the meantime may be obtained by emailing Mike Waddell at waddell@lclark.edu, Marietta Lawson at lawson@lclark.edu or George Battistel at georgeb@lclark.edu. **This will apply only to reimbursements in excess of $100.** Ultimately, this will be the only way we will make reimbursements. This process will be entirely SEPARATE from PAYROLL direct deposit. Employees will enter their banking information through Web Advisor. This will need to be done whether you have payroll direct deposit or not. Our software keeps the two sets of banking information completely separate.

Petty Cash (Under $100 reimbursements)

Effective **June 1, 2009**, reimbursement requests for amounts under $100 that are brought in person to the Business Office will be approved immediately (as long as one of the six authorized signers are available) and the individual may proceed directly to Student and Departmental Account Services (in Templeton) with the approved request and receive the cash. Reimbursement requests under $100 that are received in the Business Office through intercampus mail will be approved and returned to the sender who may then proceed to Student and Departmental Account Services (in Templeton) with the approved request and receive the cash.

Direct Deposit Student Refunds

We are ready to test direct deposit refunds of student account balances. This process will be similar to that for expense reimbursements and will be entirely SEPARATE from PAYROLL direct deposit. We expect to be using this new process for some Summer 2009 refunds and for most Fall 2009 refunds. An added benefit is that we will not have to annually send thousands of dollars to the state because students have not cashed checks they received five years earlier.

Rules Tightened On Reimbursements

In order to be able to consider our reimbursement process an “accountable plan” under IRS regulations we need to ensure that reimbursements meet certain conditions. Why do we want an “accountable plan”? If the plan is not considered “accountable” by the IRS, reimbursements would need to be added to employee income and the employee would then deduct them when they file their tax return for the year. Since we want to avoid having to do that, we will strictly enforce the following rules starting **August 1, 2009**.

- Requests for reimbursement must be submitted within 60 days of the date of the expenditure
- Original itemized receipts must be attached. Receipts must show what was purchased and that payment was made. If an invoice does not show that the amount was paid, proof of payment must also be supplied. This may be a credit card slip or copy of credit card statement or copy of cancelled check. Please note that providing proof of payment alone is not sufficient, there must be an itemized list of items purchased.
- There must be a description of why the expenditure was a “business expense”. Lunch, for example is not sufficient (unless it is only for yourself while travelling). The purpose of the lunch and who attended is required. It is a good idea to write this information on the back of the receipt immediately, so that you do not forget.
- Only expenditures under $25 will be reimbursed without the appropriate receipt. If a receipt for an amount under $25 is misplaced, a memo providing similar information as the receipt will be acceptable.

Rules Tightened On Travel Advances

Effective **August 1, 2009**, travel advance reconciliations (with documentation as specified above in RULES TIGHTENED ON REIMBURSEMENTS) must be submitted within 60 days of the end of travel associated with that advance. If the properly documented reconciliation is not received within 60 days, the amount of the travel advance will be added to the employee’s income for that month. If the employee later submits a properly documented reconciliation, the employee will be able to deduct the amount on their tax return for that year.

Existing Prizes, Gifts, and Awards Policy Formalized

The IRS requires that prizes, gifts, and awards above a nominal amount are taxable. The Executive Council has determined that each employee may receive one prize, gift or award of $25 or less per fiscal year, without tax consequences (the IRS exempts certain awards such as our 5, 10, 15 etc. year awards, retirement (not moving from one department to another or moving to another employer)) gifts presented at a significant function, some safety awards. In order to allow the Business Office to monitor this requirement, all reimbursement or payment requests must be accompanied by the names of all recipients and the amounts they received. A new GL object code has been created (7110) and, **starting June 1, 2009**, should be used for all prizes, gifts, and awards. Departments providing the prize, gift, or award should ensure that the recipient understands that there may be income tax consequences. The same requirement exists if items are purchased through the bookstore or computer store and charged to the department. It is the department’s responsibility to alert the Business Office that a purchased item was a prize, gift, or award.

Per Diems for Meals and Incidental Items

We are currently in the process of creating a proposal to bring to Operations Council a recommended per diem policy. This would eliminate at least some of reimbursement issues. We are looking at both the high-low method and a single rate for all cities. Both these methods fall within IRS guidelines. The policy would only apply for overnight trips.

Electronic Reimbursement Requests
We are currently investigating software that would allow requests for reimbursement to be entered and approved online. One hurdle is identifying a procedure for verifying documentation.

Web Time Entry
Once we have all students on web time entry and the system working smoothly we will move to setting up staff, both hourly and salaried. Salaried staff will record their vacation, sick, and other leave using the system. Hourly staff will enter all hours worked as well as vacation, sick, and other leave. The software which we use to generate the pseudo salary for hourly workers will soon no longer be supported by Datatel and so we want to move as quickly as we can, however the setting up of existing leave balances is a big and complicated task requiring assistance from Datatel consultants.

New General Ledger Structure
In 1996 the Financial Accounting Standards Board changed the information that needs to be reported on our financial statements and the format of the statements. Lewis and Clark still has the pre 1996 GL structure which was set up to provide pre 1996 financial statements. So each year, we need to take the output from our system and painstakingly revamp it into the new format. Although staff have become more adept at the conversion, it is not an efficient process and precludes us from generating interim financial statements in a format comparable to our audited financial statements. We are using some of the Strategic Initiative Funds to purchase consulting and a conversion utility from Datatel and expect to start the process this summer. This will mean that those of you who code invoices will be learning some new account numbers.

New Financial Statement Processor
Once the GL transformation has taken place, we will also use Strategic Initiative Funds to purchase updated financial statement processing software. We expect that this software might replace Infonet. The new software should allow budget managers and other authorized users to drill down to more detail on individual transactions as well as create ad hoc reports. Ideally, we would have this in place before the end of the next fiscal period.

Purchase Cards and Online Purchase Orders
We are actively searching for an effective purchase card which could be used by departments for purchases below a specified limit. An important factor for us would be the ability to download information directly from the purchase card provider into our general ledger. On the back burner and related to the move to purchase cards is a process change which would allow departments to create purchase orders online and then approve payment of invoices online, eliminating the need to generate paper check requests.

Electronic Funds Transfers (Bill Pay)
We are testing a process that would allow us to pay vendors electronically, just as many of you already do with your personal expenses. This would generate significant savings in check stock, envelopes, postage, and time. We will also save money by using fund transfers instead of wire transfers as the fees are significantly lower.

You can help!
We do need everyone's help, cooperation, and patience as we will certainly have some missteps. Think of it as a kitchen remodel, the dust, noise, and forced eating out can be a nuisance, but hopefully when the work has all been done, the result will be wonderful.