Business Administrator’s Forum

November 22, 2013
Benson 401
Mid-Year Close

*Presenters: Jennifer Killingsworth, Jeff Manning, and Allison Belton*

Business Process/Resource Optimization

*Presenter: Brandon Gilliland*

Standard Payment Terms

*Presenter: Michael Logan*

Finance Training Update

*Presenter: Natalie Hill*
FY14 Mid-Year Closing

Financial & Accounting Services

Wake Forest University
FY14 Mid-Year Closing

Jeffrey Manning
Assistant Director, Audit & Compliance

Wake Forest University
Agenda

• Mid-Year Close & GAAP including…Your Role
  • Accounts Receivable
  • Accounts Payable
  • Deferred Revenue
  • Prepaid Expense

• Closing Schedule with Key Dates

• Close Comparison Snapshot

• Accounts Payable Reminders
Mid-year close at December 31st provides a snapshot of the University's financial position, activities, and cash flows on a GAAP basis for the first half of a fiscal year.

Unaudited financial statements are prepared and presented to the Board of Trustees at the January meeting reflecting the University's financial performance ahead of the fiscal year-end close at June 30th.
U.S. GAAP – generally accepted accounting principles, in the U.S., are the accounting rules used to prepare, present, and report financial statements for non-profit organizations.

- **GAAP includes the standards, conventions, and rules for recording and summarizing transactions, and for the preparation of financial statements.**

- **Requires that WFU prepare financial statements using the Accrual Basis of Accounting.**
**Accrual basis**: accounting method that records revenue transactions in the period earned, and records expenses by matching them to the revenues that they helped create (rather than when payment is made or received).

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<tr>
<th></th>
<th>Revenue</th>
<th>Expense</th>
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<tbody>
<tr>
<td>Accrual</td>
<td>Accounts Receivable</td>
<td>Accounts Payable</td>
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<tr>
<td>Deferral</td>
<td>Deferred Revenue</td>
<td>Prepaid Expense</td>
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*Mid-year accruals will reverse in January 2014.*
Definition: WFU has performed a service or delivered a good, prior to the end of the period, and has not received payment for the service or goods provided.

Threshold: $0

Cutoff Dates:
- December 31\textsuperscript{st}
- June 30\textsuperscript{th}
Accrual: Accounts Receivable

Campus Responsibility:

- Complete the Deposit Accrual Form found on the Finance website (and on next slide) for Accounts Receivable transactions.
- Deposit proceeds normally when received (use same FOAPAL as on Deposit Accrual Form).

FAS Responsibility:

- December journal entry to record the revenue and receivable, for FY14 December reporting.
- January journal entry to reverse December entry, which will cancel out with the deposit once received.
**Deposit Accrual Form**

Revenue should be recorded when a service is performed. If the payment to Wake Forest for a service performed prior to 7/1 will not be received until after 6/30, then an accrual may be necessary.

Please answer all of the following questions:

1. When will the service/event be performed? 
2. When will the payment be received? 
3. Describe the nature of the transaction: 
4. Have you done the journal entry to debit Account #11099 and credit your revenue account? 
   - Yes 

   If yes, then please attach a copy of the journal entry and backup to this form.
   - If yes, then please indicate the Fund/Dept/Actt/Activity/Location where the revenue was deposited and the amount.
   - FAS will determine if it is appropriate to record the revenue.

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<tr>
<th>Fund (required)</th>
<th>Debit (required)</th>
<th>Actt (optional)</th>
<th>Activity (optional)</th>
<th>Location (optional)</th>
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5. Please attach all supporting documentation (i.e., invoice, etc.) to this form showing that the service was performed before 7/1.

6. Please send the completed form with all supporting documentation to:
   - Student Financial Services
   - Reynolds Hall Room 107
   - Attn: Karen Brown

7. If you have questions, please contact Karen Brown at 758-3086 or email brownkm@wfu.edu

**Your Contact Information:**

- Department Name: 
- Depositor Name: 
- Campus Phone #: 
- Submission Date: 

[Link to financial reporting page](http://finance.wfu.edu/faculty-staff/financial-reporting)
Accrual: Accounts Receivable

**Scenario:**
- Conference held on 12/29/13
- Payment received on 1/10/14

### Transaction Detail Report

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<thead>
<tr>
<th>Document</th>
<th>Transaction Date</th>
<th>Chart</th>
<th>Fund</th>
<th>Fund Description</th>
<th>Department</th>
<th>Department Description</th>
<th>Account</th>
<th>Account Description</th>
<th>Fiscal Year</th>
<th>Fiscal Period</th>
<th>Activity Date</th>
<th>Transaction Description</th>
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<td>Conference Services</td>
<td>46015</td>
<td>Rental Revenue</td>
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<td>01/04/2014</td>
<td>12/29 Google Conference</td>
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<td>46015</td>
<td>Rental Revenue</td>
<td>2014</td>
<td>07-Jan</td>
<td>01/09/2014</td>
<td>12/29 Google Conference</td>
<td>6,000,000.00</td>
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<td>Conference Services</td>
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</table>
Definition: WFU has received the benefit of the good or service from an outside vendor, during the current period, but has not paid for the item.

Threshold: January 1\textsuperscript{st} - 6\textsuperscript{th}: $0

January 7\textsuperscript{th} - 13\textsuperscript{th}:
- T&E: $500
- Deacon Depot: $1,500
- Other: $75,000

Cutoff Dates:
- December 31\textsuperscript{st}
- June 30\textsuperscript{th}
Accrual: Accounts Payable

Campus Responsibility:
- Send approved invoices or other documentation to Accounts Payable (within established deadlines of January 6th and January 13th).

FAS Responsibility:
- Record the expense in December, for FY14 December reporting.
- Pay the vendor the full amount owed.
Scenario #1:

- Services provided: 12/29/13
- Invoice Date: 1/2/14
- Invoice Provided to AP: 1/3/14
Accrual: Accounts Payable

Scenario #2:

- Goods provided: 12/29/13
- Invoice Date: 1/7/14
- Invoice Provided to AP: 1/10/14
**Definition:** Cash received by WFU prior to providing the services to the outside party.

**Threshold:** $0

**Cutoff Dates:**
- December 31\(^{st}\)
- June 30\(^{th}\)
Campus Responsibility:

• Deposit proceeds when received.
• Complete the Deferred Revenue Form found on the Finance website (and on next slide) for Account Receivable transactions (use same FOAPAL as deposit).

FAS Responsibility:

• December journal entry to record the deferred revenue and cash receipt, for FY14 December reporting.
• January journal entry to reverse December entry, and recognize the revenue in January.
Deferral: Deferred Revenue

If payment, including deposits, for future events has been received by Wake Forest prior to 7/1 for a service/event which will not be performed until 7/1 or after, then a deferral of that revenue may be necessary.

Please answer all of the following questions:

1. When will the service be performed?
2. When was the payment received?
3. Describe the nature of the transaction:
4. Have you done the journal entry to credit account #21009? [RESPONSE REQUIRED] You Must Select ONE:
   - If yes, then please attach a copy of the journal entry and backup to this form
   - If no, then please indicate the Fund/Dept/Acct/Activity/Location where the revenue was deposited and the amount
     FAS will determine if an accrual is appropriate.

<table>
<thead>
<tr>
<th>Fund (required)</th>
<th>Dept (required)</th>
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<th>Activity (optional)</th>
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</tbody>
</table>

5. Please attach all supporting documentation to this form.
6. Please send the completed form with all supporting documentation to:
   Financial & Accounting Services
   UCC-FAS
   Attn: Jennifer Killingsworth
7. If you have questions, please contact Jennifer Killingsworth at 758-4088 or email killinjl@wfu.edu

Your Contact Information:

Department Name: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]
Depositor Name: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]
Campus Phone Number: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]
Submission Date: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]
### Scenario:
- Payment received on 12/29/13
- Conference held on 1/15/14

#### Transaction Detail Report

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<td>12/29/2013</td>
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<td>(10,000,000.00)</td>
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<td>01/04/2014</td>
<td>1/15 Google Conference</td>
<td>(10,000,000.00)</td>
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</tbody>
</table>
FY14 Mid-Year Closing

Jennifer Killingsworth
Assistant Director, General Accounting
**Definition** – Prepaid expenses are recorded when the University pays for goods and services that will be received or used in a future reporting period. The invoice is paid in full upon receipt. The portion that is considered prepaid is recorded as an asset to be expensed in a future period.

**Threshold** – $10,000

**Cutoff dates** – Currently we recognize 2 distinct reporting periods in each fiscal year:

- July 1 – December 31
- January 1 – June 30
Deferral: Prepaid Expense

FAS Responsibility:

• After invoice payment, Accounts Payable reviews each invoice over $10,000 to determine if a portion should be reclassified to prepaid.
• Accounts Payable prepares a journal entry to move a portion of the expense to the prepaid account.
• Accounts Payable emails the invoice approver to inform them of the entry and gives them instruction about future entries.
### Invoice Example

**Notice:**
Dates of service
Amount of service

---

**Bill To:**
Wake Forest University Law
1834 Wake Forest Road
Winston-Salem, NC 27109

**Description:**
Services Agreement - Hanover Research
September 26, 2013 - September 25, 2014
Sept 2013 - August 2014

**12 month membership**

<table>
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<th>Description</th>
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<tr>
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<tr>
<td>FY14ppd=2,250 x 6 = 13,500.00</td>
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<tr>
<td>FY15=3,250 x 2 = 6,500.00</td>
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</tbody>
</table>

**Total**

$27,000.00

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**PLEASE REMIT VIA ACH TO:**
Bank of Georgetown
Routing #: 024001712
Account #: 2010101388

**PLEASE SEND CHECK AND MAKE PAYABLE TO:**
Hanover Research Council
1700 K Street NW
Suite 810
Washington, DC 20006

**Thank You**
email: margaret.9128@13
JT 9/12/13

*Invoice Terms: 30 days. If invoice remains outstanding past 30 days, we must cease work on all active projects.*
## Accounts Payable entry to move to Prepaid:

<table>
<thead>
<tr>
<th>Set No.</th>
<th>Chart</th>
<th>FUND</th>
<th>ORGANIZATION</th>
<th>ACCT</th>
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</table>

**TOTAL**: 18,000.00 18,000.00

**Please enter Hash total above**
Accounts Payable email example:

From: Allison Belton [mailto:beltonam@wfu.edu]
Sent: Friday, October 04, 2013 4:41 PM
To: Margaret Lankford
Subject: Hanover Research 10578946-Prepaid Analysis

Margaret,

Accounts Payable reviewed the invoice from Hanover Research for service agreements totaling $27,000. After our review of the invoice, a portion of the invoice should be recorded in the prepaid account. I completed a journal entry to move $18,000 to the prepaid account. You will need to complete journal entries to remove the items from the prepaid account according to the schedule below.

<table>
<thead>
<tr>
<th>Period to Prepare a Journal Entry</th>
<th>Amount of Journal Entry</th>
<th>Account Code</th>
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</thead>
<tbody>
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</tr>
<tr>
<td>July 2014</td>
<td>$4,500.00</td>
<td>Same as above</td>
</tr>
</tbody>
</table>

If you have any questions, please don’t hesitate to contact me.
Thank you,
Allison
### Transaction Detail Report

<table>
<thead>
<tr>
<th>Document</th>
<th>Transaction Date</th>
<th>Department</th>
<th>Account</th>
<th>Account Description</th>
<th>Fiscal Year</th>
<th>Fiscal Period</th>
<th>Activity Date</th>
<th>Supplier Name</th>
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<td>540003</td>
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<td>A New Leaf, Inc.</td>
<td>plant maint for May 2013</td>
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<tr>
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<td>08/09/2013</td>
<td>A New Leaf, Inc.</td>
<td>plant maintenance July 2013</td>
<td>125.00</td>
</tr>
<tr>
<td>10578743</td>
<td>08/30/2013</td>
<td>540003</td>
<td>54514</td>
<td>Professional and Contract Services</td>
<td>2014</td>
<td>02-Aug</td>
<td>09/03/2013</td>
<td>HRC Behavioral Health &amp; Psychiatry, PA</td>
<td>sessions 9/1/11-8/31/12</td>
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<td>02-Aug</td>
<td>09/03/2013</td>
<td>HRC Behavioral Health &amp; Psychiatry, PA</td>
<td>sessions 9/12-8/31/13</td>
<td>1,400.00</td>
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<td>540003</td>
<td>54514</td>
<td>Professional and Contract Services</td>
<td>2014</td>
<td>02-Aug</td>
<td>09/04/2013</td>
<td>Hanover Research Council, LLC, The</td>
<td>svcs agreement 9/26/13-9/25/2014</td>
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<tr>
<td>10580468</td>
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<td>540003</td>
<td>54514</td>
<td>Professional and Contract Services</td>
<td>2014</td>
<td>03-Sep</td>
<td>09/12/2013</td>
<td>A New Leaf, Inc.</td>
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<tr>
<td>10504684</td>
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<td>54514</td>
<td>Professional and Contract Services</td>
<td>2014</td>
<td>03-Sep</td>
<td>10/07/2013</td>
<td>A New Leaf, Inc.</td>
<td>plant maintenance Oct 2013</td>
<td>254.00</td>
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</table>

**Total**: 12,558.00

- FY14 4 months in July-Dec period: 9,000.00
- FY14 6 months in Jan-Jun period: 13,500.00
- FY15 2 months in July-Dec period: 4,500.00

**Total**: 18,000.00

---

**Deferral: Prepaid Expense**

**Cognos transaction detail July - December after prepaid entry by AP:**
Deferral: Prepaid Expense

Campus Responsibility:

- Potential identification of prepaid expense invoices.
- Submit future journal entries as instructed by Accounts Payable.

Department entry to expense Jan FY14 – Jun FY14:

---

### WAKE FOREST UNIVERSITY

**JOURNAL ENTRIES**

<table>
<thead>
<tr>
<th>Seq No</th>
<th>Chart (6 Characters)</th>
<th>FUND</th>
<th>ORGANIZATION (6 Characters)</th>
<th>ACCT (6 Characters)</th>
<th>ACTIVITY (6 Characters)</th>
<th>LOCATION (6 Characters)</th>
<th>DEBIT</th>
<th>CREDIT</th>
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<td>2</td>
<td>R</td>
<td>11111</td>
<td>15017</td>
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**Total**

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
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<tbody>
<tr>
<td>13,500.00</td>
<td>13,500.00</td>
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</tbody>
</table>

**Hash Total:** 27,000.00

**Print preparer's name:** M. Lankford

**Preparer signature:** Date:

**Print approver's name:** Date:

---

**ENTRY MUST BE 25 LINES OR LESS AND SUPPORT DOCUMENTATION MUST BE ATTACHED TO BE PROCESSED**

All journal entries should be sent to the attention of Ruth Smith - FAS - UCC
• Review your reports and research any unusual or incorrect items (should be done throughout the year) as soon as possible.

• Make sure all deadlines are met and that you have followed all mid-year deadlines and procedures that will be discussed today.

• Please ask questions if you need help!!
Questions so far?
How much revenue did we defer at June 30, 2013?  
$23,193,502

How much did we have in prepaid expenses at October 31, 2013?  
$2,081,718

What department had the most in prepaid expenses at October 31, 2013?  
ZSR Library with $1,474,689
Key Dates for Fiscal 2014 Mid-Year Close
First Departmental Close

December 20\textsuperscript{th}  
* Final 2013 Bi-Weekly Payroll posted by 5PM

December 31\textsuperscript{st}  
* All deposits to cashier by 2:30PM  
* Final 2013 Exempt payroll posted by 5PM  
* Mid-Year End

January 3\textsuperscript{rd}  
* Journal entries in FAR by 5PM  
* Final payroll adjusting entries posted by 5PM

January 6\textsuperscript{th}  
* All December gifts in Advancement by 4PM  
* Payroll reallocations and redistribution in Payroll by 5PM  
* Final Invoices, employee travel expense reports, and expenditure vouchers in Accounts Payable (AP) by 5PM

January 8\textsuperscript{th}  
* Procurement card (Pcard) updated in Works for statement ending 1/2/14 5PM  
* All December gifts posted by Advancement by 5PM  
* All December receiving completed through Deacon Depot by 5PM  
* FIRST Departmental Close – Draft reports available after 5PM
Key Dates for Fiscal 2014 Mid-Year Close
Final Departmental Close

January 9th - January 15th
* Accruals, deferrals and adjustments posted by FAS

January 13th
* Final day send accrual documentation to AP

January 15th
* FINAL Departmental Close – Reports available after 5PM
Close comparison

1st Departmental Close
1/8/14

- Deposits made by 12/31/13
- MO12 and BW26 payrolls
- Payroll reallocations and redistributions
- December gifts
- Receiving completed in Deacon Depot

Final Close
1/15/14

- Deferral of Spring Tuition Revenue billed in December
- Deferral of Tuition Prepayments
- Pcard for statement ending 1/2/14 accrued
- Invoice accruals by Accounts Payable
- ST01 payroll 70% accrued
- BW01 payroll 70% accrued
FY14 Mid-Year Closing

Allison Belton
Director, Accounts Payable
The appropriate documentation must be submitted by at least January 6th in order to be recorded in December:

- Invoices
- Travel expense reimbursements

Travel and Entertainment Voucher and Expenditure Voucher forms can be found at:

http://www.wfu.edu/fas/yearend/index.html
When do we need to accrue?

1. If a good was received or the service was performed by December 31\textsuperscript{st} AND
2. an invoice is not received prior to the close dates.

Items that may be accrued:

- Employee reimbursements
- Outside service contractor invoices
- Supplier invoices for goods
• If your department has expenses that need to be accrued, you should submit documentation that provides price (quote), name of the supplier, and items purchased.

• The documentation could be in the form of:
  • Quote
  • Requisition
  • Contract

• Documentation to support an accrual should be sent to AP as soon as possible in January. The final day that we will accept documentation is January 13th.

• Please do not send documentation for an accrual if:
  • You have an open purchase requisition in fiscal 2014
  • You receive an invoice prior to the second departmental close
The statement closing date is January 2nd. All transactions must be updated in Works no later than 5PM January 8th. These transactions will appear as accruals on Final Close financial reports available on January 15th after 5PM.

If you will be out of the office during the critical date period, please have someone else designated as a proxy to update Works and submit documentation. DO NOT GIVE YOUR USERNAME AND PASSWORD TO SOMEONE ELSE!
Please ensure that all receiving has been completed in Deacon Depot and that the correct receipt date has been entered

• The receipt date in Deacon Depot defaults to the current date
• Please override, if necessary, the receipt date and input the actual date the goods were received or the services were rendered

Please make sure that receiving is completed by **5PM January 8th** in Deacon Depot for items received in December to ensure the proper reporting of goods and services to the correct month.
It's QUESTION TIME!!
Business Process Evaluation

Brandon Gilliland
Associate Vice President for Finance & Controller

Wake Forest University
“I have some paperwork to catch up. If I’m not back in two days, organize a search and rescue team!”
Challenges

Nonstandard paper intensive processes are inefficient and cause processing delays

Do not have the ability to report business expense spend in a format that can be analyzed in a meaningful way to support decision making

Approvals are achieved through manual routing of forms

Current system does not allow for tracking of the reimbursements (multiple approvals before getting to Accounts Payable)
Travel, Meals, & Entertainment

Priorities:

1. Development
2. __________
3. __________
4. __________
5. __________

1. Addresses
2. __________
3. __________
4. __________
5. __________

1. Mileage
2. __________
3. __________
4. __________
5. __________

1. Spend data
2. __________
3. __________
4. __________
5. __________
Personnel Framework Example

Wake Forest University Resources

Resource Allocation Decisions → Data Standards → Business Processes → Value of Information for Decision-making

Priorities:
- Compensation
  - __________
  - __________
- Titles
  - __________
  - __________
- Promotion
  - __________
  - __________
- Competitive Compensation
  - __________
  - __________

Wake Forest University Mission and Brand

Wake Forest University Resources

5% T&E

69% Personnel
Prioritization of business processes

Training

Mapping “As Is” and “Should Be”

Process, Data, and System Requirements

Quantification of Investment and Efficiency / Gains

Quick wins vs. Longer Term Solutions

Value and difficulty
Standard Payment Terms

Michael Logan
Manager, Strategic Sourcing

Wake Forest University
Current State
• The University has not communicated standard payment terms to our suppliers
• AP pays based on terms noted on the invoice with no way to ensure the terms are per contracts in place at the University

Future State
• The University is moving to N45 standard payment terms
  • Exclusions:
    • Enrolled in electronic payments
    • Any supplier that has an updated active contract on file in Procurement Services that has defined terms
  • Entities that include, but not limited to:
    • Universities
    • Benefit payments
    • Employee and student reimbursements
    • Student refunds
    • Government entities
• **Benefits to the University**
  • If suppliers elect the vCard option of payment, the electronic payment format will generate revenue for the University
  • Increases cash flow an additional 15 days
  • Reduces bank fees and stop payment charges on lost checks

• **Benefits to the Supplier**
  • Improved cash flow because the supplier receives the money faster than a check
  • Prompt settlement by minimizing payment delays
Standard Payment Terms

• **Communications**
  - Communication to the campus
  - Communication to the suppliers

• **Appeals Process**
  - There will be an established appeals process for suppliers not wanting to move to N45 day terms
  - This process will be sensitive to small, local, or disadvantaged suppliers

• **What can you do to help?**
  - Ensure that Procurement Services has a copy of all active and updated contracts. Email them to contracts@wfu.edu
  - Any supplier questions or concerns need to be forwarded to Procurement Services
  - Include Procurement Services in future contract negotiations
Finance Training Updates
<table>
<thead>
<tr>
<th><strong>Deacon Depot</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuesday, Dec 3rd</strong></td>
<td>Afternoon Snack Break: New UI</td>
</tr>
<tr>
<td><strong>Wednesday, Dec 4th</strong></td>
<td>Shopping &amp; Receiving</td>
</tr>
<tr>
<td><strong>Wednesday, Dec 4th</strong></td>
<td>Power of Document Search</td>
</tr>
<tr>
<td><strong>Thursday, Jan 16th</strong></td>
<td>Profile Setup Lab</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>Evolution of a Journal Entry</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monday, Dec 16th</strong></td>
<td>3:00p</td>
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<table>
<thead>
<tr>
<th><strong>University Credit Card Training</strong></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Friday, Dec 6th</strong></td>
<td>1:00p</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Xerox Copier Training</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Tuesday, Dec 3rd</strong></td>
<td>Departmental Training</td>
</tr>
<tr>
<td><strong>Wednesday, Dec 4th</strong></td>
<td>Help Desk Training (virtual)</td>
</tr>
<tr>
<td><strong>Thursday, Dec 12th</strong></td>
<td>Departmental Training</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Cognos Financial Reporting Training</strong></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Wednesday, Dec 11th</strong></td>
<td>2:00p</td>
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</table>

<table>
<thead>
<tr>
<th><strong>NOVAtime</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Wednesday, Dec 11th</strong></td>
<td>PTO Management for Exempt Staff</td>
</tr>
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</table>
Deacon Depot Express Checkout – Editing Account Codes

• Use **Recalculate and Save** to save any changes **and** pull in chart and program codes.

• Save Changes only saves the data on the screen but does not pull in chart and program.

Finance Website RSS Feed:

• Stay up-to-date with all Finance news
• Direct to your inbox when news is posted
• No news, no email
• Learn how to sign up for the RSS feed here
• Thursday, December 12, 2013 9:00-10:30, Benson 401 B
• Monday, January 27, 2014 2:00-3:30, Benson 401 A/D
• Tuesday, February 25, 2014 3:30-5:00, Benson 401 A/D
• Wednesday, March 26, 2014 10:30-12:00, Benson 401 A/D
• Wednesday, April 23, 2014 9:00-10:30, Benson 401 A/D
• Wednesday, May 14, 2014 9:00-10:30, Benson 401 A/D