

To: Nancy Creel-Gross, AVP HR Operations and Workday at Yale
Lucy Lucker, University Controller, Chief Accounting Officer and Workday Finance Lead

From: Meghan Dahlmeyer, Accuracy of Unit Financial Statements Lead

Date: December 1, 2014

Re: Accuracy of Unit Financial Statements Service Group Recommendation Memo #2

This memo outlines the recommendations from the Accuracy of Unit Financial Statements Service Group on proposed non-payroll expenditure types that we would like to see implemented for Workday Release 1. The group has been working to consolidate the current expenditure type list knowing that we can get additional detail on expenses in other ways in Workday.

Guiding Principles:

1. We evaluated what is needed for budgeting versus what level of detail we need to manage our business after the charges appear on a financial statement.
2. We have allowed for certain expenditure types to be categorized as fixed vs. variable, with the understanding that fixed expenses are controlled centrally and departments do not have a say over the total cost.
3. We want to ensure that the information is appropriately captured using ET rather than program, project or line of business. We want to eliminate duplicative information, and as we learn more about the Financial Data Model we may adjust some ETs that can be captured in another way on our statements.
4. The level of detail should follow the fund, with the understanding that certain restricted funds require much more information than we would need in our general appropriations. If Workday's functionality will allow for the capture of varying level of detail based on the fund that is selected, we can ensure that we have the necessary data for sponsored awards while eliminating unnecessary detail/work for a discretionary account.
5. We want to eliminate book versus GAAP differences whenever possible.

Non-Payroll Expenditure Type Recommendations:

We kept the current Major ET titles as the highest level of the hierarchy, but have combined and/or eliminated hundreds of individual expenditure types within those groupings. In addition, some ETs have been shifted to a category that we feel is more representative of the expenses themselves. Below are a few examples that highlight the changes we have made:

1. Business Meals and Entertainment have been moved from MR8700 (Travel and Business Related Expenses) to MR9100 (Other Expenses) since the expenses we capture in these two ETs are not always related to travel or specific business, i.e. a holiday party.
2. The MR8700 category is now "Travel" with 5 primary expenditure types that will be available as either Foreign or Domestic: Meals/Per Diem, Transportation, Lodging, Other, Federal Unallowable. There is also an ET for Third Party Travel Reimbursement.

3. Postage is no longer its own ET under MR8200 and has been consolidated under the ET for Freight, Shipping and Transportation.
4. ITS and Telecom expenses will fall under one of two codes. ITS/Telecom – Fixed Expenses will be used for our bundles and infrastructure fees, while ITS/Telecom – Variable Expenses will capture costs such as web design or cell phones.
5. Insurance Expense, under MR9000, now includes Malpractice which previously had its own ET.

Attached are charts that present the data in two different ways:

1. Matrix of expenditure types grouped under the appropriate Major ET category
2. List of all expenditure types in sequential order with definitions, and examples where useful

This proposal, like our payroll recommendation, is contingent upon the ability of Workday to provide easy, reliable access to efficient analysis tools and reports that can provide the level of detail that is required in order to budget appropriately and make sound business decisions. I look forward to hearing your feedback on our proposal, and am happy to discuss these in further detail at any point.

Thank you.

cc: BOLT, & Sandy Stein

Accuracy of Unit Financial Statements Service Group
Non-Payroll Expenditure Type Recommendations

8200 - Materials & Supplies
Books and Periodicals
Animal Service Fees
Animal Purchases and Supplies
Research Supplies
Office Supplies
Genomic Arrays (possibly "under" Research Supplies hierarchy)
Food and Beverage
Buildings and Grounds Supplies
Uniforms and Protective Gear
Research supplies would include chemicals, isotopes, etc. and supplies that directly benefit research (statistical software)

8300 - Service Expenses
ITS/Telecom - Fixed Expenses (bundle, infrastructure)
ITS/Telecom - Variable Expenses (AV, cell phone, web design)
General & Professional Services
Professional Services - Unallowable
Clinical Operations Support Services
Study Subjects
Subcontracts
Research Services
Facilities Services - Fixed
Facilities Services - Variable
Freight, Shipping, Transportation (materials and equipment)
Moving & relocation (individuals)
Honoraria
Printing and Publishing
Temporary Staffing
Fixed - cannot control, Variable - at our discretion
Use the appropriate service ET for ISP charges

8400 - Medical Supplies / Services
YNHH Staff Salaries
YNHH Non-salary expenses
Medical Supplies
Outpatient Services
Inpatient Services
Lab Services
Medical Professional Services
Clinical Practice Fees
Drugs and Pharmaceuticals
Medical Retainer Fees
Provider-based clinic payments

8500 - Library, Art, Museum Collections
Collections - Art and Museum
Collection Materials - Non-Rare
Collection Resources - Electronic
Collection Materials - Rare
Collection Related Services

8600 - Interest & Amortization
Interest External
Interest Internal
Amortization
Debt Financing Fees
I&A Reclassification
Depreciation and Amortization
Will match GAAP accounting

8695 - Capital Allocation
Capital Allocation - Central
Capital Allocation - Department

8700 - Travel
Domestic or Foreign (same categories underneath)
-Meals/Per Diem (what occurs during business trip)
-Transportation (includes, air, rail, ground, car rental, etc.)
-Lodging
-Other
- Federal Unallowable Travel & Business
Third Party Travel Reimbursement
We want to be able to determine how much the trip costs
If pay source is discretionary funds, we may not need this level of detail.
If pay source is grant related then detail proposed above is required.

8800 - Equipment & Furnishings
Computers < cap
Computers > cap
Equipment maintenance
Furniture < cap
Furniture > cap
Equipment < cap
Equipment > cap
Equipment Rental
Fabricated Equipment
Vehicles
Vehicle maintenance

8900 - Dues / Fees
Conference Fees & Registration
License Fee
Property Management fees
Dues & Memberships
Commissions
Visa fees*
Publishing fees
Health premium fees
Tuition
*Determine if SEVIS can roll up here

Accuracy of Unit Financial Statements Service Group Non-Payroll Expenditure Type Recommendations

9000 - Insurance & Taxes	9100 -Other Expenses	9200 - External Utilities	9300 - Building Rentals, Leases, Renovations	9400 - Expense Recoveries
Insurance expense (incl disability & malpractice) Taxes expense (not incl CT sales tax collected - a balance sheet item)	Losses Community Support & Subsidies* Recognition & Appreciation Expenses Business Meals Entertainment Prizes & Awards Promotion/Marketing (not mktg service) Write-off/adjustment code - broader than 911600 Cost of Good Sold - for all units as needed *Need to confirm we can combine	Electricity Gas water Sewer Cable	Renovations Leases/Rentals Storage (incl archiving)	Not needed from department's perspective

**Accuracy of Unit Financial Statements Service Group
Non-Payroll Expenditure Type Recommendations**

Major	Expenditure Type	Definition/Clarification	Examples/Notes
8200 - Materials & Supplies			
	Books and Periodicals	Subscriptions or purchases of newspapers, journals, magazines, books and other publications (including electronic format) which will not be incorporated into the University Library.	
	Animal Service Fees	Includes YARC per diem and service charges	Is there one charge that does not carry indirects?
	Animal Purchases and Supplies	Live animals purchased from outside vendors for use in research work, as well as the cost of bedding and food for animals	
	Research Supplies	Supplies used in research, including laboratory supplies	
	Office Supplies	Purchase of general office supplies (pads, paper, pens, pencils, cleaners) from outside vendors or University stockrooms, including computer supplies	
	Genomic Arrays	Purchases of Genomic Arrays from external vendors. (To identify activity & comply with F&A burden regulations.)	
	Food and Beverage	Purchase of food and beverage items for a group - not meals; paper supplies used for food/beverage	Coffee and cookies for afternoon meeting; utensils, plates, napkins, cups
	Buildings and Grounds Supplies	Operating and repair materials for buildings & grounds	
	Uniforms and Protective Gear	Includes both contractual services as well as rentals and purchases of items such as lab coats, respirators, eye protection, hard hats, etc.	White coat (lab or physician), chef's coat, hard hats

8300 - Service Expenses			
	ITS/Telecom - Fixed Expenses	Centrally charged, required and/or unable to adjust pricing	Bundle, infrastructure
	ITS/Telecom - Variable Expenses	Additional expenses at the discretion of a department/unit	AV, cell phone, web design
	General & Professional Services		Shredding, consultants
	Professional Services-Unallowable	Fees for professional services considered unallowable under OMB Circular A-21, including, but not limited to the following: fees for the defense or prosecution of criminal or civil proceedings, claims, appeals and patent infringement.	
	Clinical Operations Support Services	Non-medical services	Answering service
	Internal Catering	Departmental charges for food items and catered functions provided by a Yale ISP (i.e. Yale Dining/Catering operations only). Split alcohol charges only for SPAGR awards (all federal & all unallowed non-federal) and charge to ET 873000.	
	Study Subjects	To code expenses related to study subject recruitment for Federal and Non-Federal Grants	Payment for participation in a clinical trial
	Subaward Expense	Costs for sub contracted special goods or services and applicable only to Sponsored Agreement sources.	Portion of grant work being done at U of Chicago
	Research Services		Keck charges, outside analysis, ISP charges
	Facilities Services - Fixed	Centrally charged, required and/or unable to adjust pricing	
	Facilities Services - Variable	Additional expenses at the discretion of a department/unit	
	Freight, Shipping, Transportation	Materials, postage, shuttle; not related to an initial purchase	Shipping materials to another lab
	Moving & relocation	Individuals and/or their possessions such as furniture	Faculty moving to CT from another state, or office move within the University

**Accuracy of Unit Financial Statements Service Group
Non-Payroll Expenditure Type Recommendations**

Major	Expenditure Type	Definition/Clarification	Examples/Notes
	Honoraria	Payments to guest speakers (excludes payments for travel and related expenses)	Grand Rounds speaker
	Printing	Charges for printing and photocopying services, including preproduction (e.g., typesetting) and finishing services (e.g., cutting, collating and binding).	Emergency mgmt. booklet on preparedness
	Temporary Staffing	Non-Yale	Ultimate Staffing

8400 - Medical Supplies / Services			
	YNHH Staff Salaries		
	YNHH Non-salary expenses		
	Medical Supplies		
	Outpatient Services		
	Inpatient Services		
	Lab Services		
	Medical Professional Services		
	Clinical Practice Fees - get volume info from Liz		
	Drugs and Pharmaceuticals		
	Medical Retainer Fees		
	Provider-based clinic payments		

8500 - Library, Art, Museum Collections			
	Collections - Art and Museum		
	Collection Materials - Non-Rare		
	Collection Resources - Electronic		
	Collection Materials - Rare		
	Collection Related Services		

8600 - Interest & Amortization			
	Interest External		
	Interest Internal		
	Amortization		
	Debt Financing Fees		
	I&A Reclassification		
	Depreciation and Amortization		

8695 - Capital Allocation			
	Capital Allocation - Central	Used to budget capital replacement fund	
	Capital Allocation - Department	Used for CMS to record funding of capital project sweep accounts from departmental operating sources (GENAP,SPPRO,EXPOP,DESOP and Endowment Income).	Department support of a capital project from operating funds above the budgeted CRC amount.

8700 - Travel			
	Domestic Meals/Per Diem	What occurs during the business trip, for individuals and not groups	Actual breakfast, lunch, dinner cost or per diem rate for meals/incidentals
	Domestic Transportation	Air, Rail, Ground	car rental
	Domestic Lodging		
	Domestic Travel Other		telephone & internet charges
	Domestic Federal Unallowable Travel & Business	Any costs associated with dom travel that are unallowable for federal purposes. Includes costs in excess of the lowest available commercial discount airfare (coach or equivalent). These items must be separated and charged to this account.	Travel for Lobbying purposes
	Foreign Meals/Per Diem	what occurs during the business trip, for individuals and not groups	
	Foreign Transportation	includes air, rail, ground, car rental, etc.	
	Foreign Lodging		
	Foreign Travel Other		telephone & internet charges
	Foreign Federal Unallowable Travel & Business		
	Third Party Travel Reimbursement		

**Accuracy of Unit Financial Statements Service Group
Non-Payroll Expenditure Type Recommendations**

Major	Expenditure Type	Definition/Clarification	Examples/Notes
8800 - Equipment & Furnishings			
	Computers < cap		include hard drive - any computer equipment, not supplies/peripherals
	Computers > cap		
	Equipment maintenance		
	Furniture < cap		
	Furniture > cap		
	Equipment < cap		
	Equipment > cap		
	Equipment Rental		
	Fabricated Equipment		
	Vehicles		
	Vehicle maintenance		
8900 - Dues / Fees			
	Conference Fees/Registration		
	License Fee		
	Property Management fees		
	Dues & Memberships		
	Commissions		
	Visa fees*	Includes fees paid for students and visiting scholars to obtain visas. Visas related to international travel should go under the ET for International travel- Other expenses	SEVIS fees, premium processing fees, permanent resident fees, visa fees, etc.
	Publishing fees	Page charges or fees paid for the publication of research papers in scientific journals including abstract fees.	
	Health premium fees	including insurance (med and dental)	health insurance for a Postdoctoral Fellow
	Tuition		
9000 - Insurance & Taxes			
	Insurance expense (incl disability & malpractice)		property, malpractice
	Taxes expense (not incl CT sales tax collected - a balance sheet item)		property tax
9100 -Other Expenses			
	Losses	Uncollectible amounts or losses on property not covered under the University insurance policy.	Claims paid out under the university's insurance deductible
	Community Support & Subsidies*		
	Recognition & Appreciation Expenses		
	Entertainment	social/not related to business	Holiday Party
	Business Meals	group meals; on or off site	
	Prizes & Awards		
	Promotion/Marketing (not mktg service)		
	Write-off/adjustment		G&C balance write-off
	Cost of Good Sold - for all units as needed		
9200 - External Utilities			
	Electricity		
	Gas		
	Water		
	Sewer		
	Cable		
9300 - Building Rentals, Leases, Renovations			
	Renovations		
	Leases/Rentals		
	Storage	include original moving expense under the same ET when billed together	Iron Mountain archiving
9400 - Expense Recoveries			
	Not needed from department's perspective		