

Auxiliary AR & Billing: The Missing Puzzle Piece for Auxiliary Integration
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ABSTRACT

Florida State University identified the need to provide accounts receivable and billing functions for auxiliary (non-student, non-sponsored) activity within our enterprise-level accounting system. A solution for this need has been successfully implemented for two significant auxiliary areas, and the university is completing a phased implementation for the remaining auxiliary departments on campus. Before implementing this project, departments that charged customers for goods or services used external systems to record this activity, because there was no ability to do so within our primary accounting system. The new solution allows auxiliary departments to move these transactions directly into our official system of record, reducing the need for shadow accounting systems and centralizing invoicing, payment processing, and collections efforts. Significantly, the new solution is unique and provides university-wide benefits because it enables encumbrances for internal purchases. This ability allows buying departments to better manage their available, spendable balance in Florida State's system of record, reducing offline record-keeping.

ABOUT THE UNIVERSITY

Florida State University is a comprehensive public degree-granting research university and is one of Florida's two preeminent institutions. Located in Tallahassee, Florida, the university was founded in 1851 and is the oldest continuous site of higher education in Florida. The student body comprises over 41,000 students, and the university employs 2,351 tenure-track faculty and over 14,000 total employees. Florida State offers 351 degree programs.

Florida State's operating budget for 2017-18 is \$1.4 billion dollars, and for the fiscal year ending June 30, 2017, the university recorded operating revenue and State appropriations totaling \$1.1 billion. Of this revenue, \$232 million (21 percent) was comprised of sales and services of auxiliaries. This fact illustrates the substantial, university-wide impact of a project benefiting auxiliaries across campus.

There are 75 auxiliary areas¹ across Florida State, representing approximately 180 unique auxiliary departments. Of these 75 areas, approximately 20 perform sales on a purely point-of-sale basis, and thus record no accounts receivable. The remaining 55 areas sell goods or services on credit to their customers, who may be comprised of internal customers (other Florida State departments), external customers (outside organizations, businesses, state or local agencies, other universities, or individuals), or component unit customers (such as the Seminole Boosters, the Florida State University Foundation, or the Florida State University Research Foundation). In fiscal year 2016, there were 1,829 internal transactions.

¹ Auxiliaries are ongoing, self-supporting entities on campus that allow the university to provide essential goods or services to its departments, faculty, staff, students, and incidentally to the public. Auxiliaries charge a fee related to (but not necessarily equal to) the cost of the good or service provided, and should support the mission of the university.

Exhibit 1. Auxiliaries at Florida State University



Florida State University uses ORACLE’s PeopleSoft product as its enterprise-level software for financial, human resources, and student business activity. The university implemented PeopleSoft in 2004, and is currently on version 9.2, PeopleSoft update manager (PUM) version 9. Florida State’s in-house branding of the financial software is “myFSU OMNI Financials.”

THE PROBLEM

Until this solution was implemented, auxiliaries had no way of integrating their billing and accounts receivable activities into our enterprise-level financial system. Therefore, auxiliary departments utilized shadow systems to maintain customers, create invoices, and record billing and accounts receivable. Financial transactions were then interfaced manually or re-entered into PeopleSoft.

For external and component unit customers, an auxiliary would record a sale and invoice the customer using their shadow system. The auxiliary would then track the accounts receivable balances in this shadow system. When payment was received, the auxiliary would record the payment in their check log and deliver the physical check to our cashiering office for deposit. Before implementing this project, the only system capable of handling these deposits was our student cashiering system. The student cashiering staff would record an accounting entry in this student cashiering subsystem, and the next day, the subsystem would interface (load) these journals into our financial system with minimal detail and no associated backup.

For internal customers, payment was recorded via a journal entry created by the Controller's Office Accounting Services staff. Since there was no ability to encumber for these charges, a buying department may not have available funds to cover the charge at the time the auxiliary billed for the good or service. Additionally, if the charge was billed to a sponsored project, Sponsored Research Accounting services might find that the charge was not allowable per the terms of the grant or contract. When a budget error or sponsored research denial occurred, manual follow-up and re-entry was required. This was a significant burden and source of frustration for selling auxiliary staff.

From the selling auxiliary's perspective, inefficiencies included duplicated effort, lack of visibility and transparency, the cost of maintaining the shadow systems, and the need for specialized training in order for staff to understand how to use the shadow systems. Additionally, even though Florida State's financial system is capable of accrual-basis accounting, revenue and cash could only be recorded when payment was received. Therefore, auxiliaries had to recreate an accrual-basis accounting system within their shadow system. Finally, the issues with budget

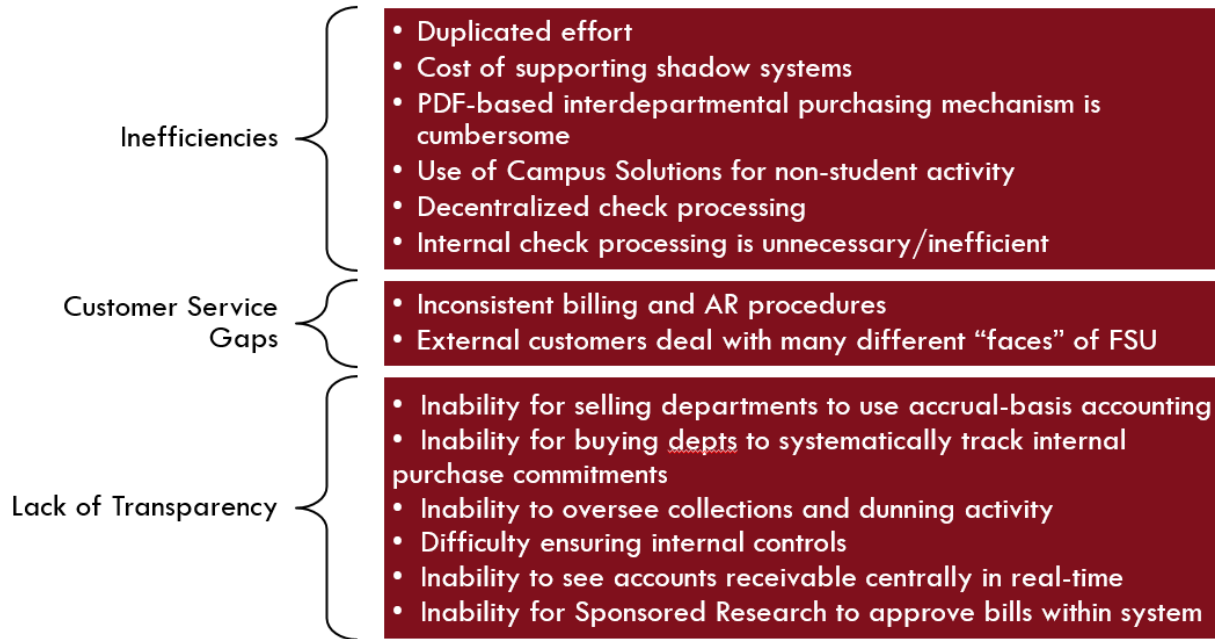
errors and sponsored research denials described above required a great deal of time and effort to resolve.

Customers also experienced inconsistencies and issues due to this process. External customers dealt with many different “faces” of Florida State, and may need to remit payment to many different addresses since each auxiliary handled payments independently. Invoice format and content varied widely across auxiliaries. Internal customers could not systematically track internal purchase commitments, and therefore the available balance tool within Florida State’s financial system could not include items such as telephone charges or copier charges from other university departments. Additionally, reconciliation backup for internal charges varied widely in terms of where it was located and the content within, and training users on reconciling charges from auxiliary departments was a complicated and difficult task.

There were also problems and inefficiencies from the university’s perspective overall. The lack of visibility and transparency meant that central offices had little ability to oversee activity related to billing and accounts receivable, and therefore administration had difficulty ensuring policy adherence and internal controls. Accounts receivable balances were only available upon request from departments, and there was no capability to understand accounts receivable in real time or monitor their status centrally. Sponsored Research could not review potential charges before they were incurred to ensure they were allowable, and had no way to review and approve charges within Florida State’s financial system. Since customer maintenance was decentralized and balances maintained offline, Florida State was not able to understand its overall relationships with high-profile customers without reaching out to auxiliaries for information. Decentralized check handling was also a risk from the university’s perspective.

Together, these problems represented a significant, university-wide opportunity for improvement.

Exhibit 2. Problems with the Pre-Implementation State



DESIGN

In 2015, Florida State University began exploring the requirements that would need to be met in order to resolve problems related to auxiliary accounts receivable and billing processes. The Controller’s Office initiated a survey to determine the issues facing auxiliaries across campus, and found that the primary uses of shadow systems across the sample population were for billing, accounts receivable, and revenue tracking. This reinforced the idea that widespread implementation of an accounts receivable and billing solution would be the critical missing piece to move auxiliaries off of their external systems. Sample outcomes from this survey are shown below.

Exhibit 4. Uses of Shadow Systems amongst Auxiliaries at Florida State University

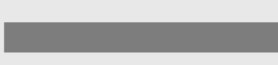

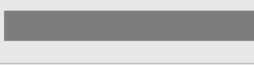






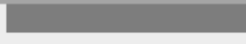




Billing/invoicing of customers		81%
Tracking revenues		75%
Tracking accounts receivable		75%
Receiving and processing customer orders		44%
Tracking expenditures		44%
Other functions (please describe)		25%
Tracking "pre-encumbrances," or funds committed that have not yet been encumbered in OMNI		19%
Tracking inventory		19%
We do not use a shadow system; all processes are completed in OMNI with no external backup.		13%

Exhibit 5. Shadow Systems used by Auxiliaries at Florida State University

Answer	Response	%
Microsoft Excel or comparable software		8 57%
Microsoft Access or comparable software		0 0%
A Sage/Peachtree product		1 7%
A QuickBooks/Intuit product		3 21%
A proprietary product developed in-house (please describe the function of your system, i.e., "processing customer orders")		1 7%
Other (please describe the name and function of your system; i.e., "AvidSuite, paperless invoices.")		7 50%

Encouraged by these findings, the Controller’s Office began working with two of our most significant auxiliaries, the Office of Business Services (OBS) and Information Technology Services (ITS), to understand their billing and accounts receivable processes in depth. These two auxiliaries were seen as ideal pilots due to the breadth and complexity of their billing, their widespread impact on the university, the high dollar amount of their transactions, and their interest in participating in the project. Together, OBS and ITS represent 20 distinct lines of business with revenue totaling over \$60 million. They bill both internal and external customers, and operate in a variety of different ways so that a solution that fit their diversity of needs would likely enforce a scalable design that would meet the needs of all auxiliaries across campus.

Exhibit 6. About Florida State’s Pilot Auxiliaries

OBS

- 13 distinct lines of business mapping to unique department ID’s
- Revenue ~\$30m in FY15
- Sage (Peachtree)
- Siloed administration
- Approx 300 internal and 50 external invoices per month
- Avg. Age of Receivables: 42 days
- \$500k in external open AR

ITS

- 7 types of transactions mapping to one department ID
- Revenue ~\$36.6m in FY15
- Multiple shadow systems: MySoft, FileMaker, Crystal, AvidSuite, Excel
- Centralized administration
- Approx 300 internal and 200 external invoices per month
- Avg. Age of Receivables: 87 days
- \$100k in external open AR

In order to provide a solid footing for the design, Controller’s Office staff went to PeopleSoft training and gained a fundamental understanding of the software’s Accounts Receivable and Billing functionality. An Oracle consultant was hired to provide expertise, and a

Steering Committee (comprised of notable staff including Florida State’s Chief Information Officer, Associate Vice President for Finance & Administration, and Controller) was formed to guide the project. A project team was formalized and a project plan was developed. No capital purchases or new electronic systems were purchased as a part of this project, and existing university staff time was allocated to develop the solution.² Once this infrastructure was in place, the scope was officially determined and design and implementation began. The scope of the project was finalized in October 2015, and the implementation date was set to July 1, 2016 for the two pilot auxiliaries, with remaining auxiliaries brought on in a phased implementation through fiscal year 2020.³

The scope of this project included internal billing, external billing, and accounts receivable functionality. Florida State determined that the scope would not include point of sale components, nor would it include any solution related to order mechanisms, inventory management, an online payment solution, or customer self-service (e.g., access to review their balances online in the university’s system). Since a solution was already in place for student and sponsored billing and accounts receivable, these functions were not in scope. Requirements were refined throughout the scoping process. Florida State determined that the project would need to facilitate centralized customer management and centralized management of accounts receivable, but would allow decentralized billing to ensure the auxiliaries maintained control of this key business process. A wide variety of billing methods would need to be enabled; these would include manual, online bill entry; automated billing from contracts; the ability to credit and rebill

² One additional full-time position has been added to the Controller’s Office team due to this project since go-live, and two positions’ responsibilities have been nearly completely redirected to the management and roll-out of future phases. Therefore, 3.0 full-time-equivalent positions are required to perform tasks and manage this function as of the time of this writing.

³ ITS systems were more complex encompassing order management, work assignment, and other critical operational functions. In order to adequately meet their needs, their go-live date was pushed to January 1, 2017.

within the system; and the ability to interface transactions from external systems. The solution would need to allow auxiliaries to set up products with specific rates and prices where needed. Importantly, the project would need to allow for interdepartmental (internal) billing with internal encumbrances. Most importantly, the solution would need to be flexible to meet the wide variety of business processes across Florida State's auxiliaries, and would need to be scalable to accommodate their transactions as additional auxiliaries are brought on board in the future.

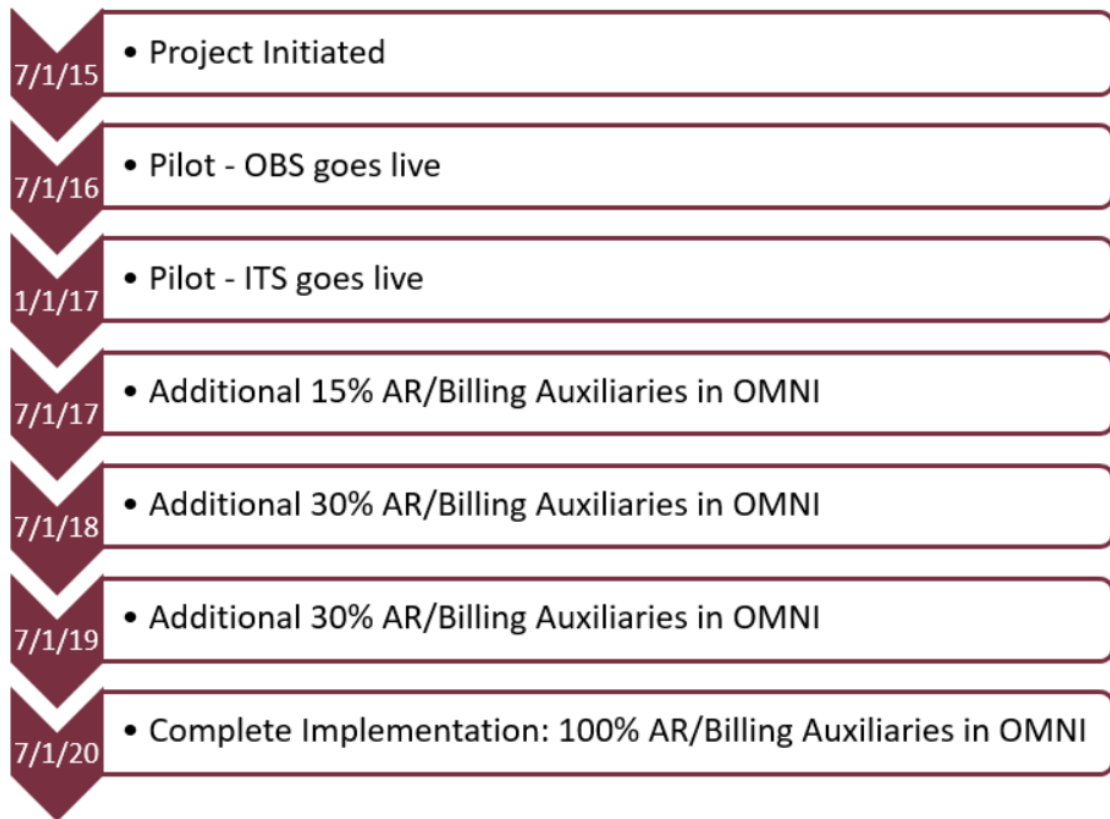
In order to facilitate the internal encumbrances requirement, the Steering Committee approved a new directive with university-wide impact: the solution would require a purchase order (PO) to originate charges and encumbrances for all interdepartmental billing, without exception. This would be a major change impacting users across campus, as previously there was no such requirement or functionality.

Implementation

Implementation tasks began with gaining a full understanding of each auxiliary's business processes and requirements. This commenced with identifying and separating distinct lines of business, understanding their internal billing and external billing tasks, and assessing whether the auxiliary bills sponsored projects. Additionally, any system interfaces or unique requirements were identified. Then, requirements for utilizing contracts and products along with unique reporting needs were assessed. Once the project team had a good understanding of the auxiliary's business needs, the Controller's Office staff worked with technical staff to match these business needs with the best configuration and setup within the PeopleSoft product. Several customizations to the software were needed, and technical staff worked to design, test, and implement these customizations.

An end-to-end prototype of the design was presented and buy-in was received by the selling auxiliary staff, who confirmed that the business needs were met. Importantly, the proof-of-concept for internal encumbrances was successfully demonstrated; to our knowledge, **this was the first time any university using PeopleSoft has achieved internal encumbrances without using inter-unit billing functionality**, as of the time of this proposal.⁴ The Steering Committee then approved the go-live dates of July 1, 2016 for OBS, and January 1, 2017 for ITS, with a phased implementation to occur in future fiscal years.

Exhibit 7. Projected Implementation Timeline



⁴ *Inter-unit billing* is PeopleSoft’s delivered method of managing internal billing with encumbrances. However, Florida State University, along with many universities, could not take advantage of this functionality because of preexisting setup of only one “business unit” for all general ledger transactions. This preexisting setup could not be modified without a complete reimplement of PeopleSoft. Therefore, a custom solution needed to be designed that was based on interunit billing logic, but that did not require multiple business units.

Once the go-live dates were confirmed, communication to the Florida State University community began. This included a presentation at a university-wide meeting of financial representatives as well as general email announcements to the financial representative community. The selling auxiliaries initiated communication to their customers via various channels including flyers in mailboxes and invoice notes. The Controller's Office held in-person workshops to allow university staff responsible for entering purchase orders to receive one-on-one assistance and overall training to help promote awareness and understanding of the project benefits.

In order to ensure compliance with the new purchase order requirement, selling auxiliaries provided detailed information about ongoing and expected charges for internal customers. The Controller's Office compared purchase order data to this information and created targeted reminders to departments that appeared to be out of compliance. With both pilot implementations, 100% compliance was achieved within 3 months unless a charge was disputed by the buying department with no higher-level intervention.

Controller's Office staff, technical staff, and pilot auxiliary staff designed and completed detailed testing of each component of the solution from contract setup to interfacing transactions to entering deposits and applying payments. Based upon this testing, the design was finalized and set up in the PeopleSoft production environment.

In the month preceding the go-live dates, training was initiated for the auxiliary staff responsible for the billing transactions. All project members worked to load the customer, accounts receivable, product, and contract data systematically or manually depending on the nature of the data element. Training was expanded to include all impacted staff within the pilot auxiliaries, including customer service staff, to promote seamless messaging. Communication

was repeated and reinforced, and as of the target go-live date, the selling auxiliaries began utilizing PeopleSoft for their billing transactions.

BENEFITS

The overall goal of this project was to improve and streamline billing and accounts receivable processing across all auxiliaries at Florida State University. As a part of the scoping process, Florida State reviewed the risks and benefits of shifting auxiliary billing and accounts receivable transactions from shadow systems to our centralized accounting software. Potential negative outcomes (such as increased centralized workload, inability to deliver project results on time, lack of buy-in from departmental and auxiliary staff) were outweighed by the beneficial impacts expected for customers, auxiliaries, and central administration. This section outlines the expected benefits identified prior to commencing work on the project, explains whether the benefits were actually achieved, and concludes by presenting several unexpected outcomes that enhanced the project's value.

Expected Benefits

Customer service improvements, for both internal and external customers, were a central focus throughout design and implementation. For external customers, centralized customer management serves to promote transparent, consistent communications to and from Florida State when a customer does business with different areas within the university. With the new system, the university was able to enforce a single standard invoice design from all auxiliary billing area. Creating one central remittance address for payments reduced the number of vendor addresses our customers are required to maintain for Florida State and promotes prompt payment application in addition to providing a single point of contact for questions regarding payments

and balance inquiries. The software allows customer conversations to be recorded for review by all staff throughout the university, which assists multiple users in answering customer inquiries seamlessly.

The primary benefit for internal customers (Florida State departments) arises from the requirement for a purchase order, which facilitates seamless, action-free payment and allows departments to track internal encumbrances for the first time. This enhances departments' ability to control budgets using the standard "available balance" functionality while reducing budget errors that previously required individual follow-up and resolution. The purchase order replaces a static electronic form known as an Interdepartmental Requisition (IDR), which requires manual input, off-line approvals via email, and re-entry upon receipt by Accounting Services staff; departmental staff have reaped time savings from using the new, streamlined process. Another significant benefit of the project's implementation is the transparency and consistency it promotes throughout the buying and selling process. Invoice design, timing of billing, backup documentation, and Sponsored Research approvals are handled in a similar fashion for each auxiliary that fully utilizes the new procedure, and this reduces confusion and training needs for departmental staff who perform reconciliations.

For selling auxiliaries, there are many benefits. Most obviously, the reliance on external systems to perform billing and accounts receivable is either reduced or eliminated (depending on the nature of the subsystem; most can be completely eliminated). This reduces the need for specialized skillsets to utilize and maintain the systems. By consolidating activities that provide little added value when handled in a decentralized manner (such as customer maintenance and accounts receivable management), the new process helps to reallocate staff time to activities that promote the enterprise. Before go-live, selling auxiliaries were responsible for all activities

necessary to operate the auxiliary; after go-live, many activities are handled centrally. Specifically, customer maintenance, check handling, deposit processing, payment application, and dunning and collections are handled centrally by the Controller's Office.

Figure 9. Business Process Responsibilities: Before Go-Live

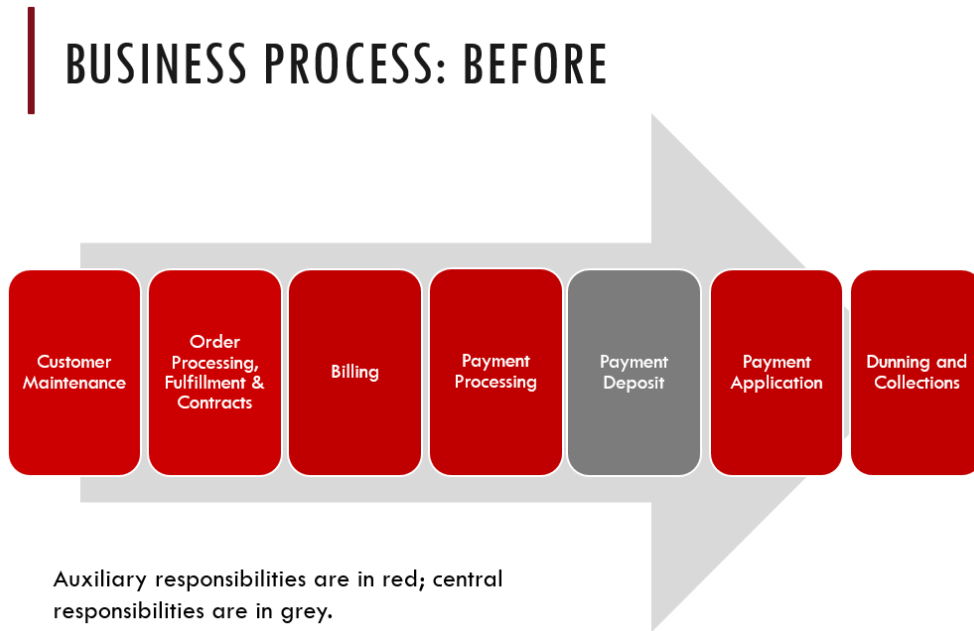
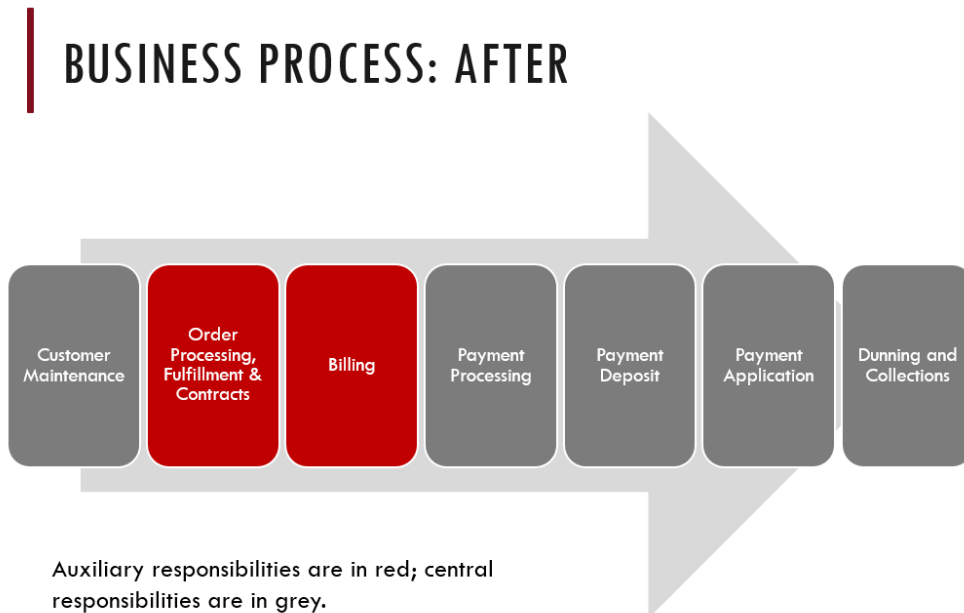


Figure 10. Business Process Responsibilities: After Go-Live



The new model reduces the amount of time and effort selling auxiliaries spend collecting from internal departments and reduces the risk that an internal department will not pay. For the first time, selling auxiliaries have a mechanism to virtually guarantee internal payment before a charge is incurred by requiring a purchase order. If the buying department does not provide a valid purchase order, the selling auxiliary does not fill the order. Once a charge is incurred, payment on a purchase order is received systematically with little to no effort on the part of the selling auxiliary; the funds were set aside for the auxiliary in advance of the charge taking place by the internal encumbrance.

Additionally, selling auxiliaries benefit from the system's accrual-basis accounting structure. Before go-live, auxiliaries operated on a cash basis (they recorded revenue only when cash was received), which meant their financial reports did not reflect the timing of their earnings.

From the university's perspective, the project provides significant benefits stemming from improved visibility. Since accounts receivable balances are located within the official university accounting system, they can be reviewed at any time. Customer relationships can be analyzed and assessed at a university-level for the first time, since the shared customer database provides a comprehensive view of payment history and outstanding receivables. The system's contract functionality provides a window into long-term future revenue streams for auxiliaries that engage in long-term agreements with customers. Since the Controller's Office is actively supervising billing and has taken responsibility for accounts receivable, the university is now able to gain new insights into auxiliary activity which can be used to guide policy and inform decision making.

Additionally, centralizing certain functions reduces the university's risk by strengthening internal controls (specifically, ensuring segregation of duties between invoice preparer, deposit processor, and payment application processor, which was not always possible for smaller auxiliaries). Since Sponsored Research approves purchase orders on sponsored projects on the front-end, the risk of charging unallowable costs to federally sponsored grants is reduced. Centralized check processing reduces the lag time between a check being received and being deposited in the bank, which positively impacts interest earnings.

At the university level, the solution represents an improved alignment of resources (human, financial, system) with strategic priorities, promoting operational excellence. Value-added activities (sales and billing) remain with the selling auxiliary, but ancillary operational activities are shifted to a central office which helps the university achieve efficiencies of scale. Since the solution provides an alternative to the student system for recording accounts receivable, Florida State can better align that system with its intended purpose all while reducing exception processing and improving transparency. With this project, Florida State was able to adopt best practices in the area of accounts receivable processing (specifically, process standardization, a shared services model, and payment processing simplification).

This project provided an opportunity for Florida State to fully implement the PeopleSoft accounts receivable module for the first time, and provides a framework for future improvements with non-auxiliary users of this module (Sponsored Research and Construction Accounting). The implementation also sets the stage for improved processes related to departmental deposits for expense reimbursements and provides new integration points for an end-to-end enterprise auxiliary business solution that could include all activities from order to payment (specifically,

sales/order capture, inventory management, an online payment solution, self-service capability, and automated payment application).

Post Go-Live Benefits Assessment

Florida State University has achieved or is on track to achieve the anticipated benefits since bringing the pilot auxiliaries on board. The university has proven the concept and is in the process of bringing additional auxiliaries into the system. Pilot auxiliaries were able to move their accounts receivable and billing activity into OMNI, and the internal encumbrance component works well from both the buying department and the selling auxiliaries' perspectives. The system is an alternative to our student system for non-student accounts receivable, and Sponsored Research is able to pre-approve purchase orders as well as approve actual charges before they are invoiced, all within the system. The number of checks and cash receipts handled by auxiliaries has reduced, and auxiliaries are no longer holding checks to research their application before depositing them in the bank.

Several benefits cannot be fully realized until all auxiliaries are using the new system, which is expected within the next several fiscal years. Interdepartmental Requisition use has been reduced and will be completely eliminated once all auxiliaries utilize the new system. Customers that deal with many different "faces" of Florida State University may continue to do so until the last auxiliary is brought on board, and to some extent this cannot completely be eliminated due to the separation of accounts receivable management for auxiliary, Sponsored Research, and student-based activity. Internal controls and process standardization are improved with each auxiliary that goes live. The internal encumbrance functionality has improved departments' ability to rely on their available balance as a measure of their spending capacity, but this will not be completely consistent until remaining auxiliaries begin using the system.

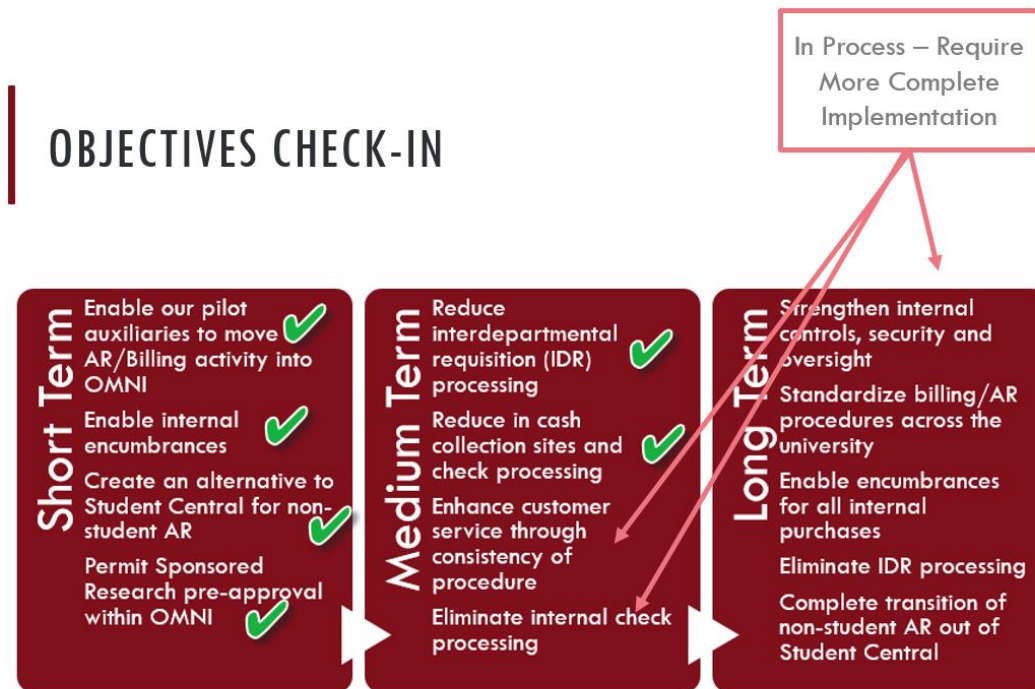


Exhibit 11. Expected Benefits vs. Outcomes

Unexpected Benefits

System functionality provided an unexpected benefit for auxiliaries that repeatedly bill for the same or similar goods or services or that engage in long-term agreements (such as multi-year copier agreements). Before using the system, this task was repeated manually each month. PeopleSoft’s functionality for recurring billing or contract-based billing is robust, and is designed to eliminate manual entry. Users define parameters in advance, and PeopleSoft generates bills automatically. Each auxiliary brought on board thus far was completing these tasks manually before go-live. Another time-saving benefit is the automated invoice feature: PeopleSoft generates an invoice image and simultaneously emails that invoice to the customer of record systematically. Before going live, many auxiliaries manually created invoice images from

sales data, and either printed and mailed or emailed invoices one-by-one to their customers. This functionality saves them a great deal of time, since staff no longer have to record sales data in a spreadsheet or similar software and then duplicate their work to create an image of the invoice suitable for distribution, then manually email the invoice as an attachment to the customer.

There were several unexpected benefits related to accounts receivable management. The regular submission of customer balance statements was not enforced prior to go-live; auxiliaries performed statement and dunning activities as time allowed. Several months after go-live, the Controller's Office began sending monthly, consolidated statements to customers with open accounts receivable items. Submitting statements to customers on a regular basis revealed that a number of outstanding items had been held on selling auxiliaries' books in error. In some cases, payments had been made in prior periods (or even fiscal years), but these payments were never associated with an invoice. In other cases, invoices were duplicated in error or customers had successfully disputed the charge at some time in the past. Submitting statements provided customers with the opportunity to review and correct their account, which improved the accuracy of Florida State University's accounts receivable records. A total of eighteen invoices were corrected, amounting to \$269,244.04 in previously over-stated accounts receivable.⁵ This finding revealed that the university had not been providing the necessary assistance to help auxiliaries maintain accurate accounts receivable records and illustrated the usefulness of submitting statements to help auxiliaries verify the accuracy of their billing.⁶

Another unexpected finding was that internal customers increased their scrutiny of auxiliary billing activity. The transparency and consistency helped internal customers better

⁵ This is equivalent to five percent of all invoices provided at go-live, and thirty-four percent of the total accounts receivable dollar amount provided by auxiliaries at go-live.

⁶ For a detailed summary of items provided, see Appendix A.

understand and predict their billing, and selling auxiliaries received an increase in the number of inquiries and corrections. Although this was somewhat frustrating for the selling auxiliaries, overall, departmental inquiries assist the university in ensuring auxiliaries bill accurately and timely.

The Controller's Office decided to send customer statements, and their effectiveness as a collections tool was surprising. Statements were first submitted in December, 2016, six months after the project's initial go-live date. Within three months of submitting statements, accounts receivable balances for the pilot auxiliary had dropped by 92%.⁷ There is no other apparent factor that could have accounted for this significant increase in payment activity; many customers simply paid their entire statement balance upon receipt. Based upon these results, Florida State concluded that the statements were a useful tool to communicate with customers about their outstanding balances.

Overall, accounts receivable balances within the first twelve months of operation decreased by 64% (nearly half a million dollars). Delinquent balances were reduced by 17%, and the median open item balance decreased by nearly 37%. The average age of an item remained virtually unchanged, but the average age to collect a dollar in receivables in days dropped 68%, from 15 days to just 5 days. These statistics illustrate that centralized accounts receivable management (specifically, the regular submission of customer statements) assisted Florida State University in reducing the number of high-dollar invoices outstanding, although it did less to impact smaller invoices.⁸

⁷ From \$1,090k to \$111k.

⁸ For a full accounts receivable analysis, see Appendix B.

Auxiliary AR Summary	Go-Live AR Total	9/30/2016	12/31/2016	3/31/2017	6/30/2017	% Change	Absolute Change
Total Receivables	\$ 779,395	\$ 1,090,245	\$ 1,390,745	\$ 221,232	\$ 279,561	-64%	\$ (499,834)
Bal >=90 days past due	\$ 45,662	\$ 19,124	\$ 195,604	\$ 70,031	\$ 50,811	11%	\$ 5,150
Bal >=180 days past due	\$ 38,639	\$ 11,297	\$ 14,331	\$ 34,394	\$ 32,044	-17%	\$ (6,595)
Median Item Balance	\$ 187	\$ 152	\$ 160	\$ 114	\$ 119	-37%	\$ (68)
Average Age of \$1.00 in Receivables in days	15	66	58	4	5	-68%	-10.50
Average Age of Item in days	169	109	109	156	168	-1%	-1.35

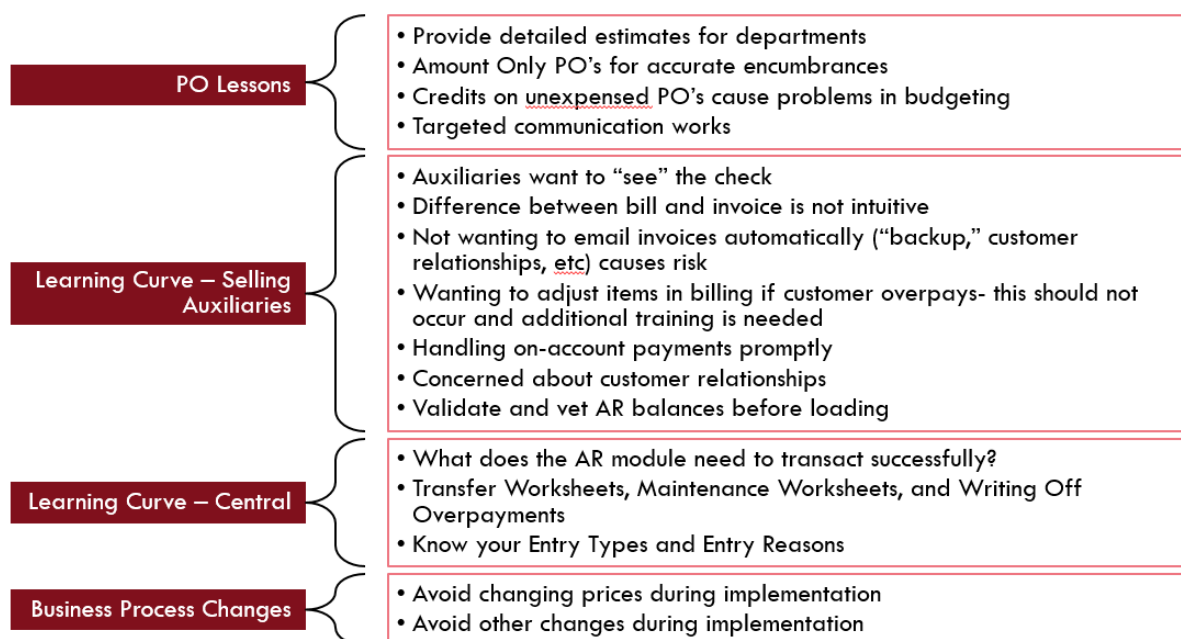
Figure 12. Auxiliary Accounts Receivable Comparison: Before & After Go-Live

RETROSPECT

With any implementation of this magnitude, there are issues and problems to be overcome. No “showstopper” issue was unresolvable, and team members and stakeholders worked together to resolve major system issues and communication errors without delaying the implementation date or sacrificing agreed-upon requirements.

Exhibit 13. Florida State’s Learning Opportunities with Auxiliary AR & Billing

THINGS WE LEARNED



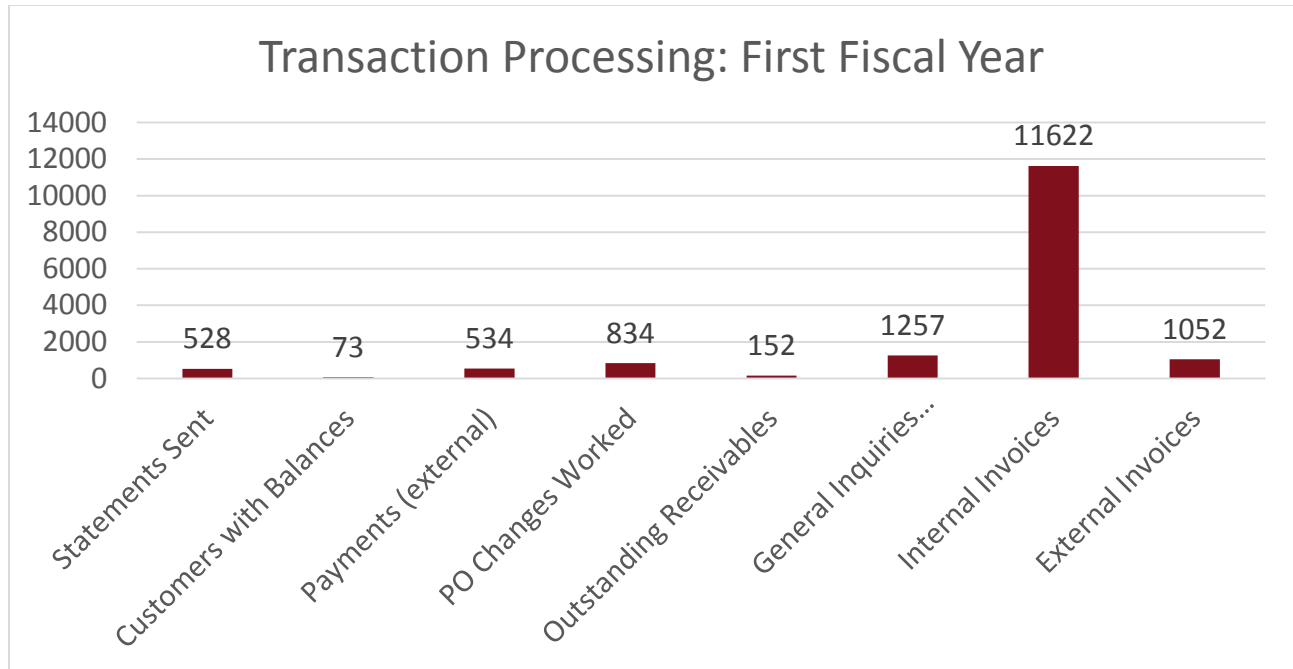
There is room for improvement in future phases of this implementation with regards to training and communication with the auxiliary staff, as the pilot auxiliary staff felt that too much of their learning was “learning in production” after the go-live date. Controller’s Office will expand staff training to repeat and reinforce training messages and ensure staff feel comfortable with the material as their go-live date approaches. Additionally, there were several gaps in system setup on the accounts receivable side that needed to be managed after the go-live date. Several issues resulted in accounting errors (although all were successfully resolved, nearly all by reversing and re-entering the transactions after correcting the setup and without a correcting journal entry, before the end of the fiscal year). This was due primarily to insufficient knowledge of the PeopleSoft accounts receivable functionality by all parties involved in the design, complicated by PeopleSoft errors, bugs, and patches that clouded understanding and resolution.

It continues to be difficult for internal customers to understand the need to separate the purchase order function from the process of actually placing an order with an auxiliary. This is one of the most frequently encountered opportunities for miscommunication resulting from the new process. The Project Team and Steering Committee chose to focus only on the accounts receivable and billing processes when determining how to proceed with this project; this was necessary to avoid scope creep and ensure key requirements for these functions were met. However, this project's go-live has highlighted the need for a uniform order mechanism for internal purchasing in order to reduce departmental confusion and ensure selling auxiliaries always receive the information needed to fulfill an order. This need was present before beginning this project, and is separate from what this initiative was designed to do; however, it has been made more clear due to the purchase order requirement. It would have been beneficial to include an individual not familiar with the project on the project team, as their perspective could have helped us better craft communication to minimize this confusion proactively.

In addition to these issues, Florida State found that the transition to centralized accounts receivable management was easier on some auxiliaries than others. Many auxiliary staff still wanted to see the check payment themselves, and did not trust that the Controller's Office would be able to successfully apply payments to outstanding invoices without their intervention. Over time, one-on-one training, ongoing communication, and successful centralized AR management have mitigated these concerns, and auxiliary staff have now shifted their focus to the sales and billing activities that add value to their area.

The Controller's Office is now halfway through implementing the first cohort of non-pilot auxiliaries, and the solution has been found to be sufficiently scalable and flexible to meet the wider population of auxiliaries at Florida State University.

Exhibit 14. First Fiscal Year: Transactions Completed



APPENDIX A. AR ISSUES CORRECTED THROUGH STATEMENTS

Customer ID	Invoice ID	Amount	Invoice Date	Summary of issue
AUX1001257	AUX00001180	\$ 3,733.10	9/27/2016	Invoice was duplicated, overstating AR
AUX1001274	PS3441	\$ 50.00	6/22/2016	Customer had been charged internally & externally, duplicate Invoice, overstating AR
AUX1001156	PS1969	\$ 225.00	4/30/2014	Invoice had already been paid & should not have been provided as open AR
AUX1001156	PS3447	\$ 138.00	8/8/2016	Tax added (\$19.26) in error, needed to be removed
AUX1001201	AUX00004620	\$ 36.00	1/25/2017	Invoice was billed to the wrong customer
AUX1003064	AUX00004640	\$ 33.06	1/25/2017	Payment was misdelivered, identified & collected through statement
AUX1001227	PL592	\$ 952.00	10/30/2015	Payment was received prior to go live, should not have been provided as open AR
AUX1001227	AUX00003094	\$ 899.00	12/19/2016	Payment redirected from PL592 to AUX00003094, since PL592 had been paid previously
AUX1001161	AUX00003653	\$ 2,624.48	1/6/2017	Invoice billed to the wrong customer
AUX1001201	AUX00005586	\$ 36.00	2/22/2017	Invoice was billed to the wrong customer
AUX1003055	AUX00007595	\$ 105.00	3/27/2017	Invoice in dispute, customer believes they have been misbilled
AUX1003068	AUX00005607	\$ (1,779.04)	2/22/2017	Credit created due to customer being continuously billed even after they had terminated service
AUX1001221	PS2591	\$ 114.00	3/31/2015	Billed to the wrong customer
AUX1001221	726868	\$ 519.04	3/31/2016	Payment applied to the wrong invoice pre go-live, leaving the wrong invoice unpaid on statement
AUX1001236	06/30/2016 BOOK	\$ 90,796.89	6/16/2016	Invoice had been paid previously, should have not been provided as open AR
AUX1001221	N/A	\$ 100.00	N/A	Payment was received by Auxiliary accounting while

				it was meant for a citation payment & should have been processed by SBS
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APPENDIX B. FULL ANALYSIS OF ACCOUNTS RECEIVABLE BALANCES

	Go-Live AR Balance	OBS AR Bal, Go Live + 3 months	OBS AR Bal, Go Live + 6 months	First-Statement Submission	OBS AR Bal, Go Live + 9 months	ITS AR Bal, Go Live + 3 months	OBS AR Bal, Go Live + 12 mo	ITS AR Bal, Go Live + 6 months	% change since go-live	Abs. change since go-live
OBS AR Metrics As of Date	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017					
Total Receivables	\$ 681,043	\$ 1,090,245	\$ 1,445,153	\$ 111,509	\$ 46,937				-93%	\$ (634,106)
Bal >=90 days past due	\$ 16,955	\$ 19,124	\$ 195,607	\$ 39,450	\$ 14,689				-13%	\$ (2,266)
Bal >=180 days past due	\$ 10,993	\$ 11,297	\$ 14,331	\$ 14,363	\$ 11,826				8%	\$ 833
Receivables Turnover Ratio	1.18				0.59				-50%	-1
Average Number of Days to Collect	310				617				99%	307
Number of AR Items	150	152	211	186	150				0%	0
Median Item Balance	\$ 146	\$ 152	\$ 161	\$ 138	\$ 119				-18%	\$ (27)
Average Age of \$1.00 in Receivables in days	33	66	46	6	1				-97%	-32.41
Average Age of Item in days	143	109	112	100	126				-12%	-17.23
ITS AR Metrics As of Date	12/31/2016			3/31/2017	6/30/2017					
Total Receivables	\$ 98,353			\$ 122,678	\$ 234,873				139%	\$ 136,521
Bal >=90 days past due	\$ 28,707			\$ 30,581	\$ 36,123				26%	\$ 7,416
Bal >=180 days past due	\$ 27,646			\$ 20,030	\$ 20,218				-27%	\$ (7,428)
Receivables Turnover Ratio					6.20				39%	2
Average Number of Days to Collect					59				-28%	-23
Number of AR Items	185			160	152				-18%	-33
Median Item Balance	\$ 129			\$ 121	\$ 134				4%	\$ 5
Average Age of \$1.00 in Receivables in days	1			3	5				420%	4.20
Average Age of Item in days	216			227	217				0%	0.71
Central AR As of Date (Clearing Acct Open Items)		9/30/2016	12/31/2016	3/31/2017	6/30/2017					
Total Receivables		\$ -	\$ (54,408)	\$ (12,955)	\$ (2,249)					
Bal >=90 days past due		\$ -	\$ (3)	\$ -	\$ 0					
Bal >=180 days past due		\$ -	\$ -	\$ -	\$ 0					
Median Item Balance		\$ -	\$ (781)	\$ (98)	\$ (55)					
Average Age of \$1.00 in Receivables in days		-	-	-	-					
Average Age of Item in days		-	-	-	-					
Auxiliary AR Summary	Go-Live AR								Absolute	
	Total	9/30/2016	12/31/2016	3/31/2017	6/30/2017				% Change	Change
Total Receivables	\$ 779,395	\$ 1,090,245	\$ 1,390,745	\$ 221,232	\$ 279,561				-64%	\$ (499,834)
Bal >=90 days past due	\$ 45,662	\$ 19,124	\$ 195,604	\$ 70,031	\$ 50,811				11%	\$ 5,150
Bal >=180 days past due	\$ 38,639	\$ 11,297	\$ 14,331	\$ 34,394	\$ 32,044				-17%	\$ (6,595)
Median Item Balance	\$ 187	\$ 152	\$ 160	\$ 114	\$ 119				-37%	\$ (68)
Average Age of \$1.00 in Receivables in days	15	66	58	4	5				-68%	-10.50
Average Age of Item in days	169	109	109	156	168				-1%	-1.35