

# 2020 Best Practices Proposal Form



Completed proposals are to be submitted to  
Ronda Reece, Chair, SACUBO Best Practices Committee, [info@sacubo.org](mailto:info@sacubo.org)  
The deadline is October 11, 2019.

**Best Practices Submission:**

**Title:** **Better Balance Sheet Account Reconciliations At Lower Cost And Lower Risk**

**Primary\* Contact Information:**

*The primary contact must be a SACUBO member institution of higher education.*

Institution: The University of Texas Medical Branch at Galveston

Address1: 301 University Boulevard

Address2:

City: Galveston

State/Prov: TX

Zip Code: 77555-0144

Salutation:     Prof.     Dr.     Mr.     Mrs.     Ms.

First Name: Kelly    Middle Name/Initial:    Last Name: Dean

Suffix (Jr, III, etc.)

Professional Title: Director of Accounting

Email: khdean@utmb.edu

Phone: 409-747-7901

Fax:

\*Additional team contacts may be listed at the bottom of this form.

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## Institution Information:

Institution:

Research  Comprehensive/Doctorate  Small Institutions  Community College

Year Founded: 1891

Geographical Location: Galveston, TX

Number of Students: 3,372

Website: www.utmb.edu

## Statement of the Problem:

*Provide a brief statement identifying the challenge your institution encountered that benefited from your best practice.*

Increased revenue and funding coupled with rapid expansion of operations created stress on existing accounting operations and practices to maintain control while fostering increased trust through visibility and transparency. UTMB could continue operating in status quo or adopt a risk-based approach to better achieve monetary goals alongside operational and community goals.

In 2009, Hurricane Ike devastated UTMB's campus and operations. Faced with rebuilding or abandoning the area, UTMB renewed its commitment to the Galveston community. This commitment meant UTMB needed to physically diversify its operations to ensure continued operations in the eventuality of another catastrophic event. Texas, FEMA, and private donors joined UTMB's commitment investing \$1 billion to rebuild and improve the campus on Galveston Island. Over the past five years, UTMB enacted this vision through a growth in operations in both size and complexity as three full hospitals on the mainland and one new hospital on the main campus were added. Additional clinic operations opened throughout the region south of Houston to Galveston Island as well.

This rapid growth increased operating revenues by 66% while total assets grew 137%. This growth in operations and increased asset base required the Controller Office to add efficiencies to support the operational growth with no additional staff. Our manual reconciliation process could not scale with this growth. Cash and related clearing accounts supporting patient care operations were challenging to reconcile timely. There was a lack of visibility into the completion rates and quality of all account reconciliations. Further, reviews of balance sheet account reconciliations were not focused on the most critical accounts and reconciliations were often performed late in the period which did not allow sufficient time for quality review and clearing of reconciling items. We needed a better process.

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The accounting team had to develop a risk based approach tied with an effective account reconciliation tool integrated with our PeopleSoft financial system. This combination risk and system integration framework allowed UTMB to better focus resources for a more effective operation while in a resource constrained environment.

## **Identify the Solution (250-words maximum):**

*Describe how you identified and developed your best practice solution including those involved with the process, impact on the organization, finances and resources.*

UTMB contracted with BlackLine to implement Transaction Matching and Account Reconciliations integrated with our general ledger. The first priority was reconciling patient clearing accounts using transaction matching. The second priority was moving our account reconciliation process to BlackLine. The third priority was to improve quality and efficiency in the reconciliation process. UTMB's Revenue Cycle Office focused on the first priority while the Controller Office focused on the second. This joint effort required coordination of over 50 users across the university and many offices including Auxiliary, Development, Grants and Contracts, and Treasury.

Accounts were assigned appropriate templates, an integration was created to pass ledger balances to BlackLine, some accounts were grouped for efficiencies and users were trained. Rollout was relatively smooth. Revenue Cycle evaluated data from billing, credit card, and banks to identify match rules. Additional data had to be collected on new activity to increase matches. Automatic and manual matching began.

Accounting began to monitor quality of reconciliations and provide feedback to preparers and approvers. Also, a risk framework was developed identifying critical balance sheet accounts through a series of objective assessments. The framework also set an appropriate reconciliation frequency. An earlier due date was established for reconciliation and review of critical (key) accounts. Further, some subledger balances have been brought in for potential auto-certification if ledger balances agree.

The only hard costs associated with this were the BlackLine subscription fees for Account Reconciliations and Transaction Matching. These are volume based so will vary with each institution.

## **Implementation Timeline:**

*Provide a bulleted list of the steps and implementation timeline of your best practice solution.*

1. August to September 2016 – Evaluation of options and selection of product and implementation partners

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2. August 2016 to January 2017 – Reconciliations Phase 1 for initial account reconciliation structure
3. February 2017 – Go live for Account Reconciliations
4. February 2017 to August 2017 – Patient clearing data review, enhancement and testing for transaction matching
5. September 2017 – Go live for Transaction Matching
6. October 2017 to August 2018 – Transaction matching completion of historical data in patient clearing accounts
7. November 2018 to February 2019 – Reconciliations Phase 2 for user training, monitoring quality, and efficiency gains
8. February 2019 to July 2019 – Risk framework initiated, pilot tested, and audit verification

## **Benefits & Retrospect:**

*Provide a brief statement of the benefits achieved by implementing the best practice solution.*

The Phase 1 project resulted in a 56% reduction in staff effort for certified reconciliations. Early benefits included visibility into reconciliation completeness, automatic load of valid general ledger balances, reconciliation repository, use of standardized templates, and efficiency gains through grouping and auto-certification. Additional benefits included a common language and definitions, reporting on reconciling items across accounts, additional monitoring capabilities to evaluate quality of the reconciliations, and ability to evaluate timing of the reconciliations. Revenue Cycle was able to match 69% of transactions automatically through training to capture more data points. An additional 29% was manually matched each month. They were also able to match 50% of historical activity.

The Phase 2 project also resulted in additional efficiencies for operations. Once adjustments to auto-certification rules and frequencies based on the risk framework had been deployed for three months, Internal Audit compared timeliness of reconciliations and number of accounts requiring reconciliation. Overall, there was a 51% improvement in timeliness and a 33% reduction in the number of accounts requiring a reconciliation. Approvers also provided feedback to the Controller Office that earlier deadlines allowed deeper reviews. These results indicate that allowing preparers and approvers to focus on critical accounts yields benefits.

## **Additional Team Contact Information:**

### **Additional Contact #2:**

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Institution:

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Salutation:  Prof.  Dr.  Mr.  Mrs.  Ms.

First Name: Craig

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## **Additional Contact #3:**

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## **Additional Contact #4:**

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*Form: Updated July 1, 2019*