TRANSITION PLAN:
UNIVERSITY ACCOUNTING SYSTEM

TRANSITION DATES
FINANCIALS - JULY 1, 2004
PAYROLL – JULY 1, 2004
1. INTRODUCTION

Pursuant to section 1011.4105, Florida Statutes, to accomplish the transition from the Florida Accounting Information Resource (FLAIR) to a university’s accounting system each University Board of Trustees is required to submit to the State Board of Education a plan developed in cooperation with the State Chief Financial Officer. Specifically, the following are to be accomplished: 1) the plan must contain the actions the university will take, or has taken, to implement the transition; and 2) the plan must provide the timelines for completion of actions and the target date the university will have implemented and tested parallel systems with appropriate audit and internal controls in place that will enable the university to satisfactorily and timely perform all accounting and reporting functions required by State and Federal law and rules of the State Board of Education.

2. BACKGROUND

The UF Enterprise Resource Planning Project is a multi-year effort to improve UF business processes. The project will implement an ERP computing system from PeopleSoft to provide integrated real-time information using common tools across a wide-range of university activities. ERP systems provide web-based, real-time access to work processes and information.

The university has several project teams and a project manager. UF has a vision team to provide project oversight. The UF project teams are Finance (University Management, Sponsored Research, Facilities, Purchasing), Human Resources - HR (Classification, Benefits, Payroll, Time and Labor), Student (Admissions, Accounts Receivable, Advising, Records, Financial Aid), Communication (User Support, Portal, Communication), Enterprise Performance Management (Reporting, Security, Data Products) and Information Technology (Infrastructure, Architecture, LAN Support).

The Sponsor Committee is composed of a select group of University of Florida Vice Presidents. The key responsibilities of the Sponsor Committee are to support the ERP process at the highest administrative level in the following manner:

- Allocate and develop resources.
- Support the Stakeholder Committee.
- Resolve disputes.
- Evaluate priorities.
- Review progress.
- Monitor transition of full University community.

The Stakeholder Committee is composed of a select group of University of Florida executive management and key thought leaders from the university community. The key responsibilities of the Stakeholder Committee are:

- Act as the steering group for the ERP project.
- Guide the implementation via critical decision-making and broad directional visioning.
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- Formulate strategies that will ensure the ERP installation is on time.
- Formulate strategies that will ensure the ERP installation will serve the requirements of the University.
- Evaluate and recommend business process redesign to afford the university the most efficient, effective and economical business practices.

3. OBJECTIVES

A. People Improvements
   1. Reorganizations
   2. Changes in responsibilities
   3. Top down change management and commitment to the objectives
   4. Improve Administrative and Academic collaboration

B. Process Improvements
   1. Information processes, high level design
   2. Transaction processes, high level design, simplification and standards
   3. Numbers, schema, simplification and standards

C. Modules
   1. All acquired ERP system modules

D. IT Innovations
   1. Advanced Planning Systems
   2. Business Intelligence
   3. Queries
   4. Self Service
   5. Workflow

4. TIMELINES AND MILESTONES

The university has established timelines and milestones for all major functions of the project that will allow adequate time for design, development, deployment, testing and training.

New systems will "go live," that is, become the production systems of the university, according to the proposed schedule below.

   Portal In production as of March 31, 2003
   Cognos In production as of August 4, 2003
   Finance July 1, 2004
   HR and Payroll July 1, 2004
   EPM July 1, 2004
   Student Records, Financials Summer A, 2006
   Financial Aid Fall, 2006
   Student Admissions January 1, 2007
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5. MODULES

A. Finance
   1. General Ledger
   2. Purchasing
   3. Accounts Payable
   4. Expense/Travel
   5. Asset Management
   6. Sponsored Programs
   7. Accounts Receivable/Cashiering

B. HRMS
   1. Payroll
   2. Benefits

C. Portal – Web Access

D. Enterprise Performance Management (EPM) – Reporting - COGNOS

E. Student
   1. Financials
   2. Student Records
   3. Financial Aid
   4. Admissions

6. TRANSITION CHECKLIST

GENERAL TRANSITION REQUIREMENTS

A. Office of Audit and Compliance Review (formerly Inspector General) Certifications
   1. The Office of Audit and Compliance Review (OACR) will provide the following written certifications:
      a. Certification with submission of Transition Plan that various system components being implemented contain adequate internal controls, that adequate separation of duties is maintained and that the components will provide required data. This certification accompanies this document.
      b. Certification during the last full week of June 2004 that the system components, as implemented, including the payroll system, contain adequate internal controls and processing controls are functioning properly.

B. The University will use several reference documents to provide additional details and time schedules. These documents will be provided by various sources and at various times prior to transition.

C. The University of Florida has appointed the University Controller as its Transition Coordinator and the primary contact between the University and the State Transition coordinators. The University Coordinator will provide the CFO coordinator with a file of transition plan major milestones and completion target dates by November 17, 2003.
ACCOUNTING AND FINANCIAL REPORTING

D. Accounting Transactions

1. In accordance with instructions and dates specified in the Distribution of State Funds document developed by the State CFO, the University will cease processing various accounting transactions within FLAIR including interagency journal transfers, both benefiting and disbursing sides, and deposits to the State accounts.

E. Consolidated Equipment Financing Program (CEFP)

1. The University of Florida will not be financing any new items through this program as we approach the transition date of July 1, 2004.
2. Direct deposit will be established with existing CEFP vendor by 5-31-04 and remittance advice for each payment will be transmitted to State CFO, CEFP Section.

F. Direct Deposit of Funds

1. The University will provide the Chief Financial Officer with the appropriate direct deposit authorization forms no later than May 15, 2004 for the distribution of appropriated funds.
2. The University will designate a custodian to receive and secure the electronic data to be provided by the Chief Financial Officer, Direct Deposit Section, no later than May 15, 2004.
3. The University will designate a contact in the event an expense payment is returned no later than May 15, 2004.

TREASURY ISSUES

G. Treasury Issues

1. The University will advise the Chief Financial Officer of the State which accounts will be remitted to the University local funds and which will be transferred to the Special Purpose Investment Account (SPIA) no later than Monday, May 17, 2004. The University plans to use the Division of Treasury SPIA accounts for investments after June 30, 2004; however, we may need to liquidate some investments to ensure adequate funds are available during the transition period. The liquidation of investments will be in accordance with instructions or date specific requirements being developed by the State CFO.
2. The University will advise the Division of Treasury, by May 17, 2004, of any new SPIA accounts that may be required.
3. The University plans to cease processing deposits, including clearing account transfers and letter of credit draws, to the Division of Treasury in accordance with instructions or date specific requirements being developed by the State CFO.
4. Any deposits received by the Division of Treasury after the University has devolved should be deposited to the University’s devolution clearing fund to be disbursed to the University.
ACCOUNTS PAYABLE

H. Voucher Processing
1. Voucher (vendor) payments will be processed through the last day allowed based on the Distribution of State Funds document issued by the Chief Financial Officer’s office. All vendor payments will begin being paid by the University beginning July 1, 2004.
2. Procedures for Internal Revenue Service (IRS) and Department of Revenue (DOR) levies will be completed by February 1, 2004. Our financial system does provide a process for external file loads to flag vendors for levies.
3. Travel advances from Division of Treasury accounts will cease on March 31, 2004.
4. Prompt payment procedures will be completed and documented no later than February 27, 2004, and will become a part of the transition document. Mr. Randy Staples, Assistant Controller will be the University’s prompt payment coordinator.
5. The University will be devolving the payroll processing from the State at the same time as the financials and so will not have a transition gap for direct deposit data. However, as it relates to the University’s contingency plan (6.L.11.) to continue using BOSP for processing payroll, the University’s ERP system is capable of handling multiple direct deposit authorizations.

I. Electronic Data Interchange (EDI)
1. The University does participate in the invoice tracking process and does process payments via EDI.
2. EDI invoices will not be accepted after March 31, 2004 using the State Flair system.
3. All EDI invoices will be removed from approval queues by May 31, 2004.
4. All trade account records will be placed in a “D” status by May 31, 2004.

J. Purchasing Card
1. The University will choose option 2 for the Purchasing Card (PCard) program as outlined in the Accounts Payable Devolution Team document.
2. The University will begin using its own PCard program on April 1, 2004.
3. The University will require state funds for the university local account to ensure sufficient funds are available to pay the PCard charges. The first advance of the funds will be necessary by April 1 – additional advances can be made periodically until June 30, 2004. The University will advise the Chief Financial Officer of the amounts required no later than February 25, 2004.
4. The University will update FLAIR via the batch process. The University has been processing batch disbursement transactions for many years and the process is well tested.
5. The University will be closing all PCard cardholder accounts no later than March 31, 2004. The University will develop procedures and timelines by January 1, 2004 to accomplish all requirements by the identified date.
6. All PCard transactions will be cleared no later than June 21, 2004. All disputes will be resolved and payment will be made no later than June 21, 2004.
7. All PCard transactions will be reviewed, researched and payment processed prior to June 21, 2004. We have a procedure in place to monitor for accounts with negative
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balances. We will be especially vigilant during the waning months of fiscal year 2004 since this is our closeout year. Any negative balances will be resolved immediately.

8. All PCard transactions will be reviewed researched and payment processed prior to June 21, 2004. All negative balances will be resolved or the University will provide funds will to cover any remaining items.

9. The University PCard Administrator will close all Purchasing Card Module (PCM) records as required no later than June 30, 2004 – plans are to have these closed prior to that date if at all possible. The University PCard Administrator will work closely with the Chief Financial Officer’s representative to ensure the proper sequence of events and timelines are met.

10. PCard reports in the Report Distribution System (RDS) will be stopped no later than July 30, 2004.

11. Access control will be removed as soon as all items are resolved and all PCM records are closed – that date should be prior to June 30, 2004.

PAYROLL

K. Interim Payroll Processing

1. Interim Payroll Processing and Special Enhancements
   a. UF will transition to its own payroll processing on July 1, 2004, so there will be no interim payroll processing needed from BOSP. The University has received an opinion from its legal counsel that the University will be the sole common-law employer for the 2004 calendar year. This was discussed with staff from DFS and BOSP on April 30, 2003 at which time the University was given assurances that DFS would work with the University to provide the necessary records and data to affect the devolution of the payroll process by July 1, 2004. All payroll data and records needed as well as assistance from BOSP is covered elsewhere in this Plan. No other approvals or assurances will be requested at this time.
   b. UF will load applicable balances from BOSP prior to June 30, 2004 for testing. At June 30, 2004 UF will finalize the data load and ensure that employee and employer balances at July 1, 2004 are the same as the BOSP June 30, 2004 balances. Both UF and BOSP will issue employee W-2’s. BOSP will issue W-2’s for amounts disbursed through June 30, 2004 and UF will issue W-2’s for amounts disbursed beginning July 1, 2004.
   c. As noted in section 6.L.12., UF will assume responsibility for monitoring calendar year limitations such as maximum deduction limits on 403(b) and 457 deferred compensation plans.
   d. As it relates to UF’s contingency plan (6.L.11.) to continue using BOSP; payroll processing from July 2004 through December 2004 will continue as it does currently with the exception that the payroll file will charge all employees to one department number and will utilize a payroll clearing account. UF will distribute the payroll file coming back from BOSP according to actual funding accounts. No additional assistance or special processing requirements will be needed from BOSP.
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2. Post Devolution needs from BOSP
   UF needs access to FLAIR for prior year payroll information and a method to obtain
   historical payroll data. BOSP has indicated they will provide UF with guidelines
   relative to access protocols, permitted activities, etc.

3. Clearing Accounts and Cash
   UF will transition to its own payroll processing on July 1, 2004, so there will not be
   interim payroll processing needed from BOSP or a need for a Clearing account.
   However, as it relates to UF’s contingency plan (6.L.11.) to continue using BOSP;
   UF will establish a Payroll Clearing Account and maintain adequate cash balances to
   cover each payroll pursuant to BOSP Payroll Processing Requirements document.

L.  Payroll Processing
   1. Major Milestones and Target Dates
      o September 30, 2003
         Research, identify and set up of all payroll taxes including but not limited to Federal
         Unemployment Tax Act, State Unemployment Tax Act, Internal Revenue Service
         returns (941, 1042, W-2, W-2c), W-4 and W-5 processing and Non-resident Alien
         taxation issues.
         Research, identify and set up of all earnings including but not limited to regular
         salary, non-cash fringe, Criminal Justice Incentive Pay (CJIP), settlements and
         leave payouts.
         Research, identify and set up of all deductions including but not limited to all state
         benefit plans, UF specific benefit plan (e.g. Long-term Disability), savings bonds,
         garnishments, union dues and retirement elections.
         Research, identify, and setup of all benefits plans including but not limited to all state
         benefit plans, UF specific benefit plans (e.g. Long-term Disability), calculations
         of state plans based on Full Time Equivalents and retirement plans.
         Research, identify and set up of PeopleSoft check processing (or outsourcing of check
         processing) including but not limited to check form design, check printing, check
         distribution sorting, manual checks, processing overpayments and voiding checks.
         Research, identify, and setup of PeopleSoft direct deposit processing including but
         not limited to Electronic Funds Transfer form and file design/detail.
         Begin research of PeopleSoft Benefits Administration Module.
      o October 1, 2003 – December 31, 2003
         Identify and establish vendor relations including but not limited to all payroll,
         benefits, and retirement vendors.
         Identify and establish report design including but not limited to payroll reports,
         deduction registers, tax deposits, and benefits reports.
         Obtain various payroll and benefits downloads to verify deduction and benefit
         enrollments to conduct testing.
         Continue setup and functionality testing of PeopleSoft Base Benefits Module.
         Begin communications with UF community beginning October 1, 2003 and
         continuing throughout the project.
         Training for Payroll/Human Resources staff will be conducted concurrently with
         system setup and testing.
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- January 1, 2004 – March 31, 2004
  Identify and provide interface and report design specifications to Enterprise Performance Management/Reporting.
  Complete testing of benefit enrollments and calculations, payroll deductions and retirement contributions.
  Complete implementation of PeopleSoft Base Benefits Module.

- April 1, 2004 – June 30, 2004
  Obtain payroll and benefits downloads on earnings and deductions currently not processed in PeopleSoft including but not limited to garnishments, levies, optional life insurance and W-4 information. We understand that the final downloads will not be available until after the last payroll runs in June 2004.
  Verify that all state provided benefits enrollments, earning and deductions are recorded accurately in PeopleSoft.
  UF Payroll Office plans to hire additional staff by April 1, 2004, to adequately prepare all tax reporting and process collections, garnishments and court orders.
  Select Payroll staff will participate in Bureau of State Payrolls (BOSP) taxation and garnishment training when provided in the fourth quarter of 2003.
  Conduct three parallel tests, PeopleSoft to FLAIR. The first parallel test will include one-third of the University; the second will include two-thirds of the University with the final parallel test including all departments (employees). Verification will include net-to-net comparisons, researching differences, and PeopleSoft corrections where necessary.
  Finalize testing of reports and interfaces (data feeds to all vendors and agencies.)
  A process will be developed between BOSP and UF second quarter 2004 to manually handle salary adjustments and cancellations that affect the 2004 and prior tax years.

2. Employee Benefits Transition
   Implement PeopleSoft Base Benefits module.
   Set up and test all benefits enrollments and deductions, including insurances, retirement contributions and imputed income.
   On December 11, 2002, the UF Board of Trustees approved UF’s Section 125 plan which is the adoption of the current State of Florida Section 125 plan. This resolution titled “Adoption of State of Florida Salary Reduction Cafeteria Plan” was filed with DMS on April 17, 2003.

3. Replace Interfaces
   UF plans to use Business-to-Business (B2B) technology to interface to all vendors for deferred compensation, tax sheltered authorizations, insurance, and other miscellaneous deductions (e.g. savings bonds, United Way, and UF Foundation).
   The University will not use B2B technology to interface with the Division of Retirement. Instead, UF will send a flat file to the Division according to their file format specifications.
   UF will establish alternative methods for vendors that will not accept B2B technology data transfers.

4. Training
   UF will participate in BOSP taxation and garnishment training when provided in the fourth quarter of 2003.
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All systems training for Payroll/Human Resources staff will be conducted during system set up and testing by UF Bridges staff.

5. Statement of Supported Pay Cycles
   The University has no plans to change the current pay cycles.

6. Staffing for Tax Reporting
   UF Payroll Office plans to hire additional staff by April 1, 2004, to adequately prepare for implementing, remitting and all tax reporting. New staff will participate in BOSP taxation training when provided.

7. Staffing for Collections
   UF Payroll Office plans to hire additional staff by April 1, 2004, to adequately prepare and process collections, garnishments and court orders.
   New staff will participate in BOSP garnishment training when provided.

8. The University will coordinate with the State for the transfer of authority of collections actions and notification of the legal overseers in accordance with timeline to be coordinated with BOSP.

9. The University will obtain Employee’s Withholding Allowance Certificate (W-4 forms) 60 days prior to “go live” date for all employees that do not currently have an original W-4. The University will comply with all requirements associated with retention, controlling and monitoring all payroll-withholding documents.

10. Target Dates and Data Sources
    Loading data not currently maintained in PeopleSoft and verification of other enrollments and deductions will be completed during the second quarter of 2004.
    Obtain from BOSP final payroll downloads on earnings and deductions including but not limited to garnishments, levies, and W-4 information. This information will include all cumulative information on employees needed for the University to begin processing payroll as the sole common-law employer on July 1, 2004, including FICA earnings.
    Obtain from Division of State Group Insurance (DSGI) final benefit downloads on enrollments including but not limited to health, state life, optional life, and supplemental insurances.
    Obtain from the Deferred Compensation Plan office final downloads of 457 enrollments.

11. Contingency Plans
    Thorough plan development and parallel testing will prevent implementation slippage. Because we are implementing six months early, if testing indicates an inability to convert by July 1, 2004, we will revert back to original plan of converting January 1, 2005 and continue payroll processing through BOSP until that time.

12. Limit Monitoring
    Section 125, Deferred Compensation 457 and 403(b) limit monitoring will be conducted using both the internal mechanisms provided by Peoplesoft software and an outsourced firm currently being used to assist in monitoring. In addition the University will coordinate with the Division of Retirement and the State of Board of Administration relative to FRS and PEORP monitoring.
13. Target Dates for Testing Reports and Data Feeds
   In the second quarter of 2004, testing of reports and interfaces (data feeds) to all vendors and agencies will be finalized.

14. The University will report to BOSP any adjustments to wages and other income paid through the State payroll system for a period of three calendar years following the year in which the payments were made.

15. The University will use the Peoplesoft Human Resources Management System (HRMS) module to provide for all payroll-related functions that are currently provided in the FLAIR system.

DATE OF BOARD OF TRUSTEES’ APPROVAL

M. Date of Board of Trustees’ Approval
   The Board of Trustees at its December 5, 2003 meeting approved the Transition Plan as submitted to DFS on November 3, 2003. In addition, the Board delegated approval of any changes to the Plan to the President or his designee.

DEPARTMENT OF EDUCATION REQUIREMENTS

N. Operating Controls
   1. The University will go live with its payroll system on July 1, 2004 and as such will not need to use a Payroll Clearing Account; however as it relates to UF’s contingency plan (6.L.11.) to continue using BOSP; the University will deposit all amounts as needed in the payroll clearing account pursuant to BOSP Payroll Processing Requirements document.
   2. Capital improvement fees and building fees will be transmitted monthly to DOE.
   3. The chart field structure and values being developed will provide the same level of detail for all State required reports as is currently provided.
   4. The University will implement the Accounts Receivable/Billing module which will include deposit processing for checks, credit cards and EFT.
   5. The University will establish Vendor ID and accounts in accordance with instructions or date specific requirements being developed by the State CFO for deposits of General Revenue appropriations. All other deposits should be via direct deposit to the University of Florida, FEIN 59-600-2052.
   6. Reporting requirements for the One Florida Initiative will be addressed through a variety of options, including minority vendor identification and attributes provided by the Peoplesoft Vendor Relations module.

O. Data Requirements
   1. Operating Budgets (OB), Salary Category Detail File (SCDF), and Expenditure Analysis (EA)
      a. Begin full testing in January 2004 to ensure all data used is captured.
      b. Chart fields, their attributes and values, have been designed in order to provide the Operating Budget and Expenditure Analysis reports.
c. The Exhibits and Schedules will be able to be generated from the tables in People soft

d. Our chart field structure was designed in order to provide the crosswalks that need to be developed

e. University budget staff will be involved in reviewing and reconciling reports of history data run parallel in FLAIR using existing DOE software and in Peoplesoft. Fiscal year 2003-04 and 2004-05 data can be either extracted from FLAIR files or crosswalked to FLAIR if there are glitches as the financial transition takes place in order to produce the appropriate OB, SCDF, and EA data through existing DOE software

P. Post-Implementation Monitoring

1. The Office of Audit and Compliance Review will include post implementation audit procedures in the fiscal year 2004-2005 audit plan. These procedures have not been fully developed at this time.

2. The Division of Finance and Accounting as well as the ERP Support Office will be running a variety of daily, weekly and monthly reports of subsystem activity and the general ledger. Reports will be compared from period to period to assure reasonableness and comparability of data, etc.

7. OTHER TRANSITION ITEMS

A. Required Coding

1. The new chart of accounts established by the University will provide for the production of all the required files by DCU and DOE including Budgets, Expenditure Analysis, Financial Statements and Salary Category Detail File. The University will comply with the requirements of Section 1011.90(4), Florida Statutes.

B. Student Fees

1. Since student fees paid for the Summer Term 2004 are not part of the 2003-2004 operating budget but are part of the 2004-2005 operating budget, we would like permission to retain the summer payments in our local bank account.

C. Office space for the State CFO Field Representatives

1. It is our understanding that the Field Offices will move to other office space effective with the transition date of July 1, 2004; however, the University is willing to provide space for 3 to 5 months after July 1, 2004, if needed.

D. Contingency Plan

1. In the event that the University is unable to devolve on July 1, 2004, we would continue to use the State’s FLAIR accounting system and would continue to abide by all rules and regulations associated with that use. The State DFS has provided guidance in the event this situation occurs.
a. The University will devolve from the State accounting system for financials prior to or at the same time as it devolves from the State payroll system.
b. No cash will be released for the University’s P-Card program by the State until the University assures the State that our ERP system will be substantially complete by June 30, 2004. If the University is not able to devolve, they will notify the State CFO as soon as that determination is made, but not later than April 1, 2004.
c. If the University is unable to devolve until fiscal year 2004-2005, the University will produce only one set of financial statements for the fiscal year and these will be filed with the Auditor General by September 30, 2005 or the deadline established by the Auditor General if different than September 30.