Topics

• Welcome
  - Susan Lin, Director of Financial Management and Controller

• KFS Upgrade Information
  - Tammy-Lu Vandevender, Director of Fiscal Services

• Accounts Receivable Clean-up Project
  - Ken Lum, Manager of Tax Services
  - Karen Morimoto, Director of General Accounting

• Potential Impact of Tax Reform on UH
  - Ken Lum, Manager of Tax Services
KFS Upgrade Information
Tammy-Lu Vandevender, Director of Fiscal Services
KFS Upgrade Specifics

- KFS version 6.0.1
- Rollout on 1/17/2018
- No change to existing URLs:
  - KFS: https://kfs.hawaii.edu
  - eThority: https://ethority.reports.hawaii.edu/
  - PCX: https://kfs.hawaii.edu/lrs/webconnect/
- Old bookmarks and links will route to KFS main menu (e.g., action list notifications)
- Same user interface, no big changes
- No changes to reporting (eThority or Jasper)
General

- Ad hoc Route for Completion
  - Able to add ad hoc route to person or group for COMPLETE action.
  - Routes for completion when Initiator clicks on SUBMIT.
  - Does not require all field validation when routing for completion.
  - Completer must fill in required fields and click on COMPLETE.
  - Only available when document is SAVED or INITIATED.
- Default Chart Code on Accounting Line
Chart of Accounts

- New tab on the Account maintenance eDoc, Indirect Cost Recovery Accounts
- Required for CG accounts and sub-accounts
Financial Processing (FP)

- Recall Action
  - New action button

- Intra-Account Adjustment
  - New FP document

- Line Description on all FP eDocs
  - New Field added in accounting line
Financial Processing (continued)

- Recall Action
  - New action button that allows the **initiator** to recall a completed/submitted Financial Processing document for editing or for canceling provided it has not been acted upon by any other user.
  - Previously, if an initiator discovered an issue with a financial processing document after it was completed/submitted, the initiator would have to contact the next approver to disapprove the document and complete/submit a new document if applicable.
  - Refer to [website](#) for more details.
Financial Processing (continued)

- **Intra-Account Adjustment**
  - New FP document to be used as follows provided the transactions are within the same account and object code combination:
    - Add sub-account and/or sub-object information for an existing transaction
    - Transfer balances between sub-accounts or sub-object codes
    - Correct errors in sub-account and/or sub-object coding
  - Can be initiated by any user and routes to the Fiscal Officer for approval
    - If the initiator is also the Fiscal Officer, no secondary Fiscal Officer approval is required
  - Refer to [website](#) for more details
Financial Processing (continued)

- **Line Description on all FP eDocs**
  - New Field added in accounting line for FP eDocs that did not already include the line description
  - Allows the user to provide more detailed information regarding the specific accounting line
  - Line description displays in the Transaction Ledger Entry Description
  - Limited to 40 characters
  - New Import templates should be used to upload accounting line transactions
Capital Assets

- Changes to Capital Asset tab on FP eDocs
  - Capital Edit tab replaced by 3 new tabs in KFS6
    - Accounting Lines for Capitalization
    - Create Capital Assets
    - Modify Capital Assets
Capital Assets

- Ability to create and modify asset records for each accounting line with equipment object codes

[Image of a screenshot of a software interface showing capitalization lines and options for creating or modifying assets.]

- [Link](http://www.fmo.hawaii.edu/financial_systems/upgrade/docs/Capitalization_Financial_Processing_eDoc.pdf)
Procurement Card (PCDO)

- Changes to Accounting Lines tab
  - Added Line Description
  - Removed Disputed with Bank, Dispute Info, Dispute Reason fields
  - Removed Goods/Services Received checkbox
  - Renamed Received Date field to Goods/Services Received Date; input field and calendar feature remain unchanged

Purchasing

• Able to specify account distribution by percentage or dollar
• PO Number is masked while PO/POA is in process/enroute; UH has unmasked the # to OPOs, Risk Manager, Central Procurement Approvers
• Printed PO displays Requestor name, phone number and email address on output document
• Open Encumbrance enhancements:
  ▫ Able to view pending PO encumbrance balances by PO # vs eDoc #.
  ▫ Excludes accounting lines with zero outstanding amounts as a default
### Accounts Payable - Vendor

<table>
<thead>
<tr>
<th>Corporate Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vendor Type:</strong></td>
</tr>
<tr>
<td><strong>Is this a foreign vendor:</strong> No</td>
</tr>
<tr>
<td><strong>TIN Name:</strong></td>
</tr>
<tr>
<td><strong>Tax Number Type:</strong></td>
</tr>
<tr>
<td><strong>Ownership Type:</strong></td>
</tr>
<tr>
<td><strong>Country of Incorporation/Citizenship:</strong></td>
</tr>
<tr>
<td><strong>GIIN Code:</strong></td>
</tr>
<tr>
<td><strong>Foreign Tax ID:</strong></td>
</tr>
<tr>
<td><strong>Date of Birth:</strong></td>
</tr>
<tr>
<td><strong>Chapter 3 Status Code:</strong></td>
</tr>
<tr>
<td><strong>Chapter 4 Status Code:</strong></td>
</tr>
<tr>
<td><strong>Backup Withholding Begin Date:</strong></td>
</tr>
<tr>
<td><strong>Backup Withholding End Date:</strong></td>
</tr>
<tr>
<td><strong>Debarred:</strong></td>
</tr>
</tbody>
</table>

- **New fields under Corporate Information**
  - W-9 signed Date
  - W-8 Received
  - W-8 Signed Date
  - W-8 Type
  - Country of Incorporation/Citizenship
  - GIIN Code
  - Foreign Tax ID
  - Date of Birth
  - Chapter 3 Status Code
  - Chapter 4 Status Code

- **Fixed issue with attachments**
Accounts Receivable

- Contract and Grants Invoice Report items have moved under Accounts Receivable in the Report section on the Main Menu.
Accounts Receivable (Cont)

• Cannot correct/error correct (i.e., reverse) payments.
• Customer Refunds are not automatically processed from the AR module.
Labor Ledger

- New Error Certification tab for CG accounts
  - Required if ST is beyond 3 fiscal periods
  - Provide details on the expenditures, benefit to the project, why it must be transferred and why it is late
  - [http://www.fmo.hawaii.edu/financial_systems/upgrade/docs/Error_Certification.pdf](http://www.fmo.hawaii.edu/financial_systems/upgrade/docs/Error_Certification.pdf)
Labor Ledger View

Labor Ledger View – 2 New Query Options

- **Amount View Option**: ‘Monthly’ option aggregates month specific transactions. The ‘Accumulate’ option is a running total of current month activity plus any prior month transactions.

- **Exclude entries with only CG Beginning Balances**: ‘Yes’ option will NOT display accounts with monthly totals that all equal to zero. The ‘No’ option will display zero balance accounts.
## Labor Ledger View

**Amount View Option:** ‘Monthly’

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Object Code</th>
<th>Sub-Object Code</th>
<th>Balance Type Code</th>
<th>Position Number</th>
<th>Object Type Code</th>
<th>Employee Name</th>
<th>Beginning Balance Line Amount</th>
<th>Contracts Grants Beginning Balance Amount</th>
<th>Account Line Annual Balance Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>MA</td>
<td>1121182</td>
<td><em>ALL</em></td>
<td>2001</td>
<td><em>ALL</em></td>
<td>AC</td>
<td>--------</td>
<td><em>ALL</em></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>16,339.13</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
<th>Month</th>
<th>Amount</th>
<th>Month</th>
<th>Amount</th>
<th>Month</th>
<th>Amount</th>
<th>Month</th>
<th>Amount</th>
<th>Month</th>
<th>Amount</th>
<th>Month</th>
<th>Amount</th>
<th>Year End</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>July</td>
<td>2,717.50</td>
<td>October</td>
<td>4,076.25</td>
<td>January</td>
<td>0.00</td>
<td>April</td>
<td>0.00</td>
<td>April</td>
<td>0.00</td>
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<td>April</td>
<td>0.00</td>
<td>Year End</td>
<td>0.00</td>
</tr>
<tr>
<td>August</td>
<td>2,717.50</td>
<td>November</td>
<td>2,717.50</td>
<td>February</td>
<td>0.00</td>
<td>May</td>
<td>0.00</td>
<td>May</td>
<td>0.00</td>
<td>May</td>
<td>0.00</td>
<td>May</td>
<td>0.00</td>
<td>Year End</td>
<td>0.00</td>
</tr>
<tr>
<td>September</td>
<td>2,717.50</td>
<td>December</td>
<td>1,992.88</td>
<td>March</td>
<td>0.00</td>
<td>June</td>
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<td>0.00</td>
<td>June</td>
<td>0.00</td>
<td>Year End</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Amount View Option:** ‘Accumulate’ (same employee as above)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Object Code</th>
<th>Sub-Object Code</th>
<th>Balance Type Code</th>
<th>Position Number</th>
<th>Object Type Code</th>
<th>Employee Name</th>
<th>Beginning Balance Line Amount</th>
<th>Contracts Grants Beginning Balance Amount</th>
<th>Account Line Annual Balance Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>MA</td>
<td>1121182</td>
<td><em>ALL</em></td>
<td>2001</td>
<td><em>ALL</em></td>
<td>AC</td>
<td>--------</td>
<td><em>ALL</em></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>16,339.13</td>
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</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
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<th>Amount</th>
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</thead>
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<tr>
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<td>2,717.50</td>
<td>October</td>
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<td>16,339.13</td>
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<td>April</td>
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<td>April</td>
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<td>Year End</td>
<td>16,339.13</td>
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<tr>
<td>August</td>
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<td>16,339.13</td>
<td>May</td>
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<td>16,339.13</td>
<td>May</td>
<td>16,339.13</td>
<td>May</td>
<td>16,339.13</td>
<td>Year End</td>
<td>16,339.13</td>
</tr>
</tbody>
</table>
**Labor Ledger View**

Exclude entries with only CG Beginning Balances: ‘No’ *(NOTE: ANY zero balance account will be affected by this option, not just CG accounts.)*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Chart Code</th>
<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Object Code</th>
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<td>0.00</td>
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<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>October</th>
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<th>May</th>
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</tr>
</thead>
<tbody>
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<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
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</tr>
<tr>
<td>August</td>
<td>0.00</td>
<td>November</td>
<td>0.00</td>
<td>February</td>
<td>0.00</td>
<td>May</td>
<td></td>
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<tr>
<td>September</td>
<td>0.00</td>
<td>December</td>
<td>0.00</td>
<td>March</td>
<td>0.00</td>
<td>June</td>
<td></td>
</tr>
</tbody>
</table>
General Ledger

- **Current Account Balances**
  - New General Ledger Balance Inquiry

- **Debit/Credit View**
  - New General Ledger Entry Lookup display option
General Ledger (continued)

- **Current Account Balances**
  - Displays summary **Expense** budget available balance, cash expenditure authority and current fund balance
  - Budget Record Level on the Account determines which balances are displayed
  - Allows user to return summary balances for single or multiple accounts based on search filters
  - Does not provide drilldown capability to view balance details
  - Refer to [website](#) for more details
General Ledger (continued)

Current Account Balances

Search Filters available:
- Organization Code
- Fiscal Officer Principal Name
- Account Supervisor Principal Name
- Account Manager Principal Name

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal Period</th>
<th>CHART CODE</th>
<th>Account Number</th>
<th>Organization Code</th>
<th>Fiscal Officer Principal Name</th>
<th>Current Budget</th>
<th>Beginning Fund Balance</th>
<th>Beginning Current Assets</th>
<th>Beginning Current Liabilities</th>
<th>Total Income</th>
<th>Total Expense</th>
<th>Encumbrances</th>
<th>Budget Available Balance</th>
<th>Cash Expenditure Authority</th>
<th>Current Fund Balance</th>
</tr>
</thead>
</table>
General Ledger (continued)

- **Debit/Credit View**
  - Include or Exclude the Debit/Credit code associated with the general ledger transaction in the General Ledger Entry Lookup display

  - **Include** Debit/Credit View displays the Debit/Credit Code
    - Same as KFS 4
  - **Exclude** Debit/Credit View does not display the Debit/Credit Code
    - Default setting
    - Designed for non-accountants
    - Based on Object Type:
      - Positive amount = balance increase
      - Negative amount = balance decrease
General Ledger (continued)

- **Debit/Credit View**
  - DI 2335569 General Ledger Entry Lookup display
  
- **Include** Debit/Credit View displays Debit/Credit Code
  - Same as KFS 4
  - Object Type EX=Debit, Balance Increase
  - Object Type AS=Credit, Balance Decrease
General Ledger (continued)

- **Debit/Credit View**
  - DI 2335569 General Ledger Entry Lookup display
- **Exclude** Debit/Credit View NOT displayed
  - Object Type EX=Positive Amt, Balance Increase
  - Object Type AS=Negative Amt, Balance Decrease
Conversion Issues

- Attachments on Customer and Vendor creates are missing
- Purchasing Application Document Status is not displaying consistently on document search
- CG Invoices have incorrect AR Processing Org
Reference Information

  - Powerpoint presentation
  - Release Notes
  - Reference Documents for enhancements
- Any questions, submit a trouble ticket
  - KFS Trouble Ticket
Accounts Receivable Clean-up Project

Ken Lum, Manager of Tax Services
Karen Morimoto, Director of General Accounting
Old Accounts Receivable Clean-up Project

• Project Scope
  ▫ Any outstanding accounts receivable that was converted from FMIS and recorded in KFS GL (Not in KFS-AR module) with invoice date prior to July 1, 2012
  • Dishonored checks
  • Account balances from sales and services activities
    • Non-credit tuition & fees
    • Facility rentals
    • Catering services
    • Old student tuition and fees prior to Banner
    • Others
Status of Dishonored Checks Clean-up

- Total balance was $212,752.63 with 897 items
- Reasons for outstanding A/R from dishonored checks identified (i.e. insufficient collection efforts by departments, FA and staff changing over the years, changing of staff in various offices to continue write off efforts, etc.)
- Coordinated write off requests with UGC.
  - Balance less than $500 were written off
  - Balances aged for years with adequate collection efforts were requested with UGC for write offs.
- Accounts requiring internal adjustments were also made.
- Majority of remaining accounts forwarded to collection agency.
- Current balance is $96,703.50 ($76,273.14 at collection agency)
Sales and Services Account Clean-up

- Total balance is $1.1 million 🙁
- Initial issues identified
  - Unpaid internal billings
    - Billing from department to department or campus to campus, or to RCUH and to UH Foundation
  - Outstanding receivable for companies that are no longer in business (e.g. Aloha Airlines, Rainbow Books)
  - Uncollected bills from State or Federal entities
  - One vendor has the largest outstanding amount, totaling $209K
Next Steps for Resolution

✓ Submitted a list of outstanding amounts that were less than $500 to OGC for write-off *(received the OGC approval)*

✓ Reverse original invoices for all internal billings
  ▫ Rationale: they are not accounts receivable from the UH consolidated stand-point (e.g. UH doesn’t owe UH’s money)

✓ Send a list of outstanding accounts receivable to the FAs for review and follow-up

✓ Plan to resolve these accounts by 6/30/2018
Fiscal Administrators To-Do List

- Determine if the accounts receivable is collectible
- If yes, provide Ken the documents showing collection efforts made in the past and a copy of the invoice
  - Ken will send it to the Collection Agency for last collection effort
- If no, provide Ken the documents showing collection efforts made in the past and fill out the Request to Write Off Uncollectible Account form
  
  (https://www.hawaii.edu/policy/docs/temp/Attachment_4_Request_to_Write_Off_Uncollectible_Accounts.pdf)
  
  - Ken will make request of write-off to OGC
HRS 40-82 Requirements

UNIVERSITY OF HAWAI’I
REQUEST TO WRITE OFF UNCOLLECTIBLE ACCOUNTS
Complete form and submit with completed Legal Services Request Form (For UH Campus Requests) to the VP for Legal Affairs and University General Counsel

Reason(s):  
- HRS 40-82
- Debtor is no longer within the jurisdiction of the State
- Debtor cannot be located
- Debtor is unknown or cannot be identified
- Debtor has filed bankruptcy and has listed the UH as a creditor
- Account is deemed to be uneconomical or impractical to collect

Debtor’s Name: 
Last Address & Phone#: 

<table>
<thead>
<tr>
<th>Invoice Date</th>
<th>Number</th>
<th>Amount</th>
<th>Description of the Debt</th>
<th>Description of Collection Efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Accounts Receivable Management

Prevention is far better than collection!!

- To learn about accounts receivable management, please go to the FMO General Accounting webpage under Policies and Guidelines tab:
  
Potential Impact of Tax Reform on UH

Ken Lum, Manager of Tax Services
Tax Reform Legislative Process and Timeline

Bills created and passed
- Full House passed its version of the Tax Cuts and Jobs Act (TCJA) **November 16**
- Full Senate passed its amended version of the Tax Cuts and Jobs Act **December 2**

Conference
- Conference committee meets to finalize legislative details and holds public conference meeting **December 13**
- Conference report issued no further amendments permitted **December 15**

Office of the President of the United States
- Congress sends President a unified bill after the same bill has been passed by both chambers of Congress **December 20**
- President signs bill into law **December 22**

Source: Ernst and Young LLP – The impact of tax reform on exempt organizations
Next Steps in the Process

• Joint Committee on Taxation “blue book” explanation
  ▫ Helpful but not binding

• Treasury Department and the IRS begin the regulatory process
  ▫ Representatives from Treasury’s Office, working together to develop various forms of guidance, including notices and regulations
  ▫ Communication can be helpful as Treasury and IRS formulate initial positions

• Technical corrections bill
  ▫ Requires bipartisan support
  ▫ Opportunity to communicate with legislators about particular issues

Source: Ernst and Young LLP – The impact of tax reform on exempt organizations
One of Key Provisions Impacting UH

- The bill contains numerous changes to the business and individual sections of the Internal Revenue Code, including the following provisions of key interest to tax-exempt organizations:
  - Treating expenses of certain fringe benefit programs as UBTI (unrelated business taxable income)
  - Requiring UBTI to be calculated on a per-business, rather than per-entity, basis

Source: Ernst and Young LLP – The impact of tax reform on exempt organizations
UBIT Increased by Amount of Certain Fringe Expense

• **Provision summary:** effective for amounts paid after December 31, 2017, organizations subject to the unrelated business income tax rules must increase their UBTI by their expenses of providing **certain fringe benefits** that would be nondeductible for a taxable entity.
  
  ▪ **Fringe benefits subject to the rule:**
    
    • Expenses for commuter highway vehicle transportation, transit passes, and qualified parking increase UBTI if the benefits are excludable from employee income under 132(f).
    
    • On-premises athletic facility expenses increase UBTI if facility is primarily for benefit of highly-compensated employees.

Source: Ernst and Young LLP – The impact of tax reform on exempt organizations
UBTI to be Separately Computed for each Trade or Business

- **Prior law:** UBTI is calculated by aggregating the gross income from all unrelated trades and businesses and then subtracting the aggregate deductions directly connected with producing that income.

- **New provision:** Section 512(b)(12), effective for tax years starting after December 31, 2017, requires determining UBTI separately for each business. Thus, an unrelated trade or business’s income can only be offset using deductions directly connected with that particular trade or business.
  - Net operating losses (NOLs) of a particular business could offset future income from that business, but not from other businesses.
  - However, NOLs arising in a tax year beginning before January 1, 2018, that are carried forward to a tax year beginning after such date are not subject to provision and can be applied to UBTI generally.

- **Key takeaway:** Overall UBIT burden of organizations may increase due to inability to offset losses from one unrelated trade or business against the gains of another.

Source: Ernst and Young LLP – The impact of tax reform on exempt organizations
One of Key Provisions Impacting UH Employee

- **Relocation Reimbursement**
  - One specific provision in the new law is to suspend the exclusion of reimbursed moving expenses for 2018-2025.
    - That means relocation expenses, whether previously deductible or not, are now taxable income to employees if reimbursed or paid on their behalf by the University.
  - For moving expenses incurred prior to December 22, 2017, the reimbursements will be treated under the old law.
Impact on Employee’s Paycheck and W-2

- Example: $5000 relocation reimbursement
  - Before Tax Reform
    - Deductible - $4000
    - Nondeductible (taxable income) - $1000
      - Paycheck
      - Before
  - After Tax Reform
    - Nondeductible (taxable income) - $5000
    - Paycheck
    - W-2
Many details of the applicability of the new tax laws are still unknown
Financial Management Office

Thank You for attending the Fiscal Administrator Meeting

Susan Lin’s Contact Information:
Email: slin@hawaii.edu
Phone: 808-956-5445