Uniform Financial Account and Reporting Standards (UFARS) Redesign Workgroup DRAFT, Pending Approval by the Workgroup – May 19, 2010 Meeting Minutes

The redesign workgroup met on May 19, 2010. Participants in attendance: Jodie Zesbaugh, Earl Athman, Jeff Yeager, Janet Halonen, Lori Mohs, Pat Morphew, Tom Wieczorek and Michelle Knutson.

Participants via WebEx: Darin Jensen, Barb Gjerde and Kristine Carr. Minnesota Department of Education (MDE) Staff: Tom Melcher, Karen Dykoski, Mary Weigel, Sarah Miller, Greg Hein, Janna Duffy, Cathy Wagner, Audrey Bomstad and Keri Lewis.

The meeting was opened by Tom Wieczorek at 9:07 a.m.

The committee reviewed the agenda. A motion to approve the minutes was made by Pat Morphew, seconded by Lori Mohs. The agenda was unanimously approved by the committee.

The committee reviewed the April 14, 2010, meeting minutes. A motion to approve the minutes was made by Earl Athman, seconded by Janet Halonen. The minutes were unanimously approved by the committee.

Janna Duffy discussed a flowchart illustrating how MDE determines when to create a new UFARS code. In most cases, the code must be required for one of the following reasons: 1) to calculate funding; 2) to validate requirements that have a financial implication; or 3) are a required reporting element under statute/regulation/policy. If the code is required for one of those reasons, then it must be determined whether or not there is another auditable source document available. If no other auditable source document exists, then the UFARS code must be built. If there is another auditable source document, then it must be evaluated whether or not creating the code will duplicate efforts. If it results in duplicating efforts, then the code should not be built unless there are unique circumstances involved. Whenever a code is built, the committee agreed that it is best to build a code that is required by all UFARS program codes (instead of building unique codes by UFARS program code) and complicating the use of UFARS. After reviewing the flowchart, the committee agreed that UFARS should include sufficient detail so that it can function as the source of all financial data reported by LEAs to MDE. This will avoid duplication of financial systems, facilitate efficient batch uploads to MDE, and ensure that auditable source documents exist for all financial data reported to MDE.

The committee discussed the outstanding decision items from the last meeting (items 1-7 below). The intent is to bring the committee decisions to the Advisory Committee on Financial Management, Accounting and Reporting as recommendations for implementation.

1. Should MDE require budget information to be reported (e.g., by July 1 of current fiscal year), and published for use by legislators and others? If yes, when to initiate the reporting process and would the budget information be updated during the course of the FY?

Committee Recommendation: By September 15, the fiscal year ending (referred to as "audit year") would report preliminary UFARS data. Since the current UFARS structure allows for budget reporting, the UFARS file will begin reporting budgeted data potentially in FY 2010.

Header Identifies FY and is used with the record flag:

A = Audited

U = Unaudited

B = Budgeted (future implementation – only used after November 30)

Fields Reported:

Adopted Budget (not used – may report 0 to MDE), Revised Budget, Next Year Budget, Year to Date (YTD) Amount

Dates for UFARS Reporting (reporting may exist in between dates but are cut off and used):

September 15 – preliminary audit year UFARS data file November 30 – final audit year UFARS data file January date aligning with Average Daily Membership (ADM)/Limited English Proficiency (LEP) estimate reporting

2. Should an additional digit be added to the object/source dimension?

Committee Recommendation: Yes – stay left-justified. The advisory committee should work with MDE to develop the coding structure.

3. Should an additional digit be added to the finance dimension?

Committee Recommendation: Yes – stay left-justified. The advisory committee should work with MDE to develop the coding structure. The additional digit would not be a 'sub-series' but would be an assignment of another finance code. Fourth digit allows for expansion. The committee recommends that a fifth digit option be evaluated if SERVS cannot address single source state/federal competitive grants.

Note: There was considerable discussion on this item by the committee. Cathy Wagner stated that there is the potential that SERVS would be able to accommodate single source grants without a unique UFARS finance code but felt that she needed to bring it back to the IT programmers for validation. The committee expressed concerns that MDE has built SERVS to accommodate MDE administration of programs as a priority over reasonability of workload being imposed on the end users. A comment was made by a member stating that the LEAs have made numerous changes to accommodate SERVS implementation, and felt that MDE needs to be more responsive to LEA concerns when designing and implementing SERVS. The committee did not want to add two digits for expansion (in addition to time – see item #4) and felt that it should be limited to only one additional digit for expansion. Cathy will evaluate the flexibility of the Finance Code Dimension in SERVS and report back to the committee.

4. Should a second additional digit (either fifth or sixth digit of the finance code) be added to the finance dimension to reflect time (e.g., federal award year)?

Committee Recommendation: Yes – stay left-justified. The advisory committee should work with MDE to develop the coding.

5. Should any new dimensions be added to UFARS (PPA, Time, Project)? If so, how many digits?

Committee Recommendation: No.

6. What can be done to simplify/reduce the number of existing codes within various dimensions?

Committee Recommendation:

- a. Evaluate length of time for reuse of codes (7 years).
- b. Use of flowchart for determination of need for new codes.
- c. Manual evaluation of existing structure and clean-up.
- d. Add accounting procedure section of manual.

7. What is the best approach to training on the changes recommended by this committee and what is the appropriate timeline?

Committee Recommendation: Upon evaluation of IT Division response, the committee will finalize question #7. MDE IT Division will present a response by June 25.

The meeting was adjourned at 12:04 p.m.

The next UFARS Redesign Committee meeting is scheduled on Wednesday, July 14, 2010, at 9:00 a.m. at the Minnesota Department of Education.