

# **SOUTHERN ILLINOIS UNIVERSITY**

## **EDWARDSVILLE**

### **Accelerating Year-End Reporting**

#### **Overview**

The Budget Reporting Workgroup was formed to respond to recommendations from the Wesley Peachtree Group aimed at improving financial reporting and data infrastructure. Of the 40 total recommendations, the workgroup identified 19 related specifically to reporting processes and infrastructure. To date, 14 of these have been approved by Chancellor Minor for implementation, two were deemed resolved with no further action required, and the remaining three are in the final stages of development. Although the following recommendation was not explicitly called out in the Wesley Peachtree Group's report, it is complementary to the on-going work of the University Budget Office and considered. This recommendation will streamline the year-end close-out process and accelerate the delivery of final financial results.

To accelerate the fiscal year-end close and improve the timeliness of financial reporting, Administrative Accounting and the University Budget Office recommend a reporting change for lapse period expenses. This change would enable final fiscal year reporting by the third week of July, compared to the current timeline of mid-September. This change will create a one-time impact on reported net change (deficit or surplus) and carryover cash in the year of implementation.

#### **Proposed Change**

Under the proposed model, July internal billings—as well as the limited adjustments already processed—will be recorded in the June 30 accounting period. Transactions currently recorded during the lapse period (July and August) will instead be reported in the subsequent fiscal year. These transactions typically include:

- Payments against purchase orders created prior to June 30
- Payments for services rendered earlier in the year (e.g., travel reimbursements)
- Retroactive payroll payments and deferred compensation payouts

For the GO Budget fund, the current reporting approach includes expenses incurred from July through June, provided they are paid by the end of August. The proposed approach captures only expenses paid from July through June, along with internal billings, thereby realigning the reporting cutoff.

#### **Impact**

In the year this change is adopted, the University will see a one-time reduction in expenses, due to expenses paid during the lapse period that are normally recorded to the previous fiscal year but

will now be reported in the subsequent fiscal year. This results in a temporary increase in both net change and year-end cash balance.

The table below uses FY24 data to illustrate the estimated financial impact of adopting the proposed methodology based on prior years' spending patterns:

	<b>Current Method</b>		<b>Proposed Method</b>		<b>Impact of Change</b>	
	GO Budget Fund	Total All Funds	GO Budget Fund	Total All Funds	GO Budget Fund	Total All Funds
<b>7/1/23 Cash</b>	\$23.2M	\$103.8M	\$23.2M	\$103.8M	\$0	\$0
<b>FY24 Revenues</b>	\$171.4M	\$334.6M	\$171.4M	\$334.6M	\$0	\$0
<b>FY24 Expenses</b>	\$166.6M	\$327.9M	\$161.7M	\$324.0M	\$4.9M	\$3.9M
<b>Net Change</b>	\$4.8M	\$6.7M	\$9.7M	\$10.6M	+\$4.9M	+\$3.9M
<b>6/30/24 Cash</b>	\$28.0M	\$110.5M	\$32.9M	\$114.4M	+\$4.9M	+\$3.9M

The last column of this table illustrates the overall impact of this change. Expenses will be approximately \$3.9M less in the year of adoption, which would accordingly cause the cash balance to be \$3.9M higher at the end of the adoption year.

To mitigate the impact of this reporting change, the University Budget Office recommends implementing earlier cut-off dates for purchase requisitions and PCard transactions. This approach will help ensure that as many expenses as possible are recorded within the current fiscal year.

For example, all purchase requisitions would be submitted to Purchasing by April 15 each year instead of May 1. Similarly, all PCard purchases would be reconciled and approved by June 16 instead of June 24. These deadlines are subject to further discussion.

In cases of emergency or exceptional circumstances, prior approval from the appropriate member of Chancellor's Council would be required for any purchase requisitions or PCard transactions submitted after these deadlines. A minimum threshold could be established if desired.

While these earlier cut-off dates would substantially reduce the volume and value of lapse period expenditures, some transactions would still occur. Travel vouchers and small dollar check

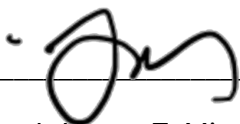
requests will continue to be processed as usual. However, the financial impact illustrated in the above table would be significantly reduced.

### **Considerations**

Careful consideration is needed regarding the timing of implementation. This accounting shift improves financial results in the year adopted, but it is not intended to address structural imbalances in the University budget. Instead, it defers expenses to the following fiscal year which must be managed.

Additionally, while RAMP and internal reporting already differ from the University's audited financial statements, this proposed change does not reconcile those differences. It merely updates the timing of internal expense recognition and reporting. The Governmental Accounting Standards Board (GASB) requires universities to prepare audited financial statements on an accrual basis. This means that the cash balance reported as of June 30 reflects the actual cash on hand at fiscal year-end, and that payments made during the year-end closeout period for prior-year expenses are accrued back to the previous fiscal year. It is also important to note that this proposal will not impact the University's processes regarding special appropriations and the ability to drawn down the full appropriation.

Currently at SIUE, both RAMP and internal reports are prepared on a cash basis, with lapse period expenses treated as a reduction to the carryover cash balance. If the proposed change is implemented, RAMP and internal reporting will continue to follow a modified cash basis approach to capture expenses paid from July through June only. However, these reports will remain inconsistent with audited financial statements, as they will not incorporate the accruals required under GASB standards.



Approved: James T. Minor, Chancellor

July 03, 2025

Date