


Thomas A. Edison State College
101 West State Street
CN 545
Trenton, New Jersey 08625

Office Of The President
(609) 984-1105



M E M O R A N D U M
June 3, 1988

TO: Members, Board of Trustees
FROM: George A. Pruitt 
RE: Fund Accounting System

BACKGROUND

With the passage of the autonomy legislation in July of 1987, the College was required to develop a financial system that would support financial statements that would meet NACUBO and ACIPA accounting standards for universities and colleges. In the initial implementation of autonomy, both Arthur Young and OMB's Division of Management Services recommended that the College eventually migrate from the State of New Jersey Financial Information System to an automated fund accounting system that would more readily support the College's financial needs. With their assistance, the College, as part of its FY 1989 budget, identified additional staffing and system needs to be funded. (See attached priority package.) It was noted that dependent upon the hardware and software system selected, the College may have continuing costs of \$150,000 per year for a full-blown accounting system that would include normal maintenance. It does not include customization or additional enhancements that would be required.

In December of 1987, the Board of Trustees authorized \$50,000 in carryforward funds for the selection and purchase of an accounting system. The objective was to find, if possible, software that would meet the College's needs in its present WANG data processing environment and that it would be a fully integrated system having all modules necessary for supporting the College's financial requirements. The objective was to select and install by July 1, 1988 a system that would include the financial systems applications of general ledger, accounts payable, and purchase order. The College was electing to maintain its payroll in the state's payroll system and to use its own revenue management system to meet its unique revenue accounting needs.

MEMORANDUM - May 16, 1988

RE: Fund Account System

Page 2

The College contracted with Peat Marwick, Consultant Division, to assist in the selection and preparation of and implementation plan for the system. An extensive search was conducted. As a result of that search, the College has selected the funding accounting software package offered by Dynalogic, Inc. as the system most suitable to meeting the College's financial accounting needs. (See attached report to Vice President Scheiring dated April, 1988.) This software accounting system offers a full array of accounting modules including fund raising/development, fixed assets, etc. that operates on a WANG environment.

CURRENT STATUS

The College is contracting with Dynalogic for the acquisition of software modules for general ledger, accounts payable, purchase order, and fixed assets. The contract includes software maintenance and documentation. The cost is \$33,000. Under the contract, the College can purchase additional modules over a three-year period at a price estimated not to exceed \$40,000 for a total package price of \$73,000. The College has specified a number of enhancements and modifications that will be provided by the vendor at no cost to the College.

In addition, the College has requested that Peat Marwick's Consultant Division assist in the implementation of project planning, identifying functional requirements, conversion, training, policies and procedures documentation, enhancement specifications, testing, and certification to assure an effective transition from the current semi-automated systems to the new automated system. The estimated cost for this service is \$85,000.

Staff training for implementation of all purchased modules will be done by Dynalogic on a \$440 per day basis. Since these services will be paid for as they occur, the cost is not included in the software and support figures cited.

In summary, the College anticipates spending:

- . \$73,000 for accounting software of which \$33,000 will be expended immediately for the modules of general ledger, accounts payable, purchase order, fixed assets, and software documentation and maintenance. An additional \$40,000 may be expended for future software modules of accounts receivable, payroll, personnel, and fundraising.
- . \$85,000 for implementation support by Peat Marwick.

MEMORANDUM - May 16, 1988

RE: Fund Account System

Page 3

The College is requesting Board authorization to acquire the Dynalogic fund accounting system at an estimated price of \$73,000 and authorization to contract with Peat Marwick to assist the College in the implementation of the initial modules of the accounting system at an estimated price of \$85,000.

As a result of this action the College would utilize the balances of the \$50,000 carryforward and funds from the College's unrestricted operating budget.

State of New Jersey
Department of the Treasury
Office of Management and Budget

DEPARTMENTAL PRIORITY REQUEST
(PD 203) Revised

Department: HIGHER EDUCATION

Fiscal Year: 1989

History: First Time Submittal Previously Submitted Modified No Change
REQUEST NO. 1 FY FY FY FY

Category: (check applicable categories):

- Current Services Deferred Cost Information Processing
 Program Expansion Assumption of Non-State Funding Operating Cost of Capital Facilities
 New Program Continuation of Prior Approved Priority Request

Funding Source (check one):

- Direct State Services Federal Funds
 State Aid Other (Identify)

Program Class Number & Title: 17 - INSTITUTIONAL SUPPORT

Organization Title and Code: 5450 - THOMAS A. EDISON STATE COLLEGE

Objectives to be achieved if approved:	FY 19 88 <u>Budgeted</u>	FY 19 89	FY 19 90	FY 19 91
	\$0	\$337,000	\$347,000	\$344,000
	<u>DEPARTMENT RECOMMENDATION</u>			
	\$269,000 ***			

CREATING THE ADMINISTRATIVE INFRA-STRUCTURE

OBJECTIVE

To provide the necessary administrative infra-structure in order to administer the College's finances and administrative operations in a businesslike manner that insures fiscal integrity, provides for appropriate internal controls through automated systems, and provides needed financial management information that meets NACUBO and ACIPA standards for general accounting.

BACKGROUND

The College, in its formation in 1972, was provided with a small administrative structure which was manual to meet its accounting, personnel, budget, revenue management, purchasing, and other administrative functions. Despite growth in enrollment and the maturation of the College, this administrative structure has not been expanded in staff or modernized through automation to keep pace with the College's financial and administrative needs to serve its growing student population. For example, in FY 1983, with an enrollment of

FISCAL DETAIL: (numbers in \$ 000s)	FY 19 89	FY 19 90	FY 19 91
Gross Request by Major Object			
Personnel (list positions on separate sheet):	\$156,290	\$166,000	\$176,000
Materials and Supplies:	6,000	5,000	5,000
Services other than Personal (excluding Data Processing):	115,000	121,000	108,000
Data Processing (list equipment on separate sheet):	60,000	60,000	60,000
Maintenance of Equipment:			
Additions and Improvements:			
Special Purpose (list on separate sheet):			
State Aid			

LESS: Non-State Funds

Total State Funds \$337,000 \$347,000 \$344,000

3,293 students, the College's Division of Administration and Finance including the areas of personnel, accounting, budgeting, purchasing, and administrative services, consisted of a staff of 6 professionals and 2 clericals. All internal systems were manual. Since that time the College has, through fee increases, been able to marginally increase staff and has been able to automate its revenue management system. To address this problem and the College's enrollment growth, the Office of Management and Budget, Division of Management Services was provided, as a result of a request of the President of the College to the State Treasurer, to assist in determining the financial staffing, programmatic, and system needs of the College with its increased enrollment and its independent environment. The College now enrolls 6,000 students which requires the appropriate administrative infra-structure to serve these students.

As a result of their efforts the following administrative infrastructure funding needs have been identified.

<u>Additional Needs</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
<u>Hardware - Computer Equipment</u>	<u>\$60,000*</u>	<u>\$60,000</u>	<u>\$60,000</u>
<u>Financial Software</u>			
General ledger Package	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>
Fixed Assets, Accounts Payable			
<u>Materials and Supplies</u>	<u>\$ 6,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
<u>Administration Program Costs/Consultant</u>	<u>\$45,000</u>	<u>\$51,000</u>	<u>\$38,000</u>
External Auditor	15,000	18,000	18,000
Banking Services	15,000	18,000	20,000
System Consultant	15,000	15,000	0
<u>New Personnel</u>			
Assistant Bursar/Cash Mgmt. - D20	\$25,012		
Senior Payroll Clerk - W09	12,464		
Secretarial Assistant III - A15	16,698		
Personnel Assistant - D20	21,748		
System Analyst - U24	26,347		
Data Processing Operator - U18	19,727		
Senior Clerk Typist - A09	12,464		
Procurement Assistant - U20	21,748		
Total Personnel Costs	<u>\$156,290</u>	<u>\$166,000</u>	<u>\$176,000</u>
Total Autonomy Costs	<u>\$337,000</u>	<u>\$347,000</u>	<u>\$344,000</u>

Attached is the OMB study by the Division of Management Services which documents the new or expanded functions that are required by the College to provide a financial and administrative infra-structure that will enable the College to provide a sound system of finance controls and reporting that should meet generally accepted accounting standards.

* Represent preliminary cost estimate depends upon software that is selected and the hardware environment that it is required to run on. Assumes lease purchase equipment.

***The Department has recommended an appropriation of \$269,000; the remainder of the costs for this priority item would be covered through a fee increase and salary turnover.