

the general ledger

News from the Princeton University Office of Finance & Treasury

The June edition of *The General Ledger* includes a special insert on Princeton's endowment. Learn more about how the endowment supports Princeton's overall teaching and research mission in the latter pages of this edition.

Enhancements to the Requisition Process for Goods and Services

Enhancements have been made to the requisition process and documentation requirements for sole source purchases, effective July 1, 2018.

The current \$5,000 competitive bidding threshold will increase to \$10,000. Any requisitions below \$10,000 will no longer require additional approvals by Procurement Services. While seeking competitive bids is still recommended, it will not be necessary to document competitive bids or use a sole source justification for these low dollar purchases.

The current two-page, paper Sole Source Justification form will be replaced by a simplified, electronic version as part of the requisition. All requisitions valued at \$10,000 and above will have a link to this new electronic form, and notify the user if not completed prior to submitting the requisition. The paper form will no longer be required.

To learn more about creating requisitions valued at \$10,000 and above, visit the [Information for Purchases of \\$10,000 or More](#) webpage on the Office of Finance and Treasury website.

Procurement Standards for Federally Funded Purchases

The Procurement standards for federally funded purchases, will go into effect July 1, 2018. For federally funded high dollar purchases (\$150,000 or more), a formal, public, Request For Proposal (RFP) and cost/price analysis are required. Procurement Services can assist with these on your behalf. In addition, for any non-competitive (sole source) purchase of \$10,000 or more, the supplier's profit must be identified as a separate component of the total price. When obtaining quotes or bids from suppliers for federally funded purchases, it is necessary to ask the supplier to include profit as a separate line item in their proposal.

The Procurement standards for federally funded purchases, will go into effect July 1, 2018.

For purchases of goods and services using federal funding, information sessions are scheduled in June and July to review the changes for sponsored purchases required by these new federal regulations. To register, visit the [Employee Learning Center](#).

Match Exception Notification Enhancement

Procurement Services utilizes a purchase order (PO) to invoice matching process to ensure the University's suppliers are paid the correct amount and only for the goods/services provided. If all the information matches, the invoice is paid. If there is a discrepancy, such as the item quantities differ, or the purchaser has not acknowledged receiving the item ordered, a match exception occurs.

Beginning June 22, a new, streamlined match exception notification process will be available. Users will now receive one email on Tuesdays and Fridays with a report attached that shows all match exceptions that currently exist for which they are the creator. The report has personalized links to assist in resolving match exceptions, and include the number of the voucher that has the exception, the associated PO number and PO line, and the issue causing the match exception, with a resolution.

These new notification emails, sent twice per week, will replace the current emails users receive for every match exception, on every voucher.

The [Process Match Exceptions](#) webpage has additional information, including the Match Exceptions Issues and Solutions reference guide, and instructions for how to use the Activity Summary page, and Manage Requisitions page.

If you have any questions, please contact the Financial Service Center at finance@princeton.edu or (609) 258-3080.

Updates to Supplier Records

We are working with the University's suppliers to ensure that our records are accurate and up-to-date. This includes asking our suppliers to confirm or update details such as contact names, payment method and bank account information, as well as inactivating records that have had no activity in the last 25 months. An inactive record is not deleted and can be reactivated by selecting "Update Existing Supplier" on the Prime Marketplace Supplier Request form. Together, these two activities help promote more efficient/faster payment methods and minimize the chance of error or fraud. If you or a supplier have any questions, please contact the Financial Service Center at finance@princeton.edu.

TRAINING REMINDER

Summer training offerings from the Office of Finance and Treasury are now available. Courses include the newly added Requisition Enhancements and New Federal Regulations Information Sessions, as well as Labor Accounting: Manage Commitments and Distributions, Enter & Approve Expense Reports – Basic, and more. View the quarterly [Training Course Guide](#), for a list of classes, dates, and times. Registration for all classes is in the [Employee Learning Center](#).

Prime Journals Tips and Guidelines

As year end approaches, keep in mind the following tips and guidelines for Prime Journal entries. Additional Prime Journals information can be found on the [Prime Journals webpage](#).

Content & Attachments

- Journals with numerous departments and/or threshold amounts could potentially delay posting to the GL since the journal will route to more approvers.
- All line descriptions should clearly state the intended purpose.
- To provide sufficient support for the journal, attachments should be clear, concise, and relevant to all journal lines.
- Be mindful that attachments do not contain secure and/or confidential information.
- Add or delete attachments to an unposted journal after it has been created by modifying the journal.

Modify journals when possible

- Modifying ChartFields of a journal is more efficient than creating new journals.
- Any unposted Prime journal can be modified- even if it is fully approved, however, journal type cannot be modified.
- When you resave and resubmit a journal, the modified journal will go back into workflow.
- Journal creators cannot delete their own journals. If a journal is no longer needed, contact journals@princeton.edu.

When submitting a journal, review the workflow and approvers. Notifying an approver that a journal is being routed to them can help ensure timely approval and posting.

YEAR END CLOSE REMINDER

Remember to check the [Year End Close Calendar and Webpages](#) for all deadlines, updates and reminders related to Year End Close. Remember to clear match exceptions where they exist, and receive on goods and services when they are physically received.

Please note: To support year end close activities, Prime Financials will be unavailable all day on Sunday, July 1.

HIRING THROUGH TEMPORARY STAFFING FIRMS

Procurement Services, in the Office of Finance and Treasury, and the Office of Human Resources have contracts with several temporary staffing agencies, including those that are diverse suppliers. They provide competitive rates and volume-based discounts, are compliant, and reduce risk through the acceptance of University terms and conditions. If you have questions, contact Pat Pokrocos at (609) 258-3393 or patp@princeton.edu. For more information, refer to the HR website or the Prime Marketplace.

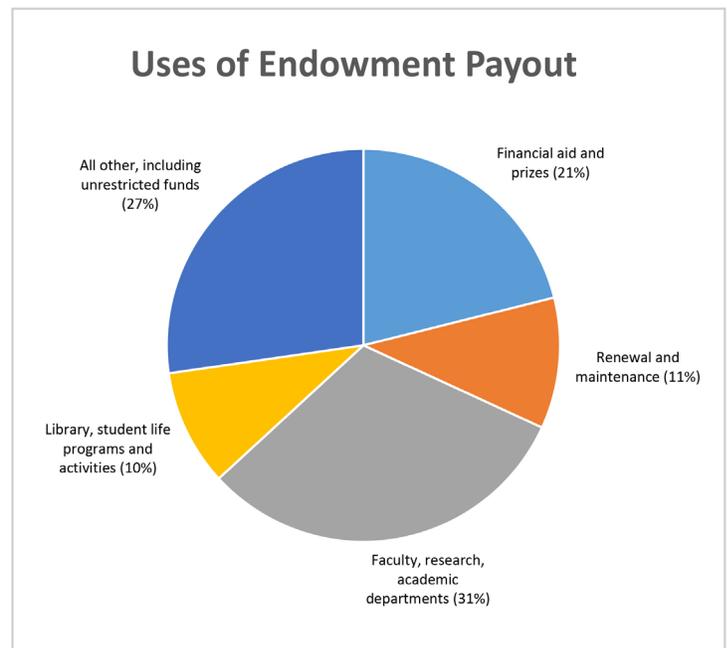
Princeton's Endowment

From the University's earliest years, Princeton has been fortunate in the dedication and generosity of its alumni, parents, and friends, yielding an endowment that is the fourth largest overall and the largest per student in the country. The endowment actively supports the University in accomplishing its daily mission—making it possible for students from all backgrounds to live and learn with exceptional faculty, and for those faculty to teach and conduct cutting-edge research on a vibrant residential campus.

The endowment is made up of more than 4,300 funds that have been established over Princeton's 270-year history. The first endowment on record dates back to the 1700s, and was created to provide a scholarship that has supported and continues to support financial aid for undergraduates. Subsequent funds have been established and are governed by gift agreements, many of which specify their intended uses ranging from the support of specific academic programs to capital projects.

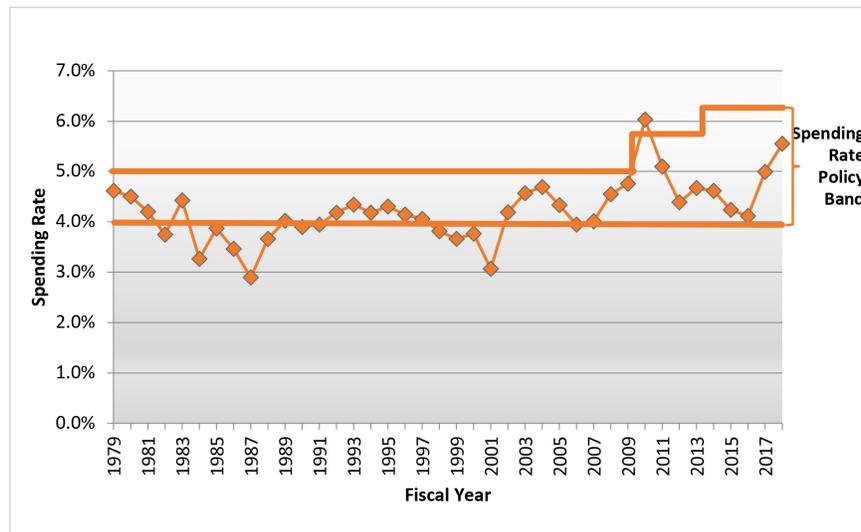
Uses of Endowment Payout

Currently, between 20 to 25 percent of the endowment supports financial aid for undergraduate and graduate students, making it possible for admitted students regardless of financial circumstances to attend Princeton and graduate with little or no debt. Approximately 30 percent supports our faculty contributions to trailblazing scholarship. 11 percent supports the renewal and maintenance of the physical spaces that enable Princeton to thrive. The endowment supports the library and its acquisitions, a broad array of academic programs, and campus life priorities including athletics and religious life. When taken together these varied and vital uses of our endowment support more than 50 cents of every dollar spent, every day at Princeton. And it is not just about today! An endowment by definition has an obligation to support its purpose indefinitely into the future.



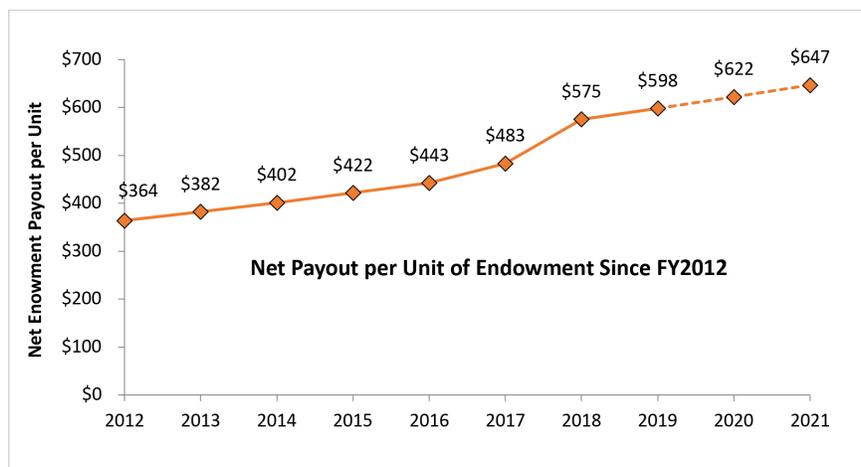
Endowment Spending Rate

Our dependence on endowment funds, and their continued growth, require an investment strategy and a payout policy that balances our commitment to support current generations with our responsibility to maintain an equivalent level of support in the future. All of the uses described above typically grow each year. This past year, we paid out 5.5 percent of the endowment’s market value. If you estimate inflation of 2 to 3 percent, this will require an investment return of at least 7.5 to 8.5 percent to keep up with ongoing obligations every year.



Planning and Budgeting for Payout Growth

As we look ahead to the coming fiscal year, prepare our endowment payout, and get ready to apply these magnificent resources to further the University’s mission, we are implementing a trustee-approved payout that is 4 percent more than the FY2018 distribution. This builds on the significantly higher base established by net payout increases of 9.2 percent and 19 percent in FY2017 and FY2018, respectively. For a given unit of endowment, net payout in FY2019 will be 35 percent higher than it was in FY2016. Although the trustees will continue to approve payout changes on a year-by-year basis, the following chart projects payout per unit for planning purposes, assuming continued 4 percent per year inflators for the next few years:



Investment Strategy

Funding in support of our growing activities depends on continued strong investment returns. Our investment team at PRINCO has achieved total investment returns averaging 12 percent per year over the last 20 years, even with the financial meltdown of 2008. This performance, superb by any standard, places us in the top 1 percent of our peers.

PRINCO partners with best-in-class investment management firms across the globe and in diverse asset categories. Much of PRINCO's success reflects its ability to select and gain access to top-tier managers, as well as engage with them constructively. This entails continuous, vigorous, yet cooperative dialogue, through which PRINCO seeks to encourage full utilization not only of manager skill but also of the endowment's natural advantages. Indeed, our strong partnership with managers has led to additional value creation.

As we look to the future, we will continue to depend upon the steadfast support of our alumni to help Princeton remain at the cutting edge of teaching and learning. Continued growth in our endowment through new gifts plays a crucial role in our mission to advance domains of knowledge, ensure the affordability of a Princeton education, and make a lasting impact in service of the nation and the world.

Additional Information About Our Endowment

- [Endowment Units](#)
- [Endowment Spending Policy](#)
- [Infrastructure and Administrative Charge Policy](#)

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