USING PILLAR FOR BUDGETING

Background
PILLAR is the University's budget planning application, and Prudence is the file server used to support budget planning. PILLAR is used by the Senior Business Officers and their staff in every School and Center and by departmental BAs in some Schools and Centers, primarily in the School of Medicine, Wharton, the School of Veterinary Medicine, and the Provost's Centers. The University Office of Budget and Management Analysis administers the use of PILLAR and Prudence at Penn.

Installing PILLAR
To install the latest version of PILLAR when deploying a new machine, LSPs should connect to Prudence and follow the Penn Specific Instructions in the Plan/INSTALL folder. LSPs who have installation problems should call Francesca Seidita, at 215.898.1929 or write to seidita@pobox.upenn.edu. We will escalate problems to Hyperion (the PILLAR vendor) if necessary.

The Chart of Accounts in PILLAR
PILLAR files are refreshed every few months to include any new ORGs, FUNDs, PROGs, and CREFs that were created since the last update. If there are any new Chart of Accounts segments that you need to budget that are not included in your B file, and there is not time to refresh the files before your submission is due, use the following procedure:

- If you have not already done so, request or create the new COA values, and confirm that they appear in the General Ledger. For the ORG, FUND, and PROG request forms, see http://www.finance.upenn.edu/comptroller/forms/#GenAccounting in the Comptroller's forms library. Each School or Center creates and maintains its own Center Reference (CREF) values. Now that we have combined the entire University into a single PILLAR "mothership," there is no longer enough room to list every single Center-Reference (CREF) in every School. We routinely list only the CREFs that have been budgeted previously. If you have established any CREFs that you would like to budget for the first time in your PILLAR submission, please send a list to the Budget Office.

- Create your PILLAR budget lines using an existing ORG, FUND, PROG, and CREF. If a new FUND will be used, be sure to pick an existing FUND from the same Fund Group so that your summary Financial Statements will be correct.

- In the line item description on each line, type “PLEASE MOVE to ….” and specify the new COA segment and value.

- Submit your PILLAR files with a cover note alerting your analyst that lines need to be moved.
Debit and Credit Notations
When creating or increasing a budget, Revenue is normally budgeted as a credit and
Expenditures are normally budgeted as debits, except in the following exceptions:

Some Object Codes in the 4xxx range are considered to be “Contra-Revenues” and are
normally budgeted as debits. Financial Aid (Object Codes 418x-4191), Overhead on
Gifts (4402) and Endowments (4793), and Resource Transfers Out (4825) and Capital
Funding Transfers (4841) are common examples of this.

Some “expense” Object Codes are used to reflect internal Expense Credits or revenues:
Expense Credits (Object Codes 5500-5505) and Sponsored Program Indirect Cost
Recovery (5510) are normally budgeted as credits.

To enter a credit in PILLAR, use a minus sign on the amount.
To enter a debit in PILLAR, do not use a sign on the amount.

Spreading Amounts Over Months
In the “Original Budget” that is uploaded into the General Ledger, PILLAR maintains
separate budget amounts for each month. This will allow you to spread your budget into
particular months within the year if appropriate. By default, PILLAR will spread the annual
amount equally over the 12 months of a year, but you may override this manually by
typing (or importing) amounts into the individual months of the year. It is also possible to
have PILLAR automatically spread your annual budget amount over the 12 months
based on the actual pattern you experienced in a recent fiscal year. This requires
importing the actuals into PILLAR to create a seasonal trend.

Please see the section Budgeting Revenue and Expense for guidelines on which line
items should routinely be divided by 12 and which line items should be budgeted in
specific months. You are encouraged to budget in the months that income will be
receipted to facilitate Budget-to-Actual review on a GAAP reporting basis for the
University.

When the “Original Budget” is copied to the “Operating Budget,” however, the budget for
the entire fiscal year will be posted into the budget amount for July. Any subsequent
changes made on-line via the Budget Journal Entry screen should be posted to the
month in which they were processed. This will allow you to determine what your annual
Operating Budget is (or was) at any point in time during the year.

The Budget Office has created timing globals in Pillar that will adjust the timing for each
School or Center’s budgeted Debt Service, Carryforward, and Current Expense object
codes. Timing globals allow Pillar users to link timing allocations to multiple line items.
Timing globals are helpful in adjusting the timing of expenses and can be used as a
reference when using percent trends.
Using Memos
The Memos module of PILLAR may be used to store narrative explanations related to the budget submission as a whole. In most cases, use of the Memo module is optional.

If a formal Request for Additional Resources (RAR) is included in your budget proposal, create a memo that documents the request as a whole, and flag individual lines in the request with the RAR number.

Using Notes and Descriptions
There is a “Notes” field in PILLAR and a similar “Description” field on the Budget Journal Entry screen (240 character limit) that can be used to document what you are budgeting. This field should be filled in whenever the reason for a budget transaction is not obvious from the transaction itself. Note that Expense Credits and Resource Transfers always require a note/line item description (although unfortunately the description can’t be uploaded to the Ledger).

In PILLAR, the “Line Item” field is not required by the University Budget Office and is not uploaded to the Ledger, but you may still want to use it while building your budget. For example, you may wish to have three different foreign travel line items: one for a trip to Paris, one for a trip to Tokyo, and one for a trip to London. However, when the lines are uploaded, assuming they all have the same Chart of Account segments, these three lines will combine into one line item in the Ledger. By using the Line Item field, you can maintain three unique items in your PILLAR files, which may be useful to you for planning purposes.

Using Diagnostic Reports
PILLAR files include a series of Diagnostic Reports (Reports 3.X in the EXPENSES module) that are designed to aid you in the preparation and verification of your budget. These reports highlight entries that require explanations and entries that will not be uploaded into the General Ledger because they do not meet selected criteria (e.g., no explanation provided, missing or wrong Chart of Account segments, etc.).

Please review these reports before you submit your budgets and make any necessary corrections. If it is not obvious why an entry is showing up on the report, go into View, Search to see what criteria the report has specified. Note that for Report 3.4 (Check COA Combinations), you will need to change the School code in the search to the code for your School or Center.
Helpful PILLAR Reports
The Expenses Module contains a series of reports that are designed to aid you in your budget preparation and submission:

- Reports labeled “1x” are input reports, which may provide a convenient way to enter new line items. Alternatively, you may use the line item "cards," or any of the other reports or financial statements we supply, or build your own input reports.

- Reports labeled “2x” are management reports, which aggregate line items into Revenue and Expense categories using the Revised Responsibility Center Management (RCM) Model. Except for endowment funds, which the BEN reports handle in special ways that PILLAR cannot match, your PILLAR reports should foot to BEN reports for the same time period. The reports numbered 200.SCH and 210.SCH are similar to the corresponding production BEN reports. The report numbered 206.PIL provides a level of summary between the 200 and the 210, but has no direct counterpart in BEN. The BEN 205.SCH report currently has no direct counterpart in PILLAR.

- Reports labeled “3x” are diagnostic reports. These reports highlight different situations that may require corrective action on your part. They are designed to be used with detail-level submissions. Depending on the situation, it may not be necessary for you to correct all of the situations flagged by these reports as part of your initial budget submission. However, you will have to resolve all of these situations by the time of your final detail-level submission.

- Reports labeled “9x” are designed to be used when importing or exporting data.

In addition to the reports in the Expenses Module, you should run each Financial Statement to analyze your budget submission. Financial Statements 01 and 12 are a required part of the submission, but you should look at all Financial Statements and verify that they reflect your intentions.

The Financial Statements and Expenses Module reports were designed as a starting point in helping you prepare and analyze your budgets. Please feel free to create your own reports, but be careful if you create your own financial statements. The “Penn” Financial Statements are the official statements that will be used in budget review meetings with senior University officers. Be aware that because of increasing space constraints, we may not be able to keep the reports or financial statements you have created when we consolidate your budgets. Therefore, you should take note of the searches and sorts you used when creating reports so you can replicate them in the future. (Search criteria from a report in one file can be copied to a report in another file.) Also, if you have designed new reports that you think would be useful to other Schools and Centers, please bring these to the attention of your budget analyst.
Helpful BEN Reports
There are also a variety of BEN reports available to assist in budget preparation. You can use the “budgetable amount” reports (300.BUD to 302.BUD) to see what resources are currently available to be budgeted. You can use the “bad BBA” reports (304.BUD to 306.BUD) to see which accounts were misbudgeted so that you can determine how they need to be corrected now and how they can be budgeted better in the future. You can use the “budget journal” report (315.BUD) to review the changes that were made to the current-year’s budget and determine which of these changes should be incorporated into your future budget plans.

Using Financial Statements
The Financial Statements sum up Revenue and Expense line items by specific categories of Object Codes and sort these line items based on criteria defined in the search, in accordance with Penn's revised Responsibility Center Management (RCM) model. These statements are critical tools for understanding your budget submission. We also use the Financial Statements batch totals to verify that what you have submitted matches what you intended to submit.

The Financial Statements use Fund Group Names as search criteria. Consequently, if the line items created do not have a fund number, they will not be included in these Financial Statements.

Please review the Financial Statements before you submit your budgets, and make sure you understand and agree with the numbers. Be sure to hit the “Calculate” button, pull down the VIEW/SEARCH/EXPENSES menu, and hit the SEARCH button to be sure all the information on the Financial Statement is updated. If you have problems reconciling the Financial Statements, you can use the Diagnostic Reports, review the Financial Statements search criteria (go into View, Search), or drill down on the detail to investigate these problems.

Review Helpful Financial Reports
Before beginning work on your PILLAR submission, you should first look at your year-to-date actuals; compare them with last year’s actuals at the same point in the fiscal year; adjust for known changes and corrections; and do a projection to year-end. It is a good idea to check with the Comptroller’s Office to be sure their projections are comparable to yours, particularly on those items where distributions carried out centrally will determine your actuals.
Calculating the EB Charges

The instructions below are the same for calculating a xxxxxxxB1 or xxxxxxxP1 plan file. Repeat the steps below for each EB report where you have activity. Be sure to select the appropriate expense report for your Projection “P” or Proposed “B” file.

1. Copy your xxxxxxxB1.pln and xxxxxxxEB.ctl files to the same folder on your local machine. Only the .pln file that you are updating and the .ctl file should be in the folder.

2. Open the .pln file and select the Expenses module. The 2.x series of reports should be used to import the EB lines created by the .ctl file. Select the 2.0 Import Employee Benefits (F/T) report.

3. Select Edit/Select All and then hit the Delete key. This will delete the data. Leave the window open. Do not close it.

4. To open the .ctl file, select File/Open to select the .ctl file, then select Open.

5. In the .ctl file, select the Expenses module. The 2.x series of reports should be used to calculate the EB lines. Select the 2.0 Export FT EB to Proposed Budget report.

6. The .ctl file will populate with new EB lines based on your salary entries in the .pln file.

7. Select File/Export. In the Export window, select Browse to name the exported file. In order to keep track of your exports, the file name should include the Center name, the Budget file, and the type of EB (e.g. 81Bfteb). Select Lotus as the File Type, then select Save. In the File Options field, select Export Column Headings and then select Export.

8. Return to the 2.0 report in the .pln file and select File/Import. In the Import window, select Browse to identify the file to import. Once the file has been highlighted, select Open. The Import Method field should have Add Line Items checked. Additionally, select File has Column Headings in the File Options field. The remaining fields should not be touched. Once completed, select Import.

9. While the lines are importing, a window will appear stating that “This expense line item is incomplete.” This is the totals line from the imported file. Select Continue to proceed with the import. When the import is complete another window will appear displaying the number of lines added, updated, and skipped. There should be only one line skipped – the totals line – because it cannot be imported into the file. This is okay because the .pln file will create a new totals line. Before you select OK, make sure the Added Line Items in the .pln file match the totals in the .ctl file. If the lines match, select Ok and then File/Save.
Calculating the Dependent Tuition Assistance Charge (DTAC)

For receivable accounts, note that the Object Code used for the Dependent Tuition Assistance Charge is the same as the Object Code that is used for the Full-Time Employee Benefits charge. Therefore, obsolete DTAC lines are deleted when you delete obsolete lines before calculating the Full-Time EB charge, and then lines are created again in two pieces, first for the Full-Time EB charge, and then for the dependent tuition assistance charge. This means you always need to do these steps together. Do not refresh the Full-Time EB charge without also refreshing the Dependent Tuition Assistance Charge. You should end up with two expense lines in your file for each receivable combination. These will be combined into one line for each receivable combination when your file is sent to the General Ledger.

Now that the University will be charging dependent tuition to non-government sponsored grants, you need to budget these lines separately in PILLAR. Use Fund 599998 to budget the salaries, current expense, and revenue for non-government sponsored grants. Use fund 599999 to budget the salaries, current expense, and revenue for government sponsored grants. When you calculate your EBs, leave the dependent tuition lines calculated for Fund 599998 (do not change these lines). Change the Fund on any lines calculated for Fund 599999 to Fund 000000, and then change the Program to 7494.

Additionally, the dependent tuition charge for salaries charged to service centers (000011) should be budgeted to the General Unrestricted Fund (000000) in your school or center’s surrogate Org in Program 7493. Any lines calculated for Fund 000011, need to have their Org, Fund, and Prog changed as mentioned above.