Finance
Fiscal Responsibility
Training Objectives

- Provide University employees with an understanding of fiscal responsibilities
- Provide a basic understanding of financial management
- Help employees understand their fiscal role within the University
- Define basic internal controls necessary to safeguard the University’s assets and reputation
- Help employees identify, mitigate, and communicate issues related to common financial risks
What is Fiscal Responsibility?

- Fiscal responsibility stems from laws, regulations, and policies and is the responsibility of every University employee.

- Fiscal responsibility includes:
  - Financial Management
  - Internal Control
  - Financial Review
  - Policy and Procedure Identification and Compliance
  - Fiscal Communications
  - Identification and Communication of Financial Risks
Financial Management

Every employee is responsible for protecting and conserving University resources and using them in a prudent manner for their designated purpose.

By practicing good financial management, the University and its employees become accountable to each other, our constituents, and our regulatory bodies.

Good financial management involves:

- Planning, controlling, and accurately accounting for the fiscal impact of University operations
- Complying with applicable policies, procedures, and laws
- Creating and implementing internal controls
Financial Transactions

For each transaction you initiate, authorize or process, you should ask yourself the following questions:

- Have you worked with at least one other person to process the transaction?
- Is this transaction properly authorized?
- Do I have documentation (e.g. invoice, contract) to support this transaction?
- Are adequate funds available?
- Does the transaction comply with University policy and external regulations?
- Could this negatively impact the financial health or reputation of the University?
Fiscal Role

- If your job requires you to participate, in any way, in a financial transaction you have a fiscal role. It is important for all employees to understand their fiscal role.
- Do you know what your fiscal role is and understand your fiscal responsibilities?
- Have you received appropriate training to support your fiscal role and responsibilities?
- To the best of your knowledge are you properly carrying out your fiscal responsibilities?
- All of the above questions can be applied to employees who report to you as well.
Internal Controls

- Internal Controls include expectations of people and their actions, as well as policies and procedures
- Internal Controls are designed to provide reasonable assurance that University objectives are achieved
- Internal Controls focus on the following:
  - Effectiveness and efficiency of operations
  - Reliability of financial reporting
  - Compliance with applicable laws, regulations, policies, and procedures
Key Internal Controls

- Segregation of Duties
- Financial Transaction Approval
- Accounting for Financial Transactions
- Asset Protection
- Financial Transaction Processing
- Finance System Updates
- Continuous Monitoring and Updating
Internal Controls

- Segregation of duties, transaction authorization, and financial procedures are necessary to safeguard assets and provide effective accounting control over assets, liabilities, revenues, and expenditures.
- Restricting access to assets and financial systems to authorized persons within the performance of their duties.
- Hiring quality employees with integrity commensurate with their assigned responsibilities.
- An effective process of internal review that considers changes in conditions.
Internal Controls - Expectations

- Do your words and actions demonstrate your commitment to do the right thing?
- Do you emphasize the importance of integrity and ethical behavior in your interactions with others and in your day to day activities?
- Do you address situations where a person in your unit has circumvented or overridden fiscal policies and procedures?
- Do you ensure that all individuals in your area of responsibility who participate in Financial Transactions have been properly trained?
- Do you assess how well employees perform their fiscal responsibilities during periodic performance evaluations?
Financial Reporting and Review

- Provides reasonable assurance that all University transactions are properly processed, authorized, and funded
- Provides reasonable assurance that all University operations are accounted for timely and accurately
- Components of Financial Review:
  - Detailed review and reconciliation of financial transactions to source documents
  - Analysis of the budget to fiscal activity
  - Comparison of prior year activity to current year activity
  - Should be done on a regular periodic basis (e.g. weekly, monthly, quarterly)
Policies & Procedures

- You are responsible for following all University policies and procedures, as well as, all external rules and regulations.
- Policies are University developed principles and rules:
  - Set expectations for employee behavior.
- Procedures are business processes that implement policy.
- Compliance with policies and procedures is part of internal controls.
- Some areas of responsibility may be subject to external rules and regulations.
Policies & Procedures - Risks

- Policies and procedures are internal controls purposed with:
  - Protecting University assets
  - Protecting the University’s reputation
  - Avoiding sanctions from external entities
Policies & Procedures - Documents

- 5.24 Purchasing
- 5.7 Conflicts of Interest
- 5.18 Nepotism
- 10.13 University Travel
- 10.15 Cash Receipting
Fiscal Communication

- We all share responsibility for complete, transparent, and ethical communication
- The following items are some areas that should be communicated to the appropriate level of authority
Fiscal Misconduct

- Misstatements or fraudulent financial reporting that deceive financial statement users
- Misappropriation of assets that involve property theft
- Financial abuse that results in University resources being used inappropriately
- Written notice or warning from a regulatory body
- Guarantees and Indemnification
- Unasserted claims or assessments
- Contingencies
- Subsequent events
- Estimates