

Finance

Fiscal Responsibility

SUU

SOUTHERN UTAH UNIVERSITY

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