

# Finance Training 1.10

## Introduction to Financial Responsibilities



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NORTHERN COLORADO

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# Training Level – What you need to know

- This training is the first Level 1 course for users who have any University financial responsibilities.
- No previous trainings or experience are required.
- The first chapter of the Financial Services Training Manual is dedicated to Financial Responsibilities and is located on the Financial Services website.

# Training Objective

The fundamentals of fiscal responsibility call for each employee to make a personal commitment to “do the right thing” and to make decisions that are just and right for the common good.

## The objectives of this training are therefore:

- To provide University employees with a better understanding of what fiscal responsibilities are.
- To provide a basic understanding of the purpose of financial management.
- To help employees understand their fiscal role within the University.
- To define basic internal controls necessary to safeguard the University’s assets and reputation.
- To help employees identify, mitigate and communicate issues related to common financial risks.

# Introduction to Financial Responsibility

- Fiscal responsibility stems from laws, regulations and policies, and is the responsibility of every employee
- Fiscal responsibility includes:
  - Financial Management
  - Internal Control
  - Financial Report Review Process
  - Policy and Procedure Identification and Compliance
  - Fiscal Communications
  - Identification and Communication of Other Financial Risk Issues

# Financial Management

**Financial management involves each and every employee because we are all responsible for protecting and conserving University resources and using these resources in a prudent matter for their designated purposes.**

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

Good financial management involves:

- Planning, controlling, and accurately accounting for the fiscal impact of university operations
- Complying with applicable policies, rules, procedures, and laws
- Setting up Internal Controls to accomplish the above.

# Financial Transactions

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

- Have you worked with at least one other person to process this Financial transaction?
- Does this transaction have proper authorization?
- Is there source documentation (e.g., invoice, contract) to support this transaction?
- Are adequate funds available to support this transaction?
- Does the transaction comply with all applicable University policies and is it consistent with the University's mission?
- Does this transaction violate any applicable Conflict of Interest policy or law?
- Could this transaction negatively impact the financial health or reputation of the University?
- Do you understand the Colorado State Code of Ethics that states that you could be held personally accountable for Financial Transactions that you initiate or authorize that are completed in such a way that violates your fiduciary duty to protect the assets of the University?

# Fiscal Role

**If your job requires you to participate in any way in a financial transaction  
– you have a fiscal role within the University.**

**It is important for all employees to understand their fiscal role.**

Different & specific actions apply to fiscal roles which include: Senior Administrators, Principal Investigators, Business Managers, or Fiscal Administrative Staff:

- Do you know what your Fiscal Role is and understand your fiscal responsibilities?
- Do all of the employees who report to you understand their individual Fiscal Roles and responsibilities?
- Have you received appropriate training to support your fiscal role and responsibilities?
- Have all of the employees who report to you received appropriate training to support their fiscal roles and responsibilities?
- To the best of your knowledge, are you properly carrying out your fiscal responsibilities?
- To the best of your knowledge, are all of the employees who report to you properly carrying out their fiscal responsibilities?

# Internal Controls

**Internal Controls include expectations of people and their actions, as well as policies and procedures. They are designed to provide reasonable assurance that the objectives of the University are achieved.**

Internal Controls focus on the following:

1. Effectiveness and efficiency of operations,
2. Reliability of financial reporting, and
3. Compliance with applicable laws, regulations, policies, and procedures.



# Internal Controls (cont.)

## **Colorado State Law requires the University to maintain systems of internal control that include:**

- Segregation of duties, transactions authorization and financial procedures as necessary to safeguard assets and provide effective accounting control over assets, liabilities, revenues and expenditures.
- Restricting access to assets and the University financial system to authorized persons only and within the performance of their duties.
- Hiring of employees of quality and integrity commensurate with their assigned responsibilities;
- An effective process of internal review that considers changes in conditions.

# Internal Control - Tone and Expectations

**University management must continually convey the message “do the right thing” for its financial management process to be effective.**

**Managers should set expectations for fiscal responsibility by providing guidance and direction to their employees.**

- Do your words and actions consistently 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?

# Internal Control – Business Processes

**Business Processes are vital to effective and efficient Internal controls**

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

# Financial Reporting Review Process

**The Financial Report Review Process is an Internal Control designed to provide reasonable assurance that all University Financial Transactions are properly processed, authorized, and funded and that all University operations are accounted for accurately in the University's Financial Reports.**

Everyone with a Fiscal Role has a responsibility in the Financial Report Review Process. You need to ensure that the reports for your area of responsibility are being reviewed on a regular basis by the appropriate people. The fundamental components of the Financial Report Review Process include:

- Detailed review and reconciliation of Financial Transactions to source documentation;
- Periodic analysis of the budget to actual fiscal activity;
- Comparison of prior year financial activity to current year financial activity;
- A detailed review and reconciliation of Financial Transactions should be completed for every University Department on a monthly basis.

# Policy & Procedure Compliance

**You are responsible for following applicable University policies and procedures.**

- The term “Policies” refers to University developed principles and rules that are based upon University Board of Trustees principals or externally mandated laws, regulations, and rules.
- Policies set forth the expectations for employee behavior and create the basis for University procedures.
- “Procedures” are business processes that implement policies.
- Compliance with University policies and procedures provides an internal control designed to provide reasonable assurance that university resources are used in a prudent matter and for their designated purposes.
- In addition to policies and procedures, your area of responsibility may be subject to additional contract, grant, and donor restrictions. If this is true, you will need to refer to external resources, such as the contract, grant, and donor agreements or laws and regulations referenced therein.

# Policy & Procedure NonCompliance

**The consequences for failing to comply with University policies, as well as their related procedures and/or grant, contract, donor restrictions can be widespread and severe.**

- University assets can be at risk for damage, loss or theft.
- The reputation of the University can be harmed. This may result in a downturn in Student enrollment or a decrease in donor contributions.
- Organizations that fund Sponsored Projects may increase their level of scrutiny relative to research operations or reduce the number or amount of awards to the University.
- The University may be faced with fees, fines, and other penalties.

# Policy & Procedure Identification

**You are not expected to become an expert on every University policy pertaining to fiscal responsibilities.**

**A basic understanding and dedicated compliance with University policies and procedures, however, is essential.**

Information related to the following policies and procedures can be found on the University's webpages:

[http://www.unco.edu/trustees/policy\\_manual.pdf](http://www.unco.edu/trustees/policy_manual.pdf)

<http://www.unco.edu/it/policies.html>

[http://www.unco.edu/acctservices/genacct/general\\_accounting\\_procedures.htm](http://www.unco.edu/acctservices/genacct/general_accounting_procedures.htm)

<http://www.unco.edu/acctservices/asp/procedures.asp>

<http://www.unco.edu/hr/Procedures.htm>

# Fiscal Communications

**We all share responsibility for communicating  
– fully, openly, transparently and ethically –**

- With other management offices such as the Controller, the Dean of your College, and the Provost;
- And with external entities and people that provide University funding – our students, sponsors, donors and regulating agencies.
- It is also of utmost importance to be aware of privacy laws and the protection of personally identifiable information such as social security numbers, bear numbers, credit card numbers, student grades and health information, etc. when communicating University information with others. Additional information and procedures related to the protection of personal information can be found on the University website at:  
<http://www.unco.edu/it/Policies/DataHandling.pdf>



# Communication Financial Risks – External Entities

**Communications with external entities such as sponsors, donors, and regulatory agencies relative to policy compliance must be shared with your supervisor and possibly Senior University management.**

Communications with such entities may address:

- Material issues of non-compliance, whether they have been resolved or not
- Inappropriate reporting of financial information
- Questioned costs identified after project closeout
- Allegations of Fraud or suspected Fraud

# Communication Financial Risks – Fiscal Misconduct and MySafeCampus

**An person who suspects Fiscal Misconduct should promptly notify their supervisor or one of the following investigative units: Chief Financial officer, Controller, Internal Audit, General Counsel, Campus police, and/or Human Resources.**

Fiscal Misconduct includes all of the following:

- Misstatements or fraudulent financial reporting that deceive financial statement users.
- Misappropriation of assets that involve property theft from the University.
- Financial abuse that results in University resources being used inappropriately

The University also offers employees and students access to a confidential, anonymous reporting system that is not part of the University. This hotline, MySafeCampus, is an alternative for anyone who feels unsafe using the usual channels. Students and employees can log on to [MySafeCampus.com](http://MySafeCampus.com) or telephone 1-800-716-9007.

# Communication Financial Risks – Other

**You should also communicate the following issues to your supervisor and possibly Senior University Management:**

Please see the Glossary for Detailed Definitions:

- Misstatement or Misapplications of University Accounting Policies
- False Statements
- Written Notice from a Regulatory Body
- Guarantees and Indemnification
- Unasserted Claims or Assessments
- Contingencies
- Subsequent Events
- Estimates

# Glossary of Terms

**Your Area of Responsibility** – The University Departmental Organizational unit or Fund group for which you, as an employee of the University, are responsible.

**Fiscal Role** – The categorization of employees to indicate their fiscal responsibilities to the University. Primary categories include Senior Administrators, Principal Investigators, Business Managers and Financial Administrative Staff.

**Employee** – An individual who currently holds a university employment appointment whether full time, part time, hourly, seasonal or temporary.

**Senior Administrator** – University academic and administrative employees responsible for primary Organizational units or Fund groups. Senior administrators include the President, Vice President, Associate and Assistant Vice Presidents, Deans and Directors, etc.

**Business Manager** – University administrative employees assigned to facilitate the accomplishment of the financial management objectives of a single or group of Organizational unit(s) or Fund group(s).

**Principal Investigator** - University employees assigned to facilitate the accomplishment of the financial management objectives of one or more restricted sponsored projects.

**Fiscal Administrative Staff** - Employees of the University who are involved in University Financial Transactions, such as initiating purchases, receiving cash, entering or reviewing transactions into the University's finance system.

# Glossary of Terms

**Abuse** – The result of behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances. Abuse usually results in an inappropriate use of University resources, such as excessive cost for an acquired good or service.

**Budget** - The financial plan, usually related to revenues and expenses for a given fiscal period (at least annually) and approved by an authorizing body (UNC Board of Trustee, Donor, Granting Agency).

**Conflict of Interest** - Situations defined in the Board Policy 1-1-502 Conflict of Interest Policy in which financial or other personal considerations may compromise, or have the appearance of compromising, an employee's professional judgment in administration, management, instruction, research or other professional activities. This includes situations in which an employee might derive private gain due to his/her association with the University.

**Communication with a Regulatory Body** - University employees have a personal responsibility to ensure that any communications received from a regulatory body such as the US Department of Education (DOED) are forwarded to the appropriate person.

**Contingency** - Situation involving uncertainty about the value of a Financial Transaction because of what may or may not happen in the future.

**Estimate** - Financial Transactions where the value assigned is based upon an assumption or educated guess as opposed to a fact or known event, e.g., estimate of amount owed for services as the actual invoice has not yet been received.

# Glossary of Terms

**False Statements** - A false statement is a communication in speech or in writing which states something that is untrue, tends to deceive or mislead, or is based upon mistaken, erroneous, or inconsistent ideas or facts.

**Finance System** - The University's system for managing its Financial Transactions and Financial Reporting. The primary system is the University's Banner system; however, numerous subsystems are integrated with the Banner system. The Finance system is used to record all of the University's financial records and prepare the University's financial statements and other financial reports.

**Financial Reporting** – A management tool that accumulates and summarizes the University's Financial Transactions and is used to both measure and monitor the acquisition and use of University resources.

**Financial Report Review Process** – Policies and procedures that result in the routine review of financial Information. This is a key control to ensure all Financial Transactions are properly recorded in the Finance System and to detect fiscal misconduct.

**Financial Transactions** – Transactions are processed by numerous University departments including General Accounting, Accounts Receivable, Human Resources and Payroll, Purchasing and Accounts Payable. Transactions include the recording of Tuition Receipts and Auxiliary Sales, Personnel Expenditures, Journal Entries, Invoice Payments, Travel reimbursements, Scholarship payments, etc.

# Glossary of Terms

**Fiscal Misconduct** - Deliberate acts or failure to act regarding fiscal matters, contrary to established law, rule or policy, with the intent to obtain an unauthorized benefit, which results in a loss to the University.

**Fraud** - Includes certain illegal acts arising from fraudulent financial reporting or misappropriation of assets. Fraudulent illegal acts are characterized by deceit, concealment, or violation of trust and perpetrated to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

**Fund/Org Combination (FOAPAL)** - The individual components of the coding structure used by the University's Banner Finance System to record financial transactions F-Fund, O-Org, A-Account, P-Program, A-Activity and L-Location (currently not used). See Banner Finance Training 1.02 – FOAPAL.

**Guarantees and Indemnification** - A legally binding agreement whereby the University provides a third party an assurance that a condition will be fulfilled. Guarantees and Indemnifications on the part the University are generally prohibited under State law.

**Internal Control** - A comprehensive strategy of policies and procedures, as well as expectations of employees, that are designed to provide reasonable assurance that the objectives of an institution are achieved with efficiency, accuracy and reliability and in compliance with applicable policies, laws and regulations. Includes transaction authorization and adequate record keeping procedures; proper segregation of duties; reliability of financial reporting, etc.

# Glossary of Terms

**Misstatement** - Is accidental or intentional untrue financial statement information that deceives financial statement users.

**Policy** - University developed principles and rules that are based upon University Board of Trustee principals or externally mandated laws, regulations, and rules.

**Procedure** - Business processes that implement policies.

**Service Organization** - An external party that accomplishes tasks that affect the University's financial statements . Examples are bank trust departments, student loan services, and application service providers that provide University software applications.

**Sponsored Project** – A restricted grant, contract, cooperative agreement or any other mutually binding award that includes stipulated conditions regarding the use of the funds or property for with which the University must comply.

**Subsequent Event** - A material Financial Transaction occurring after the beginning of the current fiscal year (July 1), but affecting the financial statements of the prior fiscal year ending June 30<sup>th</sup>.

**Suspense or Clearing Accounts** - A Fund/Org/Account Combination (FOAPAL) that represents a temporary classification of a transaction within the Finance System due to incomplete data being available. Another entry must be processed to ensure the appropriate classification of the transaction.



# Glossary of Terms

**Unasserted Claims or Assessments** - Are situations where an external party (such as students, regulatory bodies, vendors, sponsors) may be unsatisfied with the University's performance and may desire to seek a legal course of action to address their concerns. And for which a legal action has not yet been filed with the appropriate campus legal office, but for which you are aware.

**University Business** - An activity that carries out the University's mission of Instruction, Research and Public Service or that provides support to the University's mission.

**Unrelated Business Income** - Income produced by the University from activities beyond our mission and subject to taxation under the Internal Revenue Service.

# What's Next?

Finance 1.20 – Accessing Banner Finance and Basic General Navigation

This training ties to Chapter 2 of the Financial Services Training Manual

# General Accounting Staff Contact List

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Budget Office website  
**<http://www.unco.edu/obia/>**

Questions regarding any of this information or want to receive this training in person?

## Training Contact:

If you would like to schedule a time to receive this training in person for an individual or group, please contact: Lacey Snyder at [lacey.snyder@unco.edu](mailto:lacey.snyder@unco.edu) or #970-351-1604

