Refer the trainees to the Administrative Responsibilities Memo (this information is covered at a high level in slides 2-5).

**Administrative Responsibilities Memo**

The university administration and the Board of Visitors place a high value on the integrity, effectiveness and efficiency of the organization, particularly as embodied in the stewardship role of university and college department heads, directors, and administrators. These individuals have the challenging task of managing resources within a complex environment of university policies and state and federal regulations and should be held accountable and recognized for performance. Therefore it is important for university, college and departmental administrators to accept their responsibilities and understand that they are to be held accountable for following sound business practices.

Departmental administration is one of several key roles for which administrators and department heads should be evaluated. This document does not address the full range of responsibilities held by academic and administrative leaders, but focuses on critical fiscal and administrative functions with which a new department head may have little or no familiarity upon appointment. While the range and technical nature of many departmental business operations make delegation a necessary strategy, the department head or director retains accountability for their accurate and timely completion and should retain close oversight of these functions.
Department Head Online Training

- Training Overview
- Module 1: University Controls
- Module 2: Procurement & Fixed Asset Management
- Module 3: Human Resources
- Module 4: Sponsored Projects & Effort Reporting
- Module 5: Emergency Management
- Module 6: Fiscal Management
- Module 7: Banner FOAPAL Elements
- Module 8: Case Studies

Internal Controls & Your Role

1) Internal Accounting Controls - procedures that ensure compliance with university policies & state/federal laws

2) Internal Controls:
   1) Promote good business practices
   2) Ensure good stewardship of public funds
   3) Either prevent or detect inappropriate transactions
   4) Protect you and the university’s reputation

3) You are responsible for establishing “tone at the top”

4) Departments with fewer support staff will require dept. heads to be actively involved in reviews & approvals
Key Internal Controls

1) Segregation of duties:
   1) Prevent one person from controlling all aspects of a transaction
   2) Vital in preventing theft and fraud

2) Properly performed reconciliations:
   1) Detect inappropriate transactions or clerical errors after the fact (correction of errors must be done timely)

3) Well trained, competent staff

Tips:
1) Never share your password so that your fiscal staff can approve things in your absence; delegate this authority to another faculty member or fiscal manager
2) Dedicate quiet time each day to perform reviews & approvals
Administrative Guidelines/Expectations

1) Skillfully manage and safeguard all departmental resources
2) Provide leadership and initiate / maintain good business practices
3) Ensure timely completion of required reviews / reconciliations
4) Limit the university’s exposure to improper costs or charges
5) Consistently achieve the minimum standards for required programs, such as:
   1) Federal I-9 Forms
   2) Personnel Activity Reports (PARS)
   3) Leave Reporting
   4) Equipment Inventory
   5) Prompt Pay
Top 10 Things to Know

1) Reconciliation of Financial Activities
2) Expenditures – Stewardship of Public Funds
3) Funds handling
4) Prompt Pay
5) Employee Compensation, Leave & Employment Eligibility
6) Sponsored Research Compliance and Effort Reporting
7) Security of Sensitive Information
8) Fixed Asset Management
9) Continuity of Operations and Emergency Action Plans
10) Access and Key Controls
Financial Activities – Monthly Reviews:

- Cash receipts
- Accounts receivable
- Salary expenditures
- Salary payroll changes
- Hourly wage payroll
- Monthly purchasing card transactions
- Operating expenditures
- Budget and encumbrances
Several reports and source documents are needed to reconcile departmental financial activity. These will be discussed in great detail beginning on slide 18.

**Banner Finance System Reports:**

1) **Transactions Month to Date** - Provides detail transactions for a specified department/organization or data entry fund(s). The report can be run for a specific month or year to date. Specific account codes can be included or excluded from the report.

2) **Snapshot by Organization** - Provides a summary by fund for the specified organization (any level of the organization hierarchy). The report displays the budget, actual (revenues or expenditures), commitments, and budget balance available. If the report is run by the department level (4 digit organization number), it provides subtotals by the budget availability categories. Revenues can be excluded from the report if desired.

3) **Encumbrance Aging** – The report lists all open encumbrances and groups the encumbrances into 0-60, 61-180, 181-360, and over 360 days aging categories. This report will help departments more efficiently identify and manage open commitments.

4) **Encumbrance** – Provides a summary and detail report of encumbrances (commitments). The report can be run for a fiscal month or year by department/organization or by individual fund(s). The summary report provides a listing of outstanding encumbrance balances for the last month queried. The detail report provides individual encumbrance transactions that occurred during the period queried.
Funds Handling – Best Practices

- If at all possible, avoid handling funds in your department; use centralized processes instead
- Establish written procedures for processing cash receipts and have the Bursar’s office review and approve them
- Ensure staff is properly trained & monitor performance to confirm compliance
- Revenues collected by a department may not be used to cash personal checks, third party checks or to make change
- Ensure funds are kept in a secure location, such as a cash box, safe or locked cabinet and never leave funds unattended or out in the open during the day
- At night, keep funds in a secured (locked) storage area such as a locked file cabinet or safe
- Store receipts separately from funds to maintain accountability should loss of funds occur
- Ensure adequate segregation of duties exists - Provide adequate means to verify all funds received are deposited & recorded in the Banner Finance System
- Ensure voided and/or corrected transactions are adequately documented and approved at the time of the transaction
- Review & approve reconciliations monthly - Ensure discrepancies are resolved within 60 days
- See Policy 3600 & Bursar’s Funds Handling Guidelines & Procedures for more information
Prompt Pay

- Prompt Pay Act requires that payments be remitted to vendors within 30 days of receipt of the vendor's invoice OR the receipt of the purchased goods or services, whichever is later.
- The Commonwealth requires that at least 95% of our bills are paid on time in accordance with Prompt Pay.
- The University standard is that at least 97% of our bills are paid on time.
HokieMart – Preferred Purchase Method for VT

- Vendors often send their invoices to the Controller’s Office instead of the ordering department

- **Departments Must:**
  - Base the receipt of goods/services in HokieMart on the actual receipt of the goods or evidence of delivery and **NOT** on receipt of vendor invoices
  - Develop processes to ensure packing slips and other confirmations of receipt are obtained by office staff if goods are delivered to decentralized locations within the department
Department Head Signature Authority

- It is important to note that Department Heads do NOT possess contract signature authority (See Policy 3015 for more information).

- Generally, Department Heads have the authority to enact purchases of goods and services valued up to $2,000 per transaction. There are several exceptions to the $2,000 purchase delegation:
  - HokieMart Catalog suppliers: orders in an unlimited amount may be placed with designated contract suppliers who have placed catalogs in HokieMart, except for computers that are capped at $100,000.
  - Direct pay transactions: Policy 3220 designates specific transactions that do not require competition and may be enacted at the department at dollar levels that may be above $2,000. HokieMart contains special form for enabling direct pay transactions.
  - Contract Purchases: Procurement has established a group of term contracts that provide for ongoing needs for goods and services. HokieMart contains a special form for enacting contract payment transactions.

- The intent of these policies is to provide flexibility to departments to take care of their basic and continuing support requirements in an efficient manner. Please see the Procurement Department website for additional information and support.
New Leave System:

**Leave – Phase I, II, and III:** Phase I of the new leave system is expected to be implemented, including training, university-wide on starting in July 2015. As part of the rollout, phase I will be piloted in several departments and or colleges including: Business Services, CALS, Controller’s Office, Pamplin Dean’s Office, Facilities, Dining, IT-Enterprise Solutions, VBI, Vet Med, and OVPR. **Phase I** consists of replacing the current system, adding electronic routing and approvals, overtime calculation, reporting hours worked, and system integration with TimeClock Plus. After Phase I has been completed the HRIS team will begin refining the new system as part of Phase II. In **phase II** the HRIS team will further build out the leave system and add electronic time off request, better integration with central processes, and calculation of leave payments. Finally, **phase III** will add hierarchy of leave usage, alternate work schedules, and the tracking and recording of leave donations.

## Department Actions
- Process appointment (hiring) actions timely using the Virginia Tech’s online employment application system: PeopleAdmin
- Submit separation notices to HR no later than the employee’s last day of work
- Ensure segregation of duties

## I-9’s – Employment Eligibility Verification Form
- I-9’s must be completed for EVERY employee
- Section 1 & 2 must be completed on or before the employee’s 1st day of work
- The new Electronic I-9 System has improved the I-9 process

## Wage Timekeeping
- TimeClock Plus - Electronic timecards & timesheets

## Leave Reporting
- Ensure accurate reporting of time worked and leave used
- Ensure all leave reports are submitted online by the 16th of every month
- Ensure compliance with Fair Labors Standards Act (FLSA)
  - Under FLSA, overtime leave or pay must be provided for non-exempt employees if they work more than 40 hours in a given week
- New Leave Reporting System is in process; Phase I is due to be completed by 12/31/2015
Handout the Sample PAR Form and review

Personnel Activity Reports (PARs) are the mechanism the University utilizes to capture the activities performed by an employee after the fact. PARs are generated for faculty, classified staff, graduate students, and those individuals paid via a P14. Wage employees certify their time via their timesheets. Information collected on the PAR form is also used by the Controller's Office to develop the University Indirect Cost Rate.

Any institution who receives federal funding is required to have a certifiable "after-the-fact activity records" per the Office of Management and Budget Circular A-21 Section J8c(2). A-21 states that reports will reflect an after the fact distribution of activity of each employee.

PARs are sent to all employees whose activity is applicable to sponsored research and any category needed to identify Facilities and Administrative costs and functions to which they are allocable. The below table itemizes the PAR schedule.
Sponsored Research Compliance & Effort Reporting
(continued)

- **Effort Reporting**
  - Effort certifications on Personnel Activity Reports (PARS) must be performed to verify that salaries charged to sponsored projects are less than or equal to a reasonable estimate of the effort expended on that project for the period being certified. This certification is in lieu of doing detailed time sheets and is required by federal regulations.
  - PARs or Effort reports must be signed by the faculty or staff performing the effort or the Principal Investigator of the sponsored project.
  - ONLY UNDER EXCEPTIONAL CIRCUMSTANCES should a department head or business manager sign on behalf of a faculty or staff member.
  - Certification must be reliable – once certified, no further salary cost transfers for the period should be initiated.
Sponsored Research Compliance & Effort Reporting (continued)

- When certifying effort it is important that faculty, staff, or responsible officials sign or mark the appropriate line – there are two choices.

- If all payroll percentages are correct then the individual should sign below and/or mark the following certification:
  - “YES, I confirm that the summary distribution of activity represents a reasonable estimate of the effort expended by me during the stated period”

- However, if additional funding changes are needed because the payroll percentages do not accurately reflect a reasonable estimate of the effort performed, then the individual should contact their business manager to initiate a retroactive funding change.
  - “NO, I am returning this personnel activity report because the payroll data is not correct. A retroactive pay change has been submitted, and documentation of the change is attached.”
FERPA is a federal law that protects the privacy of students’ “education records.” It applies to educational institutions that receive funds from the U.S. Department of Education. An educational institution subject to FERPA may not disclose the education records of students, or personally identifiable information from education records, without a parent or eligible student’s written consent. Under FERPA, parents and eligible students have the right to inspect and review the student’s education records and to seek to have them amended in certain circumstances. Enrollment and Degree management has undertaken significant efforts to increase training and awareness across the university by developing and offering in-person and online training options.

Congress enacted HIPAA in 1996 to improve the efficiency and effectiveness of the health care system through the establishment of national standards and requirements for electronic health care transactions and to protect the privacy and security of individually identifiable health information. Covered transactions are those for which the U.S. Department of Health and Human Services (DHHS) has adopted a standard, such as health care claims submitted to a health plan. Collectively, these are known as HIPAA’s Administrative Simplification provisions, and DHHS has issued a suite of rules, including a privacy rule, to implement these provisions. The HIPAA Privacy and Security Rules require covered entities to protect individuals’ health records and other identifiable health information by requiring appropriate safeguards to protect privacy, and setting limits and conditions on the uses and disclosures that may be made of such
Fixed Asset Management – To Do List:

- Confirm your department has an equipment coordinator and verify they have attended the required Banner Fixed Assets training.
- Verify all new equipment is delivered to a central location in your department and held until FAEIS physically tags the items. Assign a custodian to each piece of equipment.
- Ensure no university equipment is sold, loaned, given away, scrapped/cannibalized or disposed of without prior written approval of the University Surplus Officer in coordination with the Manager of Fixed Assets.
- Assist the FAEIS Staff during periodic inventory counts and ensure your department is able to locate at least 95% of the value and number of equipment items.
- Ensure employees have completed an equipment loan authorization form when taking university owned equipment to their personal residence to perform university business.
- It is NOT okay for faculty to simply take equipment with them when leaving the university. See procedures in Policy 3951 “Transfer of Equipment from the University to Other Domestic Institutions.”
- Ensure internally fabricated or constructed assets with accumulated costs of $2,000 or more and with an estimated useful life of 1 year or more are reported to Fixed Assets and Equipment Inventory Services (FAEIS).
Travel Processes and Procedures

- Although not required (except for international travel), it is a good business practice to **authorize travel in advance**. This practice helps to avoid misunderstandings and allows for screening of potential unallowable costs.
- In general, travel rules are complicated, but overall principles relate to being frugal with public funds. There are many state and federal regulations related to travel — **training is available**.
- Moving and relocation expenses are costly and the related IRS taxation rules are complicated. It is definitely okay to seek help in advance from Controller’s Office!
- IRS “accountable plan” rules require detailed receipts for certain items. These reimbursement requests should be submitted timely.
- A new Electronic Travel System has recently been implemented. Training is available and paper forms are no longer being used.
COOP & EAP

- Continuity of Operations (COOP)
  - Establish business resumption & recovery priorities and develop strategies to assure continuity of operations
  - Review COOP plans at least annually

- Emergency Action Plan (EAP)
  - Develop & maintain a Departmental Emergency Action Plan using information obtained from the Environmental Health and Safety website
  - Discuss plans with department members & conduct exercises on an annual basis (fire drill, tornado or hurricane drill, etc.)

http://www.emergency.vt.edu/
Access and Key Control

- Only authorized departmental personnel may request keys or lock changes
- Departments shall establish & implement key control procedures to ensure accountability for all keys
- Departments are responsible for developing and enforcing a key return policy
- Departments are responsible for the total cost of lock changes and new keys to secure areas compromised by lost or stolen keys
- See Policy 5620 for more information
Additional Training & Information

- Controller’s Office Website – www.co.vt.edu
- Online Training Opportunities in Scholar - https://scholar.vt.edu/
- Questions or concerns about Banner or Banner Reports contact:
  - Stacy King at kings@vt.edu (1-8624)
  - Penny Falck at pfalck@vt.edu (1-9260)
- Questions or concerns about TimeClock Plus contact:
  - Nette Johnson at jmuhle77@vt.edu (1-8558)
Additional Training & Information

- **Procurement Dept. Website** - [www.procurement.vt.edu](http://www.procurement.vt.edu)
- **Human Resources Dept. Website** - [www.hr.vt.edu](http://www.hr.vt.edu)
- **Business Practices Website** - [www.cafm.vt.edu/busprac](http://www.cafm.vt.edu/busprac)
  - Departmental Business Managers Portal - email [bjoe@vt.edu](mailto:bjoe@vt.edu) for access: [https://vpf.bams.vt.edu/DBMP/SitePages/Home.aspx](https://vpf.bams.vt.edu/DBMP/SitePages/Home.aspx)
- **Office of Sponsored Research (OSP)** - [https://www.osp.vt.edu/](https://www.osp.vt.edu/)
Various programs and informational newsletters:

**Ongoing Programs**
- Annual Financial & Business Compliance Survey (Link to survey questions: [www.co.vt.edu](http://www.co.vt.edu))
- Agency Risk Management and Internal Control Standards – ARMICS (Controller’s Office)
- Internal Audit – audits and compliance reviews (on behalf of the Board of Visitors)
- Business Practices – process improvement & internal consulting (CAFM)
- Auditor of Public Accounts (Commonwealth of VA)

**Internal Informational Newsletters**
*The Ledger* – Controller’s Office e-Publication highlighting policy and procedure changes as well as important events; [www.co.vt.edu/ledger/index.html](http://www.co.vt.edu/ledger/index.html)

*HR Today* – Quarterly Human Resources Newsletter for VT Faculty and Staff; [http://www.hr.vt.edu/hrtoday/](http://www.hr.vt.edu/hrtoday/)

*The Cart* – Purchasing Department’s newsletter, published on an as-needed basis; [http://www.purch.vt.edu/HokieMart/cart/cart.html](http://www.purch.vt.edu/HokieMart/cart/cart.html)

*The Quarterly Hot Sheet* – The IT Security Office quarterly newsletter to discuss news