ADMINISTRATIVE RESPONSIBILITIES
FOR UNIVERSITY AND COLLEGE ADMINISTRATORS, DEPARTMENT HEADS, AND DIRECTORS

2017 NEW DEPARTMENT HEAD TRAINING
Agenda Items

1) Introduction and Overview – Ken Miller
2) Internal Audit Department – Sharon Kurek
3) Controller’s Office – Wendell Vest
4) Payroll Department – Leisa Shelor
5) Department of Human Resources – Cathy Petry
6) Office of the University Bursar – Ken Miller
7) Procurement and Conflict of Interest – Mary Helmick & Linda Bucy
8) Sponsored Research and Effort Reporting – Ken Miller
9) Fixed Asset Management – Ken Miller
10) Closing Comments – Ken Miller
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
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
Key Internal Controls for 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
Annual Review of Access Controls to Systems

- Ensures segregation of duties
- Initiators of transactions must be different from approvers
- Ensures only current employees are authorized
- Ensures employees only have access to perform the tasks necessary to complete their job assignments
  - This is especially important if you have departmental systems with global administrative privileges
ARMICS Program

ARMICS - Agency Risk Management & Internal Control Standards

- Management’s ongoing reviews of internal controls
  - Business Compliance Survey
    - Annual self assessment process conducted each spring
    - Includes a section to review the internal controls and procedures for all university business processes
  - Two levels of assessment
    - Department Head
    - Senior Management (Dean or Vice President)
Annual Business Compliance Survey

The survey is comprised of several key questions in the following categories:

- Internal Control Environment
- Small Purchases
- Sponsored Projects
- Employee Compensation
- Fixed Assets
- Health and Safety
- Funds Handling
- Fiscal Responsibility
- Travel and Personal Reimbursements
- (New) Centers & Institutes
- Information Technology Security
- Access and Key Controls
- Accounts Receivable
- Credit Cards
Policy 3350: Internal Audit Charter

Independence

Board of Visitors
Compliance, Audit, & Risk Management Committee

Functionally

Internal Audit

Administratively

President
Policy 3350: Internal Audit Charter

Authority

Unrestricted access to all university departments, records, reports, activities, property, and personnel deemed necessary to discharge audit responsibilities
Systems Planning

Management should consult Internal Audit during the planning, development, and modification of major financial or operating systems and procedures (manual and computer) to ensure that:

- Reasonable and adequate internal controls exist.
- Systems or procedural documentation is complete and appropriate.
- An adequate audit trail exists.
Provide independent, objective assurance and advisory services designed to add value and improve the university's operations.

Help university departments accomplish their objectives by bringing a systematic, disciplined approach to identify opportunities for improvement.
Internal Audit assesses and makes appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the university.
- Ensuring effective organizational performance management and accountability.
- Effectively communicating risk and control information.
- Effectively coordinating the activities of and communicating information among the board, external and internal auditors, and management.
Particularly, evaluate risk exposures relating to the university's governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations, and contracts.
Assist the university in maintaining effective controls (encompassing governance, operations, and information systems) by evaluating their effectiveness and efficiency and by promoting continuous improvement.

Ascertain the extent to which operating and program goals and objectives have been established and conform to those of the University, results are consistent with established goals and objectives, and management has established adequate criteria to determine whether objectives and goals have been accomplished.
Risk and Control Process

- Perform Risk Assessment
- Implement Control Activities
- Monitor Performance
- Promote Culture of Accountability, Responsibility and Ethics
- Information
- Communication
- Training
Risk and Control Process

**MONITORING**
- Monthly reviews of performance reports
- Internal audit function

**INFORMATION & COMMUNICATION**
- Reporting
- University communications

**CONTROL ACTIVITIES**
- Purchasing limits
- Approvals and Security
- Reconciliation
- Specific policies

**RISK ASSESSMENT**
- Internal and external events
- Internal audit risk assessment
- A strategy to manage risks

**CONTROL ENVIRONMENT**
- Tone from the top
- Corporate policies
- Organizational authority
The annual audit plan is published on the Internal Audit website after approval by the Board of Visitors.

http://www.audit.vt.edu/

<table>
<thead>
<tr>
<th>BOV – AUDIT PLAN TIMELINE</th>
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<tbody>
<tr>
<td>JUNE</td>
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<tr>
<td>SEPTEMBER</td>
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Resources:

- security.vt.edu
- Awareness Training
  - Securing the Human training – SANS
- Systems Development - Management should consult Internal Audit during the planning, development, and modification of major financial or operating systems and procedures (manual and computer) to ensure that:
  - Reasonable and adequate internal controls exist.
  - Systems or procedural documentation is complete and appropriate.
  - An adequate audit trail exists.
The objective of academic departmental audits is to assure sound business practices are in place and processes are in compliance with university policies.

- **Sponsored Research Administration**: PARs, Cost Transfers, Cost Sharing, Sub-recipient monitoring, Expenditures, Equipment Purchases, Protocols for Human, Animal Subjects, and Biosafety
- **Service Center Compliance** (Timely and Accurate Billing, etc.)
- **Environmental Health and Safety (EHS)** (Chemical Hygiene Plans, Machine Shops, Training, EHS Inspection Follow-Up)
- **Study Abroad Programs: Life Safety**, Immigration Compliance, Economic and Tax implications, transportation and evacuation
- **Departmental Scholarships** (Utilization, Timeliness of awards, Eligibility of Students)
- **Student Records** (FERPA and University Compliance)
- **Accounts Receivable** (Royalty Verification)
Over 75% of allegations at Virginia Tech fall within five general categories:

- Leave or time abuse
- Abuse of authority
- Improper use of university resources
- Conflict of interest
- Theft or embezzlement
Preventive and Detective Controls

5 CONTROLS TO CONSIDER:

1. Establish a Control Conscious Environment
2. Ensure Separation of Duties
3. Watch Authorizations, Approvals, and Verifications
4. Maintain Control over Assets
5. Take Time for Monitoring
Upon discovery of circumstances suggesting a fraudulent transaction or irregularity has occurred, immediately notify one of the following:

- VT Internal Audit Department: 540-231-5883 540-231-9478
- VT Police Department: 540-231-6411
- State Employee Hotline: 800-723-1615
Fund Codes, Organization Codes, and Account Codes:

- Fund Codes - Represent discrete budgetary planning units within university organizational areas (example – each sponsored project has one or more funds).

- Organization Codes – Represent areas of budget and financial responsibility within the university – (usually departments, but also the management layers above departments such as Deans and VP’s, etc.)

- Account Codes – Represent types of expenses, revenues, assets and liabilities (Expense account codes differentiate the type of expense – faculty salaries vs office supplies).
Banner Fund Codes

- **Fund Codes (6 digits)**
  - 1XXXXX  
    - E&G Operating
  - 2XXXXX  
    - Earned Overhead
  - 3,4,549999  
    - Sponsored Projects
  - 550000-552999  
    - Continuing Education
  - 556000-569999  
    - Continuing Education
  - 579500-579999  
    - Royalty Distribution
  - 590000-592999  
    - Institutional Allowance
  - 6XXXXX  
    - Local Funds
  - 7XXXXX  
    - Capital Outlay
  - 8XXXXX  
    - VT Foundation Funds (separate system)
  - 9XXXXX  
    - Agency Funds
Banner Organization Codes

- Organization Codes: 6 digit (sub-departments)
- Department Codes: 4 digit
- Management Codes: 4 digit start with M
- Senior Management Code: 3 digit start with S (Deans & VP Areas)

Example: Controller’s Office
- 044000  Organization Code (default sub-dept.)
- 0440    Department Code (Controller’s Office)
- M440    Management Code (Cont. Office + Bursar +Risk Management)
- S46     Senior Management Code (VP Finance & CFO)
Banner Account Codes

- **Revenue Accounts:** 0001-0999
- **Expense Accounts:** 1XXXX-3199X
- **Asset Accounts:** 6XXX
- **Liability Accounts:** 7XXX

Examples of Expense Accounts:
- 11301  Teaching & Research Salaries – AY
- 12890  Employee Training & Conferences
- 13120  Office Supplies - General
- 19557  Subcontract – Univ. of Colorado
- 22110  Desktop Client Computers
Monthly Review of Expenditures

- Ensure all expenditures are an appropriate use of state $$$
- Verify all transactions were properly initiated & authorized
- Verify that transactions posted in a reasonable time period
- Scan monthly reports for unusual amounts & vendors
- Certify completion of the review process each month
- Ensure review of **ALL** funds including sponsored projects, recovered overhead, study abroad, etc.

*Tip: Ensure all funds have been reviewed. Verify report parameters and page continuity*
Prompt Pay Act

- 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.
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.

All travel related documents are processed through the electronic Travel System. Training is available.
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 Office of Emergency Management 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.
LET’S TAKE A 10 MINUTE BREAK!
I-9’s – Employment Eligibility Verification Form

- I-9’s must be completed for EVERY employee
- Section 1 – Employee must complete on or before the 1st day of work
- Section 2 - Department representative must be completed by the 3rd business day of work begin date – it is simpler and safer to complete both sections on or before the first day of employment
- The Online I-9 System has improved the I-9 process
  - Eliminated administrative errors – missing information, etc.
  - Automatically captures the dates of completion and electronically records
Wage Timekeeping - TimeClock Plus

- Supervisors review and approve shifts
- Provides electronic monitoring of potential overtime situations if employee has multiple wage positions
- Individual with Admin/Lead roles in TCP have the access and responsibility to run reports to ensure timely and correct payment of employees
  - Pre-processing reports to ensure that shifts are approved, missed punches are corrected and approved, etc.
  - Verification reports to ensure that TCP hours match hours loaded for payment
- timeclock@vt.edu – monitored by several individuals
- A new version of TCP – tentative production date late fall 2017
- http://www.co.vt.edu/Procedures/Timekeeping_Procedure.pdf
Payroll – Employing Individuals in a Non-Resident Status

- Employees in a non-resident status
  - Confirm and monitor work authorization
    - Alert individual and departments of pending work authorization expiration dates
  - Immigration regulations specific about work requirements/restrictions of those in a non-immigrant status
- Difference in non-resident and non-resident for tax purposes
  - Different set of tax rules for those non-residents
  - Monitor status to ensure appropriate tax application
Potential employment and tax regulation compliance issues
- Each country has different employment and tax laws
- Employee could be subject to US and foreign country taxation
- Options for paying individuals to perform a service outside of the US
- Consider the requirement of the foreign country to operate or for someone to provide a service in that country
Payroll – Paying Existing Employees and Payment Classification

- Specific guidelines/restrictions for additional payments to existing full-time employees
  - Often additional payments to existing employees are not allowable
  - Refer to applicable guidance
    - Faculty Handbook for AY and CY Faculty
    - Staff Handbook for University and Classified Staff

- Existing employees typically should not be paid as consultants
Payroll – Payroll Reconciliations

- Payroll Reconciliation Reports
  - Distributed electronically semi-monthly with each payroll
    - Provides ability for departments to confirm payments processed for employees (wage entries and manual salary entries)
    - If reviewed upon receipt – possible to contact Payroll to address issues (ensure correct and timely payment to employees)
  - Reconciliations should be performed by someone other than the person entering/approving actions in Banner – see http://www.co.vt.edu/Procedures/Timekeeping_Procedure.pdf
  - Reconciliations subject to department audit
Payroll – Other Functions

- Payroll works with department representatives to ensure timely and accurate payment to all employees –
  - Pay to 16-17,000 employees each pay period
- Final approval of retroactive funding changes – Labor Redistributions
- Monitor direct deposit
- General guidance for tax form completion
- Taxable income/fringe benefit issues
- W-2 Reporting – issue over 23,000 W-2s/yr
• Payroll – Calendar, Deadlines, etc.

Pay dates 1\textsuperscript{st} & 16\textsuperscript{th} with exceptions for weekends, holidays and quarter end

Pay Schedules, Pay & Holiday Calendar
http://www.co.vt.edu/accounting_operations/Payroll/Index.html

- Salary
  - 10\textsuperscript{th} – 24\textsuperscript{th} (Paid on first of following month)
  - 25\textsuperscript{th} – 9\textsuperscript{th} of following month (Paid on the 16\textsuperscript{th})
  - Includes full/part time faculty and staff and graduate assistants

- Wage – hourly employees
  - 1\textsuperscript{st} – 15\textsuperscript{th} (Paid on 1\textsuperscript{st} of following month)
  - 16\textsuperscript{th} – end of month (Paid on 16\textsuperscript{th} of following month)
Provides an overview of transactions, approvals and required forms:

- Transactions
- My Next Hire
- Applications Support (access requests, training)
- Employee Relations
- Help (Deadlines, updates, overview)
- Forms Library
Review overview in Resource Guide (My Next Hire)
Search Committee Charge Workshops (www.training.vt.edu)
Process appointment (hiring) actions timely using the Virginia Tech’s online employment application system: PeopleAdmin
Templates for Terms of Faculty Offers, Staff, Wage and P14 offer letters are available
Background checks required for all non-student hires.
If you have questions related to advertising or want assistance with active recruiting, contact

Curtis Mabry – Director of Recruitment

cmabry@vt.edu

Jeff Cumberland – Recruiter

jcumber@vt.edu
Available to consult with when disciplinary action is being considered

Disciplinary Action templates – for use with classified and university staff employees only.

Employee Relations should review all disciplinary letters and related notices before they are issued to an employee.

Employee Relations training for staff employees is available on request.
Leave Reporting

- Leave and Time Worked Reporting System
- 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
Exempt employees (full time & part time) must have an annual salary of $40,000 or higher.

Post Docs must have an annual salary of $45,000
Human Resources - Deadlines

- **Salary Deadlines (all are 5pm)**
  - New Hire Paperwork Deadline
  - HR Transactions Deadline
  - PAF enter & approval / Close-Out Deadline

- **Wage Deadlines (all are 5pm)**
  - PAF enter & approval

- **Leave Reports**
  - Completion between 10-16 each month
  - Must be in approved status on the 16 each month
New staff employees should have a performance plan completed in the Performance Management tool within 30 days of hire.

Probationary reviews for new staff should be completed at 6 and 12 months from the hire date.
Funds Handling – Best Practices

- 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 voided and/or corrected transactions are adequately documented and approved **at the time of the transaction**.
- Ensure adequate segregation of duties exists - Provide adequate means to verify all funds received are deposited & recorded in CashNET.
Funds Handling – Best Practices

- 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.
- Review & approve reconciliations monthly - Ensure discrepancies are resolved within 60 days.
- See Policy 3600 & Bursar’s Funds Handling Guidelines & Procedures for more information.
Funds Handling – Best Practices

- Use centralized processes instead to avoid handling funds where possible
  - Eliminate cash and checks
  - Redirect payments to the bursar’s office
  - Invoice recipients through Banner Accounts Receivable
  - Use preferred online payment methods
Accounts Receivable

- Charges entered in Banner A/R
- Bursar office bills monthly
- Payments sent to bursar’s office
- Department responsibilities limited to entering charges and reconciling revenues with Banner Finance
Funds Handling - Payment Cards (When Your department accepts payments via Credit Card)

- Payment Card Industry Data Security Standard (PCI DSS)

- Self Assessment Process Overview

- Review of University Policy No. 3610
Payment Card Industry Data Security Standard

PCI DSS
• Reflects industry best practices
• Mandated by brands (Visa, MC, etc.)
• Protects customers
• Protects university
• Establishes assessment processes
The questionnaires are a combination of internal controls, physical security, and information technology security requirements.

To meet the standards you must be able to answer the applicable questions affirmatively.

Sample requirement:

1.2 Build firewall and router configurations that restrict connections between untrusted networks and any system components in the cardholder data environment.
Why follow PCI standards?

- Applies to any operation processing or transacting business, including those using a third party, which touches credit cards
- Potential for substantial penalties for compliance failure
  - penalty of $5,000 - $100,000 per month, per brand for noncompliance
  - fine/penalty of up to $500,000 per brand per data security incident
  - liability for all fraud losses incurred from compromised account numbers
  - liability for the costs of investigation
  - liability for the costs of re-issuing cards associated with the compromise
PCI COMPLIANCE IS A CONTINUOUS PROCESS

Assess → Report → Remediate

COMPLIANCE ≠ SECURE
<table>
<thead>
<tr>
<th>SAQ</th>
<th>Method of Acceptance</th>
<th>Requirements</th>
<th>Complexity of Transaction Process</th>
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<tbody>
<tr>
<td>D</td>
<td>All other SAQ eligible service providers</td>
<td>329</td>
<td>Most Complex</td>
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<tr>
<td>C</td>
<td>Process via payment applications connected to the internet but do not store cardholder data on any computer system</td>
<td>163</td>
<td>Moderately Complex</td>
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<tr>
<td>A-EP</td>
<td>Partially outsourced e-commerce merchants using third party website for payment processing</td>
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<td>Least Complex</td>
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<tr>
<td>B-IP</td>
<td>Process through stand alone IP-connected terminals</td>
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<tr>
<td>C-VT</td>
<td>Process cardholder data <strong>only</strong> via isolated virtual terminals on pc connected to the internet</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Process cardholder data <strong>only</strong> via imprint machines or via standalone, dial out terminals</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>P2PE</td>
<td>Process cardholder data <strong>only</strong> through approved point to point encrypted solution</td>
<td>41</td>
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</tr>
<tr>
<td>A</td>
<td>Fully outsourced e-commerce merchant</td>
<td>21</td>
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</table>
University Policy 3610 – Accepting and handling payment card transactions

- Establishes preferred processing methods
- Prohibits use of phonemail and email
- Establishes employee screening and training requirements
- Establishes annual self-assessment and validation
LET’S TAKE A 10 MINUTE BREAK!
PROCUREMENT AND CONFLICT OF INTEREST

Mary Helmick, Director of Procurement and Linda Bucy, Assistant VP for Finance and Controls & COI Officer
Virginia Tech Conflict of Interest Policy #13010

- Policy 13010 is a combination of federal and state regulations and university procedures which helps identify and manage individual conflicts of interest related to Virginia Tech.

- Policy 13010 applies to all university employees:
  - Faculty (T&R, Research, and A/P)
  - Staff (classified and university)
  - Students (if paid by the university)

It applies to the employee, their spouse and any immediate family members.
COI Training is **required** for all employees who are working on sponsored projects for the university and meet the definition of an “investigator”—any person regardless of title or position who is involved in the design, conduct or reporting of research.

**Re-Training** is required every 4 years--beginning in 2016.

Required to disclose outside activities such as:

- Consulting (prior approval required)

- Outside/Additional Employment (prior approval required)
  - Staff must follow Policy 4070—Form P36
  - All other employees must follow Policy 13010

- Service in an executive or managerial capacity with an external entity related to your expertise or that could potentially do business with the university
Virginia Tech Conflict of Interest Policy #13010

Required to disclose outside activities such as:

- Significant Financial Interest Related to your Institutional Responsibilities:
  - Payments of $5000 or greater from publicly traded entities or ANY equity interest in a non-publicly traded entity

- Personal Interest in a Contract **
  - 3% equity ownership or $5000 in payments annually

**(Prohibited under State Law—but there is an exception for contracts involving research and development or commercialization of IP)**
What happens if an employee discloses COI related to a sponsored project?

- Develop a project-specific management plan to be approved by the university

Principles for management plans:
- Transparency
- Separation
- Independence
- Oversight
Annual Disclosure Process:

- Disclosures made annually on a fiscal year basis (or as new situations arise)
- Online Disclosure System was rolled out in 2016.
Virginia Tech Conflict of Interest Policy #13010-Resources

- Comprehensive COI Website: (includes FAQ’s)
  http://www.research.vt.edu/conflict-of-interest

- Disclosure Decision Tree:
  http://www.research.vt.edu/conflict-of-interest/decision-tree

- New online Disclosure System: (Live Link)
  https://securedev.research.vt.edu/coi
Additional Questions?

Contact us directly: Conflict of Interest Office
306 Burruss Hall

Linda Bucy, University Conflict of Interest Officer
lbucy@vt.edu or 540-231-9477

Vicky Ratcliffe, COI Administrator
vratcliffe@vt.edu or 540-231-7964
Acquisition of Goods and Services
Conflict of Interest

• All university employees must adhere to the Code of Virginia regarding conflict of interest. It is the employee’s responsibility to understand the law.

• Any person that plays any part in a transaction for the purchase of goods or services is held to the standards of the law for avoiding a conflict of interest.
The purchase of goods and services by the university from a business or entity owned by an employee of the university, or by a member of the employee’s immediate family, is a prohibited conflict of interest under state law.

The conflict exists even if the purchase is being made by a department/unit other than the employee’s home department.
Acquisition of Goods and Services
Conflict of Interest

• A business owned by an employee’s spouse or immediate family member is barred from doing business with Virginia Tech to prevent any perception of inappropriate favoritism.

• Single one-time purchases valued less than $500.00 are exempt from this requirement.
Acquisition of Goods and Services
Conflict of Interest

• Employees of the university should never accept gifts from vendors, bidders, offerors, contractors, or subcontractors.

• Giveaways at trade fairs or conferences which are available to all participants are acceptable.
What is HokieMart?
- University’s e-Procurement System
- All purchases are processed through HokieMart to generate an official university purchase order
- Purchases should be made AFTER a purchase order is issued out of HokieMart

$2K = Departmental purchase delegation limit
- Direct purchase through HokieMart with vendors under contract with the University.
- Direct Pay purchases (Policy 3220)
- Purchase must be processed through central procurement by a university buyer.
Acquisition of Goods and Services

SWaM Vendors

- SWaM - Small, Woman Owned and Minority Owned Vendors
  - Statewide and University Commitment to Utilizing a Diverse Vendor Base

- Annual Aspirational Goals the University must meet based on the university’s total discretionary spend.

- Part of the University’s Management Standards established by SCHEV (statewide oversight)

- Purchasing decisions by department should include a commitment to utilize SWaM vendors
Acquisition of Goods and Services

Contract Signature

- Department Heads do NOT possess contract signature authority (See Policy 3015 for more information)

- Any two party agreement relating to the acquisition of goods and services should be sent through procurement for processing.
Acquisition of Goods and Services

Small Purchase Pcards

• Small Purchase Pcards are issued to individual cardholders to assist with payment to companies that will not accept purchase orders.

• Departments should limit their use of the small purchase pcard. They should only be used when purchase orders are not accepted.
LET’S TAKE A 10 MINUTE BREAK!
SPONSORED RESEARCH COMPLIANCE AND EFFORT REPORTING

Ken Miller, Assistant VP for Finance and University Controller
VT receives significant funding for sponsored projects, therefore:

- Clerical and administrative costs should **NOT** normally be charged to sponsored projects – such costs are covered by the Facilities & Administrative (F&A) cost rate or overhead rate.
- Cost transfers (for salaries and non-salary costs) must be made timely and with adequate explanations as to the necessity of the transfer and the benefit to the project being charged.
- **Best practice:** Use the Project Authorization Notice (PAN) as the trigger to process salary transfers as new projects are awarded to ensure salary transfers are processed timely. **Timely transfers are needed for accurate effort reporting.**

- See Policies 3105, 3200, 3240, 3245, 3250, 3255 for more information.
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.

- Effort reports (PARs) display the distribution of funding from the payroll system.

- PARs will be issued to most salaried employees paid at least partially from sponsored funds approximately 45 days after the end of the reporting period (each semester). This waiting period is needed to ensure that the majority of retroactive funding transfers can be processed before PARs are issued. **Having effort reports which need funding changes is NOT optimal.**

- Certification of an effort report (PAR) represents an employee's agreement that the salary charges shown on the report reasonably reflect the effort expended on sponsored projects and other activity for which they were compensated by Virginia Tech.
Effort Reporting

The PAR documents the proportion of time devoted to sponsored projects, departmental research, teaching, and other activities, expressed as a percentage of total university effort.

- It does not matter if these activities occur on nights or weekends or how many hours are worked by an employee in an average week.
- All effort expended on university-related tasks is included in the 100 percent allocated on the PAR.
- It is acceptable to provide effort to the project in excess of the percent of salary charged (voluntary cost sharing). For example, working on project for 20% of your time, but only charging the project 10% of your salary.

- **Performing a lesser percentage of effort than the percentage of salary charged to a grant is fraudulent and is a prohibited practice.**
Effort Reporting Certification Statement

- 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, such as an employee leaving the university or is on extended leave, should a responsible official (i.e. supervisor, department head, business manager) certify effort on behalf of faculty or staff.
- Certification must be reliable – once certified, no further salary cost transfers for the period should be initiated.
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 and mark the following “certification”:

“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.”

When such funding changes are needed, the certification process is not complete until a Retro-PAR is created (reflecting the necessary funding changes) and certified as being correct by the employee or PI.
FIXED ASSET MANAGEMENT

Ken Miller, Assistant VP for Finance and University Controller
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).
- Equipment received from federal agencies is often problematic. You need to ensure you receive appropriate documentation from the agency authorizing the transfer and communicate to the Office of Sponsored Programs and FAEIS.
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:
  - Heather Reed at timeclock@vt.edu (1-3394)
Additional Training & Information

- Procurement Dept. Website – www.procurement.vt.edu
- Human Resources Dept. Website – www.hr.vt.edu
- Business Practices Website - www.cafm.vt.edu/busprac
  - Online Department Head Training - https://secure.hosting.vt.edu/www.cafm.vt.edu/busprac/dept_head_training/index.php
  - Departmental Business Managers Portal – email bjo@vt.edu for access: https://vpf.bams.vt.edu/DBMP/SitePages/Home.aspx
- Office of Sponsored Research (OSP) - https://www.osp.vt.edu/
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

Questions?

Go Hokies!