REGIONALS PRESENTATION
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WHAT ARE YOUR “TOP TEN WANT TO KNOWS”?
“Did You Know...”

- Allowable expenses and passing the “Front Page” test
- Support and protect
- Ghost employment
- Paying employee's tuition
- Gifts
- Cash on the street
- IU property
- Sub-funds and differences based on income stream
- Fraud verses misappropriation
CATS

- Site
  - http://www.indiana.edu/~cats/index.php

- Knowledge Base
  - http://www.indiana.edu/~cats/kb/index.php
IUF Reimbursements

- Here to support IU
- IUF and IU policies are becoming more aligned
- When **allowable**, spend from IU accounts and then seek reimbursement from IUF
- If **NOT allowable** with IU policy, may not always be allowed at IUF
- **NO gifts**; such as administrative assistant day, etc.
ALLOWABLE HOSPITALITY EXPENSES
(FIN-ACC-I-50)

- Hospitality Definition
  - Expenses incurred to purchase or provide meals
  - Refreshments or entertainment
  - Expenses incurred for promotional purposes
ALLOWABLE HOSPITALITY EXPENSES
(FIN-ACC-I-50)

Hospitality expenses incurred in achieving the University's mission or directly related to the conduct of official University business can be approved or reimbursed if it is determined the expenses are

- Necessary
- Appropriate to the occasion or event
- Reasonable in amount
- Serves a bona fide University purpose
ALLOWABLE HOSPITALITY EXPENSES
(FIN-ACC-I-50)

- Allowable Categories with Object Codes
  - Food and Merchandise
    - 4025
  - Conferences
    - 4026 - Registration fees must cover hospitality
  - Contracts & Grants
    - 4027 - Specific to award within university guidelines
  - Student Activities
    - 4028
  - Auxiliary & Service Units
    - 4868 - Promotional expenses for client base
ALLOWABLE HOSPITALITY EXPENSES
(FIN-ACC-I-50)

What are the Allowable Events?

- Faculty, staff, and student recruitment
  - Including spouses with dean approval
- Official ceremonial events
  - Commencement
- Receptions primarily for students or potential students
- Official business of the Board of Trustees
- Refreshments at formal University training and development sessions
ALLOWABLE HOSPITALITY EXPENSES
(FIN-ACC-I-50)

 Allowable Events (continued)

• Employee recognition receptions
• Meals related to accreditation activities or peer reviews
• Meals for academic visitors contributing to intellectual life
• Meals or refreshments for formally organized departmental or organizational employee business meetings
   This does not permit lunch-only meetings
   To qualify, the meeting duration must be at least half a day
ALLOWABLE HOSPITALITY EXPENSES
(FIN-ACC-I-50)

- **Unallowable Events**
  - Alcoholic beverages under ANY circumstances
  - Flowers not related to an allowable function
  - Gifts, of any kind, to an individual
  - Items utilized for personal entertainment
  - Fundraising events where revenue goes to IUF
  - Refreshments for staff meetings, unless internal training with outside source
  - Anything related to local, state, or federal government
  - Advisory boards
DRAWINGS, GAMES, AND PRIZES
(FIN-VII-4)

- Prizes are taxable income and may require reporting

- Drawings and “games of chance”
  - To encourage attendance at or participation in events
  - Value of any prize offered must not exceed $300 and the total value of all prizes offered at any event must not exceed $900
    - Exceptions subject to approval by unit and campus financial officers and SVP & CFO, VP and General Counsel, and VP for Public Affairs and Government Relations

- Raffles as defined in the policy are prohibited
PRIZES THAT LOOK LIKE STUDENT FINANCIAL AID

- Prizes
  - Must be competition based
  - Does not have to be used for educational expenses
  - Is not required to be a student
  - Is not related to the student’s coursework, studies, or degree completion

- Must be processed to ensure appropriate reporting by the university
  - Cash payments = processed through a DV
    - Documentation must be noted as to how the prize contest was conducted in the notes section

- See Student Financial Aid Guidelines for more information
USE OF P-CARDS

Uses

- Small dollar amounts with vendors who will not accept purchase orders or APO’s
- Non-contracted suppliers when goods or services are not available through an established contract
- One-time purchases from suppliers that are not in EPIC
- Conference registration fees
PROCUREMENT SERVICES

- More information can be found on their website: http://www.indiana.edu/~purchase/
Option ONE: If increased salary rate is more than 15%
- Under object code 2000 and sub-object code ADM, the portion of the base (CSF) should be 15% if the increased salary amount is more than 15%
- Example:
  - Current salary is $150,000/10 months or $15,000/month
    - STEP ONE: Change to 12 month increases the salary to $180,000 or $15,000/month
    - STEP TWO: Offer is negotiated and new CSF salary amount is $220,000/12 months or $18,333/month
  - Budget account: xx-xxx-xx  2000 ADM
    - $33,000  15%
    - $187,000  85%

Option TWO: If the increased salary rate is less than 15%
- Under object code 2000 and sub-object code ADM, the portion of the base (CFS) should be the difference between the current CSF and the requested CSF if the new salary amount is less than 15%
- Example:
  - Same as above except that the offered amount is $198,000/12 months
  - Budget account: xx-xxx-xx  2000 ADM
    - $18,000  10%
    - $180,000  90%
SALES TAX REIMBURSEMENT

- Purchases that are **NOT** exempt from sales tax:
  - Purchase of prepared and catered food for university faculty and staff
  - Reimbursements made to employees are not direct payments to the university, thus are NOT exempt from sales tax

FACULTY AND STAFF AWARDS

- Faculty
  - Distinguished Professors
    - Nominated and decided by the President
    - $10,000 in Base
    - Around 5 a year
  - At IUB, we have Rudy Professors
    - Administrative title
    - $10,000 in Cash provided each year until termination
  - Annual Founder’s Day Program
    - Awards provided for Outstanding Teacher, Lieber Awards, George Pinnell Award, etc.
    - Around $2,000 in Cash, some provide $2,500 in Base
  - External awards such as the prestigious Guggenheim

- Staff
  - Reward Plans and Recognition Plans
    - http://hr.iu.edu/policies/uwide/rewards.html
SPONSORSHIPS
(PAGR-01)

- Expenditure

- Planned participation with external organizations must be submitted to VP for Public Affairs and Government Relations (PAGER) in advance

- SVP & CFO must approve
  - Sponsorship participation and/or event purchases by a unit with a total cost of more than $2,500
  - Memberships with a cost of $10,000 or more
SPONSORSHIPS
(PAGR-01)

• Sponsorship Procedure
  • Before purchasing a sponsorship, event ticket, or membership (for an individual, unit or institution); or before a contract or agreement within the scope of this policy is signed, units must **complete the Sponsorship/Membership Data Collection Form** and submit it to the Office the Vice President for Public Affairs and Government Relations (PAGR) **no less than 7 days prior to event sponsorship deadlines**. Units are encouraged to make submissions earlier if at all possible. Information provided on the form will be used to identify possible collaboration among university units so that any university monies can be best used to maximize negotiated levels of participation.
Sponsorship Procedure (continued)

- After PAGR review of the sponsorship/membership request, an electronic copy of the form will be sent back to the requesting unit and can be forwarded to the appropriate fiscal officer in order for payments to be processed.
- Any requests needing approval by the VP & CFO will be forwarded to that office and the requesting unit will be notified upon approval.
Sponsorship Procedure (continued)

- University approved images/artwork for use by the external organization will be provided by PAGR on the behalf of the sponsoring university unit by the time of sponsorship/membership deadline.

- Sponsorship or membership purchases should be coded appropriately so that they can be reviewed by PAGR in order to comply with federal lobbying regulations (Sponsorships– 4802, Memberships– 5050). IU Foundation will also track requests for lobbying compliance.
Revenue Producing Activities (RPA’s)
(FIN-TRE-VI-121)

- All activities must be approved prior to accepting revenue
- Existing activities with changes or expansion to business practices must be reviewed before changes are implemented

IUB Procedure
- Department must
  - Schedule a preliminary review meeting with the campus business officer
  - Complete the Revenue Producing Activity Questionnaire (RRAQ) form
  - Complete the Business Plan form
  - If a recharge center is involved, prepare a schedule or rate calculations under the guidance of FMS
  - Submit the PRAQ, Business Plan, and completed Conflict of Interest and Disclosure Statement for review
  - Campus business officer must submit materials to Treasury, who distributes to the RPAC.
    - Must be submitted one week in advance of the RPAC bi-weekly meetings
    - Reviews require approximately 14-21 days
    - RPAC looks for compliance with the university’s mission, existing external requirements, university policy, efficiency of request, redundancy, and risk
IU Conferences

To: Deans, Directors, and Fiscal Officers
From: Neil Theobald, VP and CFO
Date: July 15, 2010
Subject: IU Conferences

As of July 1, 2010, all IU departments, schools or centers on the Bloomington campus who host a conference, workshop, symposium or other events in which (1) fees are collected and (2) funds are deposited into an IU account must use IU Conferences Registration & Revenue Collection Services. Although IU Conferences can provide a full range of meeting management services including, but not limited to hotel contract negotiation, grant and conference budgeting, facilities reservations, proposal submission software, it is not mandatory to use any of their services other than Registration and Revenue Collection for your event.

This policy change is being made in response to IU Internal Audit findings that our systems for receiving participant fees do not comply with requirement set out in Office of the Treasurer Policy VI-120. We have deemed it imperative that we use the IU Conferences as our means of receiving participant fees, as their system meets all the requirements to comply with Payment Card Industry Data Security Standards (PCI DSS).

With all compliance there is a cost and with all non-compliance there is a greater cost. IU Conferences systems is cost effective, secure, allows more flexibility and payment options for conference attendees, complies with all IU policies and is therefore the best practice for IUB to collect revenue. IU Conference Staff will assist you in setting up your conference registration site, which will take 45 minutes tops.

If you have any questions, please contact Rozzie Gerstman (Assistant Vice President-Finance), Kevin Knerr (Director of IU Conferences), or Dennis Reedy (Office of the Treasurer).

Highlights from the Office of the Treasurer Policy VI-120:

- Electronic processing is the preferred method for handling payments received by Indiana University.
- Departments will be encouraged to minimize and eliminate, if possible, accepting payments at their department. Departments will be asked to replace these face-to-face transactions by using web-based and/or lockbox processed transactions.
- Payment options will be linked directly into the University’s Financial Information System (FIS), whenever possible, to ensure timely recording of transactions and expedite the prompt reconciliation of general ledger and bank accounts.
IU CONFERENCES

- Process and Procedures

- More information can be found at OCERS website:
  http://ocers.indiana.edu/staff.html
Board of Trustees and the President of Indiana University are committed to a solid structure of internal controls.

Internal controls are “crucial” in providing reasonable assurance regarding the safeguarding of University assets and the achievement of operational, financial reporting, and compliance objectives.
INTERNAL CONTROLS
(FIN-ACC-I-470)

- SVPCFO is responsible for ensuring that an adequate internal control structure exists for all things financial.

- Tone is set at the top
  - Vice Presidents, Campus Administration, Deans, Chairs/Directors, and the Fiscal Officers are to build and maintain an internal control environment at the campus, RC, and department level.

- Staff are to be well trained and educated on University financial policies to ensure a tone of ethical behavior and compliance is maintained “in the trenches”.
INTERNAL CONTROLS  
( FIN-ACC-I-470)

• Basic Concepts
  • Management, not auditors, must establish and maintain the unit’s internal controls
  • The internal control structure should provide reasonable assurance that financial reports are correctly stated
  • No system can be regarded as completely effective
  • Controls should be applied to all transactions
  • It is imperative that effective and reasonable segregation of duties are in place
SEGREGATION OF DUTIES FOR PAYROLL PROCESSING  
(FIN-PAY-IV-200)

- Payroll processing staff should **not** be the same person who audits/verifies payroll

- Other areas of importance
  - Delegation of Signature Authority (FIN-ACC-I-10)
  - Purchasing should have 2 people to approve
  - FIS Reimbursements (DV’s)
    - Fiscal officer should not prepare own
  - Travel
    - Fiscal officer travel should have additional approvers

- We don’t want to put our employees at risk to defend internal controls
**Budgeting**

- **Base Budget (July 1)**
  - Only general funds

- **Adjusted Base Budget** *(July 1 Budget that has been adjusted)*
  - The increased Base Budget amount because money has been given for an increase

- **Current Budget**
  - Base Budget plus any additional non-base monies
    - Normally a “one time deal”
    - Does not increase Base Budget
    - Normally “don’t use it, you lose it”
BUDGETING

- Cash
  - Non-general funds
  - Carries forward if not spent

- CSF Amount (Calculated Salary Foundation)
  - New amount budgeted if raises are given
    - July 1 = Amount in Budget Construction is $50,000
    - July 2 = Salary changes to $52,000, which becomes the CSF amount

- FTE (Full Time Equivalent) Amount
  - How much time you work
    - Full time = 1 FTE
**Budgeting**

- **Chasing the base**
  - During budget construction, salaries are set in compliance with the SVP&CFO salary guidelines
    - Effective July 1\(^{st}\) annually
    - Base Budget and Base supported
  - July 2\(^{nd}\) salary could change due to promotion, reclassification, etc.
    - Object code is now out of balance due to the increases salary
  - Prepare a Budget Adjustment to cover the amount of the increase
    - Position number in the sub-account org ref field
**Mid-Year Increases**

- If the salary increases after July 1st due to promotion to a higher ranked level or reclassification, salary options must be discussed with Violet Bloom
  - Violet Bloom works with Greg Alter to compile a list
  - List is sent to me for SVP & CFO Neil Theobald’s approval

- Be sure to chase the base
FINANCIAL SUB-CERTIFICATION PROCESS
(FIN-ACC-I-510)

SVPCFO requires at the end of each fiscal year that Unit Leaders and their Fiscal Officers sign a certification statement attesting to certain statements regarding financial activity in the Unit.

A new Unit Leader will not be required to sign if Internal Audit has not completed the Transitional Review by the end of the year.

A new Fiscal Officer will not be required to sign if the employment date started after the first of the last quarter (April 1) of a given fiscal year.

Neil Theobald (SVPCFO) signs the Management Representative Letter.

This certification is recommended by NACUBO for large decentralized institutions (Sarbanes-Oxley Act).
Definition of the Organization Reversion Business Rules

- Within the Organization Reversion Detail there are seven business rules that may be applied to a given Organization Reversion Category. The seven rules along with a brief description are:
  
  - **A** – Carry-Forward +/- Balance in the Same Account
  - **C1** – Carry-Forward enough Current Budget to cover Outstanding Encumbrances if Available, then Carry-Forward + and Revert -
  - **C2** – Don’t Carry-Forward enough Current Budget to cover Outstanding Encumbrances, then Carry-Forward + and Revert -
  - **N1** – Carry-Forward enough Current Budget to cover Outstanding Encumbrances if Available, then Revert + and Carry-Forward -
  - **N2** – Don’t Carry-Forward enough Current Budget to cover Outstanding Encumbrances, then Revert + and Carry-Forward -
  - **R1** – Carry-Forward enough Current Budget to cover Outstanding Encumbrances if Available, then Revert Remaining
  - **R2** – Don’t Carry-Forward enough Current Budget to cover Outstanding Encumbrances, then Revert Remaining

- Note: Closed Accounts will use Reversion Rule R2, regardless of the table setup.
### General Funds Budget Reversion Summary:

**Green** – CF Amount  **Yellow** – Revert Amount  **Fuchsia** – Outstanding Encumbrance Not Covered

**R1** – Carry-Forward enough Current Budget to cover Outstanding Encumbrances if Available, then Revert Remaining

**Run Date of 07/04/11**

**For Chart Code(S):** XX  **For RC Code(S):** XX

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<th>Budget</th>
<th>Actual</th>
<th>Balance</th>
<th>Bal Avail</th>
<th>Outst Outstanding</th>
<th>Encumbrance</th>
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#### CAMPUS: CC – SAMPLE CAMPUS NAME

#### RESP CTR: RR SAMPLE RC NAME

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<td>27,850.47</td>
<td>26,519.43</td>
<td>1,331.04</td>
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**Budget Balance Carried Forward to ACCT XXXXXXX** 26,519.43

**Budget Balance Reverted to ACCT ZZZZZZZ** 1,331.04

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<td>11,122.46</td>
<td>2,184.20</td>
<td>8,938.26</td>
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**Budget Balance Carried Forward to ACCT AAAAAAA** 8,938.26

**Budget Balance Reverted to ACCT BBBBBBB** -297,415.61
# Year End Closing Reversion and Statements

N1 – Carry-Forward enough Current Budget to cover Outstanding Encumbrances if Available, then Revert + and Carry-Forward -

R2 – Don’t Carry-Forward enough Current Budget to cover Outstanding Encumbrances, then Revert Remaining

<table>
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<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Balance</th>
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BUDGET BALANCE CARRIED FORWARD TO ACCT KKKKKK

-1,594.97

BUDGET BALANCE REVERTED TO ACCT LLLLLL

-92,928.99
MY-FI PORTAL DEMONSTRATION

https://www.sharepoint.iu.edu/sites/vpcfo/my-fi/SitePages/Home.aspx