ABC 2014 Fall Summit

Finance Approvals Overview

September 9, 2014
Designed to protect the financial and physical assets of the university, and to fulfill our fiduciary responsibility to our students, the state, and the general public.
Do you understand the documents or other information that you’re approving and the accountability that goes along with your signature?

- Fiscal Authority
  - Authority may be granted based on your position or by written delegation—you’re entrusted to make good decisions
  - Chartfield authority
  - You may never approve your own expenses or those of a person that you report to
  - You may not authorize payment to an individual or business where there is a conflict of interest
Finance Approvals: Key Components

- Fiscal Responsibility
  - Responsibility for the funds (overall responsibility and not just budget responsibility)
  - The approver shall comply with all established policies and procedures respecting the expenditure of university funds

- Fiscal Controls
It’s not your money, and it’s not your stuff!

- Student Fee Money
- Taxpayer Dollars
- Bond Sales
- Gifts and Grants
Many types of expenses are highly scrutinized, and may be subject to audit or Public Records Act requests.

- Financial activity must be able to pass both management and compliance review.
- Ensure that funds can be fully accounted for under any inquiry.
Funds must be spent in accordance with federal, state, CSU and university policy

- Specific funds have specific spending rules
- Inappropriate expenses will be disallowed and the department will have to identify other funding
Employees who have authority and are responsible for approving processes that generate financial transactions

- The approver must have delegation providing him or her with the authority to expense against a given fund, and have adequate funds available to meet the commitment
Employees who are responsible for financial controls relevant to their university role

- Executive management positions are inherently responsible for the financial activity and oversight of their units
- They have ultimate responsibility for the fiscal integrity and oversight
Finance controls help prevent errors, improve compliance with applicable laws, regulations and policies, and help to safeguard the assets of the university.
Guiding Principles for Financial Controls

- Control Environment—should be based on principles rather than procedures
- Risk Assessment—identify and analyze relevant threats and exposures
- Control Activities—includes appropriate policies and procedures to ensure objectives are met
- Information and Communication—allows people to carry out their duties in a timely manner
- Monitoring—assess effectiveness of internal controls over time
Separation of Duties

- Fiscal responsibilities are distributed throughout the university—separation of duties strengthen financial controls
- Financial controls are weakened when one person handles too many parts of a transaction
What types of things require finance approval?

- Payroll—Master Payroll Certification (MPC), Absence Management Self Service (AMSS)
- Procurement—Requisitons
- Accounts Payable—Travel, Pro-Card, Direct Buy Forms and Other Purchases
- Property Accounting
- Payroll and Non-Payroll Expenditure Transfers
- Budget Transfers
Can I delegate?

- A person with higher authority than the designated approver can accept delegation.
- You *MAY* be able to delegate the signature and review process to a person with lower authority in certain situations, *but you can’t delegate your responsibility and accountability!*
- Delegation of Authority—Executive Order 1000
  - “The campus President is delegated authority and responsibility for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity.”
Can I delegate?

YOU HAVE TO DELEGATE SOME AUTHORITY!
Can I delegate?

...AND BEFORE I KNEW IT, I'D DELEGATED ALL MY AUTHORITY!
What do I need to keep in mind when I’m approving?

- It’s not your money, and it’s not your stuff!
- Are the charges correct?
  - Properly reflect materials received or services rendered
- Bona Fide Business Purpose
  - Must assess whether the proposed transaction/business expense is in support of the university’s mission and serves a clear university purpose
  - Is it reasonable and necessary?
What do I need to keep in mind when I’m approving?

- Are there adequate funds available to meet the commitment?
  - Is the expense within the intended use of the budget?
  - If unplanned, is the expense a good use of the unit’s resources?

- Funds are handled in accordance with fiscal policies
  - Know the policies relevant to the expense that guide expenditure decisions
Confirm the chartfield
  - Consistent and accurate use is vital to the university’s financial reporting at all levels

Are the forms/schedules complete, accurate, and timely?

Is there appropriate supporting documentation?

If you were the student and it was your money being spent, would you have a concern about what it’s being used for?
DILBERT, I NEED YOU TO TAKE CARE OF... UM...

...WHATEVER IS ON THE TOP OF MY PILE.

THIS IS A JOB FOR MARKETING, NOT ENGINEERING.

GIVE IT TO THE DIRECTOR OF MARKETING AND ASK HIM TO ASSIGN IT TO SOMEONE.

SO... YOU'RE DELEGATING TO ME TO PASS THIS OFF TO SOMEONE ELSE, WHO WILL DELEGATE IT TO SOMEONE ELSE.

WITH EACH HANDOFF, THE SENSE OF URGENCY WILL DIMINISH UNTIL THE LIKELIHOOD OF COMPLETION APPROACHES ZERO.

YOU COULD SAVE THE COMPANY MONEY BY CRUMPLING UP THIS DOCUMENT AND THROWING IT AWAY RIGHT NOW.

THIS FEELS WRONG.

TRY USING MORE WRIST.
Finance Approvals Overview

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