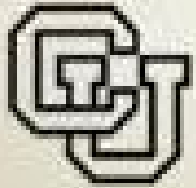


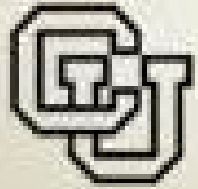
Fiscal Responsibility Training for All

Presented by the
Office of University Controller



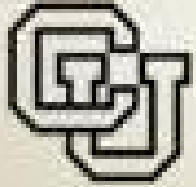
Course Format

- The course includes a series of **slides** and an email link.
- The **slides** cover important considerations related to fiscal responsibility.
- The email link confirms your course completion and provides an opportunity for you to identify any issues or concerns raised during the training about the fiscal management of your *Functional Area of Responsibility*.



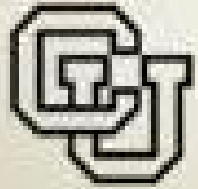
Fiscal Responsibility - *Officers*

The Administrative Policy Statement (APS) [Fiscal Certification](#) requires *Officers* to certify annually their financial accountability and responsibility. *Officers*, however, are not the only ones responsible for the University's financial management (see APS [Fiscal Roles and Responsibilities](#)).



Fiscal Responsibility - *Fiscal Principals and Managers*

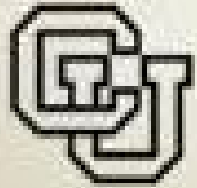
This course, therefore, has been developed for those *Fiscal Principals, Fiscal Managers, Fiscal Staff* and any others who also participate in carrying out the University's financial management.



Course Purpose

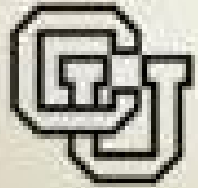
The purpose of this course is to assist you in understanding the responsibilities of your fiscal role relative to providing reasonable assurance that the University's:

- financial statements are accurate and complete, and
- internal controls are sufficient and effective.



Course Content

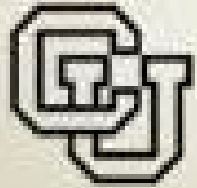
- Definitions
- Part 1 Fiscal Responsibility in Action
 - General Financial Management
 - Internal Controls
 - *Financial Report Review Process*
 - Policy Identification and Compliance
 - Required Fiscal Communications
- Part 2 Financial Reporting Disclosures
- Summary
- Portal Acknowledgement



Definitions

Certain *italicized terms* are critical to the University's financial management processes and are included in the University's [APS Dictionary](#). Due to the great frequency of use throughout this course, they are defined now for your convenience. Other terms that are specific to certain content areas will be defined later in the course.

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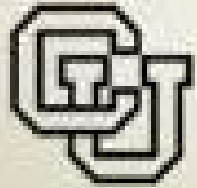
Definitions - 2

- Functional Area of Responsibility

A group of related business objectives, processes and entities for which an *Officer* has oversight by virtue of her/his position, that includes multiple *Organizational Units* and has the following characteristics:

- Organizational permanency; and
- Programmatic autonomy.

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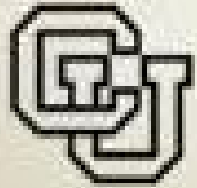


Definitions - 3

- **Materiality**

A measurement or threshold to gauge the significance of a fiscal transaction based on what a reasonable person would customarily apply to other comparable operations. Given that, items in excess of \$100,000 or 5% of the revenue or expense base, whichever is less, are always considered material. Further, items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

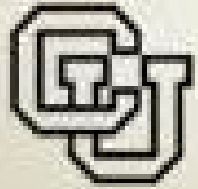
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Definitions - 4

- Material Weakness

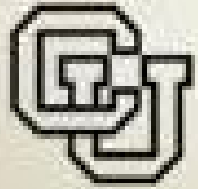
Significant Deficiency for which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that could be *material* in relation to the financial statements may occur and not be detected within a timely period by *employees* in the normal course of performing their assigned functions.



Fiscal Responsibility in Action

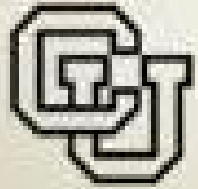
Now, let's begin Part I - Fiscal Responsibility in Action, which includes:

- General Financial Management
- Internal Controls
- *Financial Report Review Process*
- Policy Identification and Compliance
- Required Fiscal Communications



General Financial Management

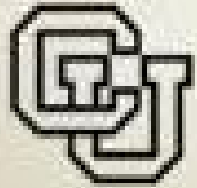
- The University is required to establish sound financial management practices under:
 - Regent laws and policies,
 - State of Colorado statutes and fiscal rules,
 - Federal regulations, and
 - Generally accepted accounting principles.



General Financial Management - 1

- Sound financial management practices:
 - Reasonably ensure that the fiscal impact of University operations is planned, controlled, and accurately accounted for in the University's financial records;
 - Reasonably ensure that *Fiscal Transactions* comply with applicable policies, laws, regulations, and rules; contracts, grants, and donor restrictions; and generally accepted accounting principles; and
 - Require *Internal Controls* to accomplish the above two objectives.

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General Financial Management - 2

- To help *employees* better understand the University's financial management process, it is set forth in the following interrelated [Administrative Policy Statements](#):

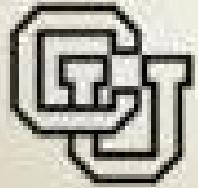
- [Controller Function Decentralization](#)
- [Fiscal Roles and Responsibilities](#)
- [Fiscal Code of Ethics](#)
- [Officer Disclosure of Interests](#)
- [Fiscal Certification](#)
- [Fiscal Misconduct Reporting](#)

These policies can be found on the APS Fiscal web page at <https://www.cu.edu/policies/Fiscal/index.html>



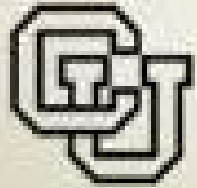
General Financial Management – 3

The following slides highlight the key principles of the University's financial management process.



General Financial Management - 4

All *Employees* are entrusted with the responsibility of preserving University resources and using those resources in a prudent manner for their designated purposes, as provided by policies, laws, regulations, and rules, and contracts, grants and donor restrictions.

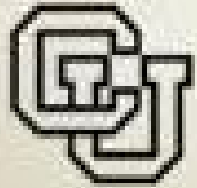


General Financial Management - 5

*Employees (including Fiscal Principals, Managers Staff) who **personally participate** in a Fiscal Transaction must ensure that the following checks are performed for the Fiscal Transaction:*

- Has proper authorization, including requisite reviews;
- Does not violate the applicable *Conflict of Interest* policy or law;
- Specific to an expense transaction, there are adequate funds allocated (or otherwise available) within regularly approved budgets to cover the transaction;
- Occurs after reasonable consideration of the impact on the University;

...continued



General Financial Management - 6

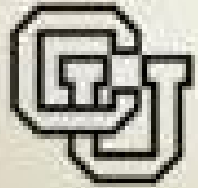
- Is in accordance with all University and other applicable policies, laws, regulations, and rules, and contracts, grants and donor restrictions;
- Is timely and properly recorded in the University's *Finance System*;
- Has the appropriate original supporting (source) documentation; and
- That there is personal participation by at least two individuals (which is evidenced and certified on each transaction by a signature as described in [Attachment A, Guidance on Fiscal Roles and Approval Authority.](#))



General Financial Management - 7

Fiscal Principals and Fiscal Managers have the responsibility to take action to ensure that subordinate *Employees* within their *Responsibility Units* have been informed about their *fiscal roles* and are properly carrying out their fiscal responsibilities.

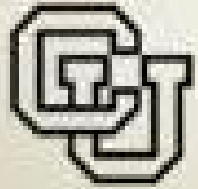
- If a fiscal role or responsibility has not been assigned to an *Employee* within their *Responsibility Units*, *Fiscal Principals* are required to personally carry out the *fiscal role* or responsibility.



Internal Controls

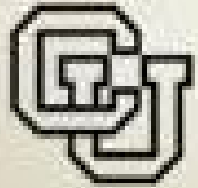
- The process of delegation and monitoring described in the previous section of this presentation is accomplished through *internal controls*.
- The following slides will help you assess the effectiveness of *Internal Controls* in your *Functional Area of Responsibility* or *Responsibility Unit* by asking a series of questions.

If you answer “NO” to any of the questions in this section, be sure to provide an explanation when you submit your web form at the end of the course.



Internal Controls - 1

Have you ensured that all *employees* and *affiliate fiscal staff* in your *Functional Area of Responsibility* have taken all required University training?



Internal Controls - 2

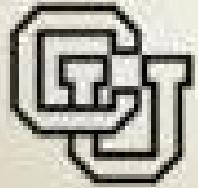
Have you provided guidance and direction to subordinate *employees* in carrying out their assigned fiscal duties, including:

- Assessing subordinates' fiscal responsibilities performance in their periodic performance evaluations; and
- Explaining that subordinates will be personally accountable for their actions when processing Fiscal Transactions per C.R.S. 24-30-202 (3)?



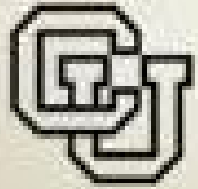
Internal Controls - 3

Have you assisted in setting a tone within your *Functional Area of Responsibility* (and the University as a whole) for ethical conduct and integrity, as outlined in the [APS Fiscal Code of Ethics](#)?



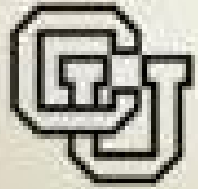
Internal Controls - 4

Have you ensured that your own approval authority is carried out properly? Also, have you taken reasonable actions to ensure that the approval authority that you have delegated is carried out properly?



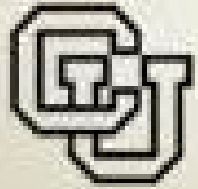
Internal Controls - 5

Are duties segregated so that no one *employee* controls all phases of a transaction, unless a compensating control process has been approved by the appropriate campus controller office?



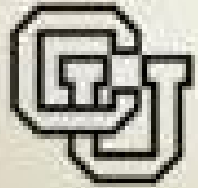
Internal Controls - 6

Are the authorization and record keeping procedures adequate to achieve accuracy and reliability of accounting data and other management information?



Internal Controls - 7

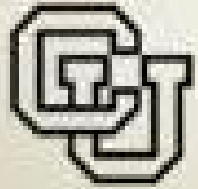
Is there reasonable compliance with all applicable policies, laws, regulations and rules, as well as with contract, grant, or donor restrictions?



Internal Controls - 8

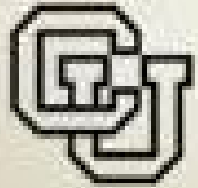
Is there a reasonable process to inform (properly and in a timely manner) the responsible *Officer* (and *Fiscal Principal* or *Fiscal Manager*, as appropriate) about communications from sponsors, donors, and regulatory agencies concerning:

- *Material* (whether resolved or unresolved) issues of noncompliance
- Inappropriate reporting of financial information
- Questioned costs
- Allegations of fraud or suspected fraud?



Internal Controls - 9

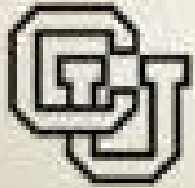
Are assets - including facilities, data, equipment, supplies, inventory, accounts receivable, and cash (including checks and credit card payments) - protected from unauthorized access or theft?



Internal Controls - 10

Do your internal controls include the required *Financial Report Review Process** as well as a process for all *employees* and *affiliate fiscal staff* to take investigative, reporting and remedial action appropriate for their assigned fiscal duties?

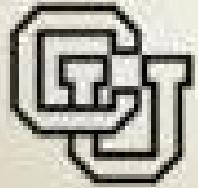
*The *Financial Report Review Process* is described in the next section of this course.



Internal Controls - 11

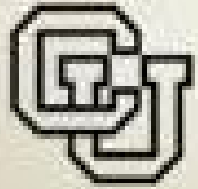
Is there a reasonable process to ensure all fiscal transactions:

- Occur after reasonable consideration relative to the impact of the transaction on the University
- Are for *official University business ONLY*
- Include proper authorization, including requisite reviews
- Result in no violation of the [APS Conflicts of Interest and Commitment](#)
- Reconcile to the *Responsibility Unit's* supporting (source) documents
- Placed in *Suspense Accounts* are resolved monthly?



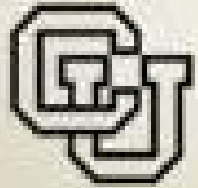
Internal Controls - 12

Is there a reasonable process to provide timely notification to the appropriate campus Controller's office to accurately identify the *Position Number* of the immediate (next higher) responsible *Officer, Fiscal Principal,* and *Fiscal Manager* for each *FOPPS* ChartField in the *Finance System*?



Internal Controls - 13

Is there a reasonable process to continuously maintain HRMS data to accurately identify the name, University e-mail address and University phone number related to the *Position Numbers*?



Internal Controls - 14

Is there an effective process of continuous assessment and adjustment for changes in conditions that affect the internal controls of your *Functional Area of Responsibility*?

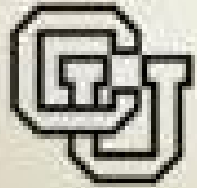


Internal Controls - 15

Have you reported any concerns about the internal controls of your *Functional Area of Responsibility* to your campus Controller?

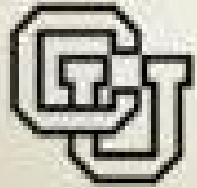
Remember...

If any of the material contained in this presentation raises concerns for you about the fiscal management within your organizational unit, be sure to note them on the web form at the end of the course.



Financial Report Review Process

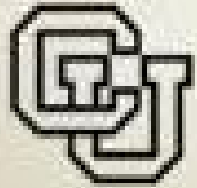
- The University requires a *Financial Report Review Process* of policies and procedures that result in the routine review of financial information to ensure its proper capture in the *Finance System*
- Procedures should include the detailed review of fiscal transactions, periodic budget to actual analysis of financial activity, and prior year to current year analysis of financial activity
 - Procedures should also include taking appropriate investigative and remedial actions



Financial Report Review Process - 1

The *Financial Report Review Process* requires **personal participation** at all levels – *Fiscal Staff, Fiscal Managers, Fiscal Principals, and Officers.*

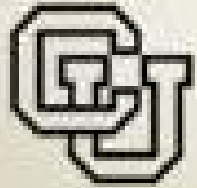
The level of participation varies by person, depending on how the review process has been designed and delegated in your *Functional Area of Responsibility.*



Financial Report Review Process - 2

The following slides will help you assess the effectiveness of your *Financial Report Review Process*.

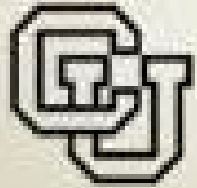
If you answer “NO” to any of the questions in this section, it is important that you provide an explanation in web form at the conclusion of this course.



Financial Report Review Process - 3

Does your *Financial Report Review Process* include the appropriate level of **personal participation** by the appropriate *Officer, Fiscal Principal, Fiscal Manager* and *Fiscal Staff*?

- Appropriate level of **personal participation** recognizes that different individuals play different roles (i.e., some do higher level reviews, while others perform detail reconciliations). The key is whether or not everyone has some level of **personal participation**.



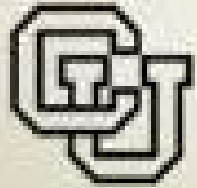
Financial Report Review Process - 4

Does your process include a review of the Financial Reports for your *Functional Area of Responsibility* on a regular basis, paying particular attention that:

- a. The financial reports generated by the University's Reporting System* fairly present the financial activity within your *Functional Area of Responsibility*;

(*Each month, financial reports are delivered to the Reports tab of your portal.)

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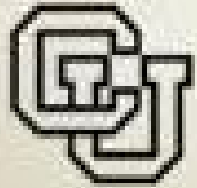


Financial Report Review Process - 5

b. Fiscal Transactions:

- i. Are recorded in the appropriate fiscal year and ChartField category, adequately described, and in accordance with all other University accounting policies;
- ii. Are allocated to an appropriate SpeedType (FOPPS) -- the SpeedType (FOPPS) should benefit directly from the expense and accurately reflect the nature of the expense -- including any contracts, grants and donor restrictions attached to the SpeedType (FOPPS);
- iii. Are incurred after reasonable consideration of the impact on the University and only for *official University business*;

... continued



Financial Report Review Process - 6

- iv. Had proper authorization, including requisite reviews;
- v. Resulted in no violation of the [APS Conflicts of Interest and Commitment](#);
- vi. Specific to expenses, had adequate funds allocated or otherwise available within regularly approved budgets to cover the transaction(s);
- vii. Were supported and reconciled to the *Responsibility Unit's* supporting (source) documents; and
- viii. All Fiscal Transactions placed in Suspense Accounts were resolved?

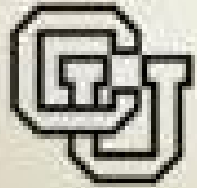


Financial Report Review Process - 7

Did your *Financial Reports Review Process* for your *Functional Area of Responsibility*, result in the occurrence of appropriate investigative, reporting and remedial action?

Don't forget...

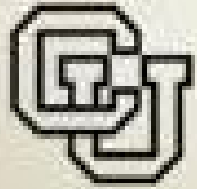
If any of the material contained in this presentation raises concerns for you about the fiscal management within your organizational unit, be sure to note them on the web form at the end of the course.



Policy Identification and Compliance

- As a *Fiscal Principal* or *Fiscal Manager*, you have a responsibility for identification of and compliance with applicable policies, laws, regulations, and rules, as well as with contract, grant or donor restrictions
- Your level of personal responsibility will vary, depending on how fiscal responsibilities have been delegated in your *Responsibility Unit*
- In answering the next slides, consider the effectiveness of delegation in your *Responsibility Unit*, as well as your personal actions

If you answer “NO” to any of the questions in this section, be sure to provide an explanation in the email you send at the end of the course. **It is important to note any issues or concerns you have about the fiscal management of your *Functional Area of Responsibility*.**

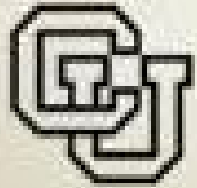


Policy Identification and Compliance - 1

Do you identify and comply with all aspects of:

- a. University policies and procedures,
- b. Other applicable policies, laws, regulations, rules, and
- c. Contract, grant, and donor restrictions

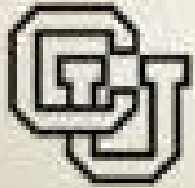
that could have a *material* effect on the financial records of your *Functional Area of Responsibility*?



Policy Identification and Compliance - 2

Have all communications (that you are aware of) from sponsors, donors, and regulatory agencies concerning the items below been reported to the appropriate *Officer*?

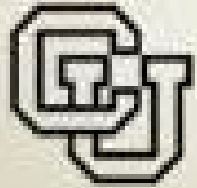
- *Material* issues of noncompliance (whether resolved or not),
- Inappropriate reporting of financial information,
- Questioned costs identified after project closeout, or
- Allegations of fraud or suspected fraud?



Required Fiscal Communications

- *Fiscal Principals and Fiscal Managers* – and upon occasion *Fiscal Staff* - have a responsibility for communicating certain types of financial information to other responsible offices in the University
- Your level of personal responsibility will vary depending on how fiscal responsibilities have been delegated in your *Responsibility Unit*
- In answering the next slides, consider the effectiveness of delegation in your *Responsibility Unit*, as well as your personal actions

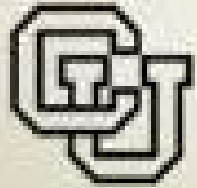
If you answer “NO” to any of the questions in this section,
be sure to provide an explanation
on the web form at the conclusion of this presentation.



Required Fiscal Communications - 1

- Have you completed the appropriate campus Disclosure of Interest statement?
 - Each campus has its own process relative to Disclosure of Interest, and the Disclosure of Interest requirement may not apply to you. Check with your supervisor or your campus finance/research offices.
- Has your *Functional Area of Responsibility* responded fully to all inquiries made by an *Officer* with respect to its fiscal transactions?

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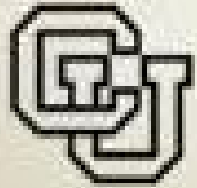


Required Fiscal Communications - 2

Have you disclosed:

- a. All aspects of sponsor restrictions to the appropriate campus sponsored projects office;
- b. All aspects of gift restrictions to the appropriate gift administration office;

...continued



Required Fiscal Communications – 3

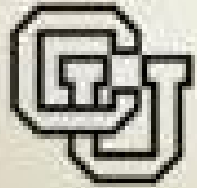
- c. Have you disclosed the existence of all contracts or other agreements with *service organizations* to the appropriate campus office (including any communication from the *service organization* related to their non-compliance);
- *Service Organization* - An external party that accomplishes tasks that affect the University's financial statements ranging from performing a specific task under the direction of the University to replacing entire business units or functions of the University. Examples are bank trust departments, student loan servicers, and application service providers that provide University software applications. *...continued*



Required Fiscal Communications – 4

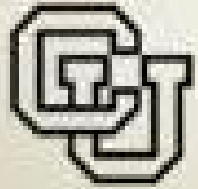
- d. Have you disclosed any *Unrelated Business Income* of all *Organizational Units* within your *Functional Area of Responsibility*;
- *Unrelated Business Income* - Income produced by the University from activities beyond our mission and subject to taxation under Internal Revenue Service

...continued



Required Fiscal Communications – 5

- e. Have you disclosed all plans or intentions that may *materially* affect the carrying value, useful life, or ownership (University control) of the assets, including inventories, and liabilities within your *Functional Area of Responsibility* to your campus Controller as required by University policy;

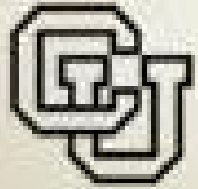


Wrap Up—Part 1 of the Course

The questions posed in Part 1 addressed five key areas of fiscal responsibility:

1. General Financial Management
2. Internal Controls
3. *Financial Report Review Process*
4. Policy Identification and Compliance
5. Required Fiscal Communications

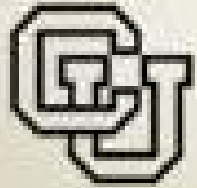
If you answered “NO” to any of the questions, please be sure to provide an explanation on the web form at the end of the course.



Overview-Part 2 of the Course Financial Reporting Disclosures

The slides in Part 2 contain questions that cover Financial Reporting Disclosures critical to the University's financial management.

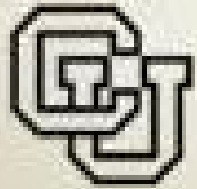
If you answer **“YES”** to any of the questions in this section of the course, **be sure to provide an explanation on the end-of-course web form.**



Financial Reporting Disclosures – 1

Are you aware of any *material unasserted claims or assessments*?

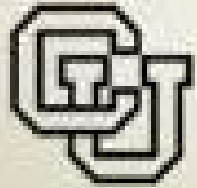
- *Unasserted Claims or Assessments* - Situation where there has been no manifestation by a potential claimant, but where the University has an awareness of an external party's present intention to assert a possible allegation or judgment. Examples include a catastrophe, accident or other similar physical occurrence in which the University's involvement is open and notorious; an investigation by a government agency where enforcement proceedings have been initiated; the University's compliance with laws, rules or regulations have not been instituted and an assertion of one or more private claims for redress would normally be expected; or a public disclosure by the University acknowledging (and thus focusing attention on) the existence of one or more probable claims arising out of an event or circumstance.



Financial Reporting Disclosures – 2

Are you aware of any *material gain or loss contingencies* that are not reflected in the *Finance System*?

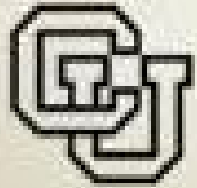
- *Gain or Loss Contingencies* - An existing condition, situation, or set of circumstances involving uncertainty as to possible impact on the valuation of a fiscal transaction, that will ultimately be resolved when one or more future events occur or fail to occur. An increase or positive impact is a gain contingency, whereas a decrease or negative impact is a loss contingency. Example is a change in investment value due to a market fluctuation.



Financial Reporting Disclosures – 3

Are you aware of any *Subsequent Events*?

- *Subsequent Events* - Fiscal Transactions that have occurred subsequent to the end of a fiscal year (June 30) that would cause a *material* change in the amounts already included in the *Finance System*. Examples include a recorded accounts receivable that is subsequently deemed uncollectible, issuance of debt, or the execution of a lease.



Financial Reporting Disclosures – 4

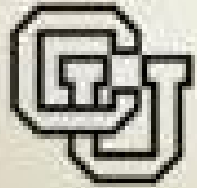
Are you aware of any transactions that have not been recorded properly in the *Finance System*? When a transaction is recorded properly it is:

- Recorded in the appropriate fiscal year and in the appropriate ChartField category, or
- Allocated to an appropriate SpeedType (FOPPS) – Meaning that the SpeedType (FOPPS) should benefit directly from the expense and accurately reflect the nature of the expense



Financial Reporting Disclosures – 5

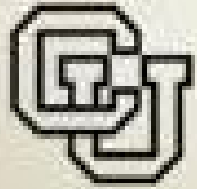
Are you aware of any allegations (either written or oral) pertaining to misstatements or other misapplications of University accounting policies in the *Finance System*?



Financial Reporting Disclosures – 6

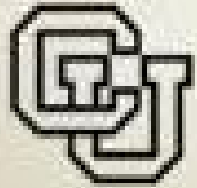
Are you aware of any *estimates* or *concentrations* related to your *Functional Area of Responsibility*?

- Estimates - Valuations of financial activity based upon probable factors as opposed to known events that could change *materially* within the next year
- Concentrations - *Material* volumes of revenues or supplies from a single source (vendor or payer), markets or geographic areas for which it is reasonably possible that a significant disruption in normal *organizational unit's* finances could occur within the next year if that external single source were disrupted. An example would include more than 50% of patient revenues from the single vendor Medicare.



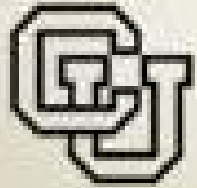
Financial Reporting Disclosures – 7

Do you have knowledge of false statements made to an *officer* that affect the University's financial statements?



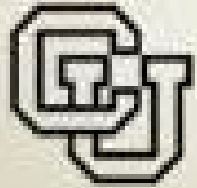
Financial Reporting Disclosures – 8

Do you have knowledge of any fraud, misuse, abuse, or suspected fraud affecting your *Functional Area of Responsibility* (or the University as a whole) that is required to be reported in accordance with the Administrative Policy Statement [Reporting Fiscal Misconduct?](#)



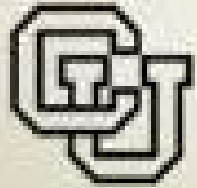
Financial Reporting Disclosures – 9

Do you have any knowledge of any identified *material weaknesses* or *significant deficiencies* in *internal controls* within your *Functional Area of Responsibility* or the University as a whole?



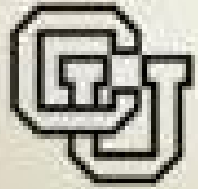
Financial Reporting Disclosures – 10

Do you have knowledge of changes in *internal controls* or other factors that may adversely affect *internal control* including any corrective actions with regard to *significant deficiencies* and *material weaknesses* that have occurred subsequent to June 30?



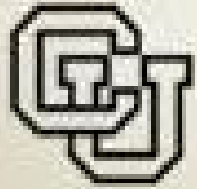
Financial Reporting Disclosures – 11

Do you have any knowledge of any paid commissions or other incentives based directly or indirectly on securing enrollment or financial aid (except when recruiting foreign student ineligible for Federal Student Aid programs) to persons engaged in recruiting admission, or financial aid administration?



Financial Reporting Disclosures – 12

Do you have any knowledge of the receipt of written notice by the Department of Education or its guaranty agency about any limitation, suspension, or termination action, or related resolutions, of the University's rights as a higher education institution?

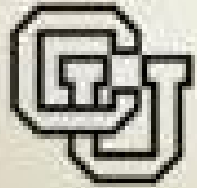


Financial Reporting Disclosures – 13

Except where included in a contract that has undergone appropriate legal review, has your *Functional Area of Responsibility* provided any guarantees, whether written or oral, under which the University is contingently liable, including *Guarantee Contracts** and *Indemnification Agreements*?*

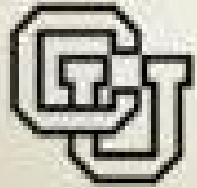
**Terms are defined on the next slide.*

...continued



Financial Reporting Disclosures – 14

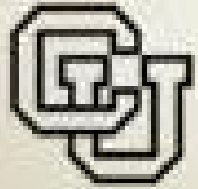
- *Guarantee Contracts* - A legally binding agreement whereby the University provides a third party to a contract: an assurance that a condition will be fulfilled; an assurance of the quality or of the length of use to be expected from the goods offered; or collateral for debt in case that party defaults. Such assurances or collateral are usually monetary but could be future goods or services. Guarantees by the University are generally prohibited under State law.
- *Indemnification Agreement* - A legally binding arrangement whereby the University provides another a sum of money paid in compensation for loss, injury, or damage or for trouble and annoyance. Indemnifications by the University are generally prohibited under State law.



Financial Reporting Disclosures – 15

Do the expenses of your *Functional Area of Responsibility* exceed the available resources?

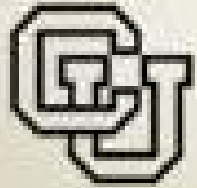
Note: In certain situations, the appropriate campus Vice Chancellor of Finance may approve deficit spending – see the [Finance Procedural Statement Expenditure Control](#).



Part 2 Wrap Up

The questions posed in Part 2 addressed Financial Reporting Disclosures critical to the University's financial management.

If you answered “YES” to any of the questions about Financial Reporting Disclosures, be sure to provide an explanation on the web form at the end of the presentation.



Course Summary

This course was designed to assist *Fiscal Principals, Fiscal Managers, Fiscal Staff* and others involved with financial management in carrying out their financial responsibilities so as to provide reasonable assurance regarding:

- the accuracy and completeness of the University's financial statements, and
- the effectiveness and sufficiency of the University's *internal controls*.



Portal Acknowledgement

Click on the hyperlink below to open a web form.
It is designed to

1. Record your course completion. (You will need to know your University email address, Employee ID #, and Org # to do this.)
2. Provide you with an opportunity to submit any issues or concerns you have relative to *fiscal management* within your *organizational unit* to the Associate Vice President and University Controller.

[Fiscal Responsibility Training for All Acknowledgement](#)