

# **Management Responsibility and Accountability**

## **Purpose**

To provide Western University of Health Sciences (University) employees a general understanding of managerial responsibilities and accountability to disclose and comply with applicable Laws and Regulations, University Systems, and University Policies.

## **Scope**

Applies to all University employees with supervisory and/or budgetary authority.

## **Responsibility**

The Deans of each college are responsible for managing all of their college's financial resources. Deans normally delegate the departmental financial management administration to each of the various departments. The department head is responsible for developing an appropriate structure for handling the department's financial resources. This will involve delegating a variety of tasks to employees within the department.

Each Banner Financial Manager (FM), which includes Directors of Operations as well as designees within the supporting departments, shall be responsible for developing an accountability structure that adheres to the following principles:

1. Accountability cannot be delegated.
2. A person cannot delegate greater responsibility than he or she has.
3. Tasks shall only be delegated to people who are qualified to perform them. A qualified person must:
  - a. be actively involved in the tasks being performed;
  - b. have the appropriate training, knowledge, and technical skills to perform those tasks, including knowledge of relevant regulations and policies; and
  - c. have the authority to carry out the tasks.
4. The University Financial Services and Treasurer (UFST) department must keep a complete and up-to-date record of the delegations of Banner fund/department responsibility as well as an audit trail of modifications to them. The FM is responsible for notifying UFST of any changes in delegations.

## **Signature Responsibility and Financial Stewardship**

The University's policy regarding delegation of signature responsibility (electronic and actual) provides a method to control who may approve financial transactions and to meet the University's financial stewardship responsibilities. University employees who have been delegated signature authority should understand the University's financial stewardship philosophy, applicable policies, regulations, rules and laws.

Financial stewardship is defined as the responsibility for managing University resources wisely and executing these responsibilities with integrity and ethical conduct. These resources include time, money, personnel, and property. When University employees manage resources in an efficient, economical, and ethical manner, the

result will be better achievement of the University's overall mission to produce, in a humanistic tradition, health care professionals and biomedical knowledge that will enhance and extend the quality of life in our communities through teaching, research, and public support.

Stewardship responsibilities encompass total oversight of the resources assigned to each employee as well as those resources available for use. Financial stewardship responsibilities include:

1. Spending money and monitoring expenditures in a fiscally responsible manner.
2. Purchasing goods and services in compliance with Federal, State and University regulations.
3. Helping others in their financial stewardship efforts.
4. Being accountable for your actions, equipment, funding, and time.
5. Encouraging others to be good stewards of their resources.

## **Financial Management**

### **Section I: Budgeting Financial Resources**

Each operating department at the University requires financial resources to perform its role in the University's mission of research, teaching, and public support. Each FM is responsible for ensuring that the department manages financial resources in an efficient and cost-effective manner.

Each FM shall adopt the following practices to ensure sound financial management:

1. All budget transfer requests must be reviewed and approved by the Office of Budget Management, Planning & Analysis. The budget provides tools to project resources necessary to achieve a department's goals and objectives.
2. Any variances from anticipated receipts and/or planned expenditures in currently authorized budgets also need to be reviewed on a regular basis, no less than monthly, and requests for budget reallocations prepared and submitted as found necessary.
3. FMs must operate within their approved budget. When expenditure requirements exceed the approved budget, justification for such excess expense must be provided to the appropriate dean, department head, provost or Treasurer prior to expenditure.
4. Any significant modifications in the budget for anticipated revenues or planned expenditures should be linked to specific goals, objectives, strategies and in approved planning documents or in approved policy changes.
5. Any questions or issues concerning budgetary or financial transactions as reflected in Banner, such as:
  - a. unexpected transaction, expense, requisition or purchase order
  - b. missing budget transaction, expense, requisition or purchase order
  - c. unresolved outstanding obligation, whether requisition or purchase order

should be brought, as quickly as possible, to the attention of the appropriate office or offices within UFST or Sponsored Programs and Contracts Management (SPCM) so that corrective action can be taken if necessary.

## **Section II: Preparing and Reviewing Budgetary and Financial Transactions**

Transactions require authorization of management. No FM should have complete control over all processing functions for any financial transaction; therefore, functional responsibilities should be separated. The separation of duties means that a mistake (careless or deliberate) is unlikely to be made without being discovered by another person. Prescribed policies should be followed in managing the people who carry out the responsibilities in each area.

A minimum of two people are preferred to process each financial transaction. The first person (Preparer - usually a department support person) enters information about the transaction, and the second person (Approver - usually the FM) reviews each financial transaction to ensure that the Preparer has properly completed the proper paperwork. Both a Preparer and Approver should be involved in each budgetary or financial transaction.

Procedures for review should include the following:

- a. Preparer and Approver are designated at the fund/department level by the appropriate Dean, Director, or FM.
- b. FM should also periodically review Banner for accurate and timely data entry of information.

1. A Preparer must:

- a. understand the University systems and know the justification of each transaction;
- b. enter accurate data into all fields on a transaction document or application system screen;
- c. record an accurate and thorough explanation of each transaction;
- d. ensure that the proper financial accounting numbers (FOAPAL) are entered;
- e. be aware of and understand all relevant University policies and regulatory and other requirements;
- f. resolve any questions that come to mind during the completion of any transaction or that are raised via on-line edits and related messages; and
- g. forward the completed transaction, with any supporting documents, to an authorized Approver.

2. An Approver must:

- a. inspect each transaction to ensure the Preparer properly fulfilled his or her responsibilities;
- b. ensure that each transaction complies with policy, regulatory, and other requirements;
- c. resolve any concerns of the approver that arise concerning a transaction, or ensure the transaction is reversed until the questions are resolved;
- d. notify UFST if the Approver will be absent from work for an extended period of time, so security access may be changed; and
- e. notify UFST when the Approver is returning from an extended absence.

## **Section III: Purchasing**

Acquisitions will be conducted on an open and competitive basis without favoritism to obtain maximum value for each purchase.

1. All expenditures must comply with applicable Federal and California regulatory and legal requirements as well as University policy. Budgetary authority to make purchases from departmental budgets is granted via the Banner on-line requisition process or the appropriate signature on manual requisition forms.

2. When the dollar amount of an expenditure is under the University's \$5,000 threshold, the FM are authorized by delegation to authorized said commodities or services.

\*Purchases greater than \$5,000 must have three formal bids.

3. FM's shall not divide requirements in order to keep the amount under the \$5,000.00 benchmark, thereby avoiding the required competitive bid requirement. In the case of similar and related items, the dollar limits apply to the total cost (shipping included, taxes excluded) rather than the cost of any single item.

4. Orders received that have not followed the prescribed purchasing procedure will require additional information depicting why procedures were not followed. Any person who makes unauthorized purchases shall be personally responsible for payment of all charges incurred.

5. If questions arise, contact the purchasing department.

## **Departmental Computing Responsibilities and Acquiring Computing Equipment and Information Systems**

If a department is developing or acquiring computer hardware and software, all Federal, State, and University requirements must be followed. Please contact the University's Information Technology Services department for assistance. The FM shall also contact Facilities when expanding current utility, space, and environmental requirements. Departments planning significant purchases, development, or modification of existing systems must ensure these meet University standards for disaster recovery and business continuity.

## **Human Resources Management**

### **Section I: Human Resources Processes**

Generally the FM has ultimate responsibility for compliance with all Federal, State and University Human Resources policies with respect to all position and employee actions under his/her department and/or divisional supervision. This responsibility cannot be delegated and includes:

1. Establishing Positions

2. Recruitment & Selection

3. Classification and Salary Administration

4. Equal Employment Opportunity and Unlawful Workplace Harassment

Consult with Human Resources to determine the best approach to recognize permanent significant job change, resolve bona fide inequitable salary relationships, and/or respond to unique labor market conditions.

5. Grievance

6. Performance Management

7. Leave

8. Workers Compensation

9. Exit Interviews (in conjunction with HR)

10. Temporary Agency Services

11. Personal Service and Certified Services Rendered Temporary Contracts

a. Submit complete, accurate, and timely data to Human Resources on temporary employees who will provide services to the University based on a Certified Services Rendered or Personal Services. Contracts require approval prior to the start of the temporary work to be performed.

b. Determine whether individuals are to be considered temporary employees or independent contractors

for tax purposes.

c. Consult with Human Resources as needed to ensure eligibility for employment.

## 12. Personnel Records

Adhere to confidentiality and do not disclose employee information that is not subject to public disclosure.

## 13. Conflicts of Interest

Comply with requirements on the University policy for Conflicts of Interest

## **Section II: Training and Development**

FM shall provide leadership and support to employees in developing their skills to maximize their potential in their current position and to provide for potential advancement to more responsible positions that are consistent with the objectives of the University.

## **Accountability/Compliance**

Every employee who conducts personnel and financial transactions that affect University funds must comply with all applicable laws, regulations, and special restrictions. To ensure compliance, each FM shall adopt the following practices:

### **Section I: Financial Compliance**

1. Departments will conduct transactions within University guidelines, which are in compliance with applicable financial reporting requirements, including the Generally Accepted Accounting Principles (GAAP).

2. FM's over Federal funds must adhere to Office of Management and Budget Circulars (OMB) and/or Federal Acquisition Regulations (FAR). Two primary OMB circulars are:

a. OMB Circular A-21, [http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html), provides the cost principles for educational institutions. These principles define allowable costs as those, which are reasonable, allocable, consistently treated, and in conformance with any special limitations. Circular A-21 also defines direct vs. indirect costs, and provides guidelines for calculating F&A (indirect) costs; and

b. OMB Circular A-110, <http://www.whitehouse.gov/omb/circulars/a110/a110.html>, provides uniform administrative requirements for grants and other agreements with institutions of higher education, including financial reporting requirements.

### **Section II: Safeguarding University Assets**

University assets must be safeguarded from loss or unauthorized use. Each FM must comply with policies created to provide adequate safeguards that include the following:

1. All cash, checks, or cash equivalents collected and all change funds are processed and managed in compliance with the requirements of the University policies.

2. Access to any forms or on-line systems that can be used to alter financial balances are restricted by financial system security to employees who require such access to perform their University duties.

3. Actual physical verifications of departmental assets must be inventoried and accounted for and any discrepancies must be accounted for within 30 days. Each department's assets of designated value are required to be properly described and accounted for in the Fixed Asset System.

### **Section III: Tax Laws and Regulations**

1. Use Tax on certain purchase transactions is required by the State Board of Equalization and must be paid on acquisitions used by the University. Otherwise, departments that purchase items for resale must charge sales tax and properly account for sales tax collected. Contact UFST for a resale license.
2. Income-producing activities that constitute a regularly-carried-on trade or business that is not related to the furtherance of educational activities are subject to income tax. Consequently, employees who are engaged in such activities must:
  - a. maintain information that supports whether or not a particular activity is subject to income tax;
  - b. notify the UFST of any potentially income taxable activities; and
  - c. account for all taxable income earned in an income-producing fund established by the UFST, which is responsible for the actual completion of the Form 990-T, Exempt Organization Business Income Tax Return.
3. Federal and State income taxes are assessed on each University employee's base salary and wages, supplemental pay, undocumented reimbursements, and various allowances (such as car and housing) in accordance with the Internal Revenue Code and California Revenue and Taxation Code.
4. Payments for consulting, commission, rents, and royalties, etc. must be reported to IRS as taxable income to the recipient. FM's must provide tax identification numbers and addresses when processing these types of payment transactions.

### **Section IV: Reporting Misuse of University Property**

Employees who receive any information or evidence of possible misuse of University property are required to report such information or evidence to their immediate or appropriate supervisor, as soon as possible, but not later than three days from the receipt of the information or evidence.

### **Section V: External Audits and External Audit Findings**

Immediately upon learning that any external audit or review related to the University in any manner will be performed in their department the FM of the department to be audited or reviewed must provide written notification of the details to UFST. If prior notice is not given, then UFST must be notified as soon as the initial contact is established with the external auditors. The FM of the department audited or reviewed should contact UFST as soon as they are aware of any audit findings or possible audit findings.

### **Section VI: Records Retention**

The records of the University may be disposed of only pursuant to law or ordinance or in connection with the transaction of official business by any agency.

### **Section VII: Consequences**

If any FM violates this policy, the supervisor of the FM shall ensure that the FM is held accountable by addressing the FM's violation firmly and in a timely manner with a disciplinary response that is appropriate depending on the severity of the violation(s). Disciplinary responses may range from confronting the FM with a verbal warning up to and including termination of the FM's employment. A progressive disciplinary plan is suggested as means of administering due process.

If the FM is a faculty member, any consequence invoked by any discipline against that person pursuant to this policy is applicable to administrative duties and responsibilities only and would not impact a faculty member's tenure status if such status were held. Any discipline against the person as a faculty member for violations of this policy, up to discharge from the University, shall be administered in accordance with the appropriate provision(s) of the Faculty Handbook.

All disciplinary action(s) taken will be made part of an employee's official personnel file.