

Chancellor's Memorandum

CM-21 – Financial Management Responsibility Policy

To: Vice Chancellors, Deans, Department Heads, Faculty, Staff, and Students

From: LSU Health Sciences Center New Orleans Chancellor

January 8, 2019. This memorandum supersedes CM-21 dated September 15, 1988.

I. Purpose

Sound business practices and stewardship principles require each member of LSUHSC-NO's faculty and staff to be accountable for safeguarding the assets and resources of the university, and for accurately recording the financial transactions of the university in order to meet its financial reporting requirements and provide for the proper financial management of the university.

II. Scope

This policy pertains to all business activities of the university and is applicable to all members of the faculty and staff. Supervisors are responsible for familiarizing their faculty and staff members with this policy. While certain tasks may be delegated to faculty or staff directly involved in processing transactions, accountability cannot be delegated. The person delegating tasks remains responsible for proper performance of those tasks.

III. Policy Statement

University faculty and staff should be familiar and knowledgeable with all policies governing expenditure of funds required by the normal course and scope of their employment. As such, university faculty and staff are responsible for processing and recording financial transactions in a timely and accurate manner in accordance with applicable laws, regulations, university policies and sound business practice. Failure to comply with this policy may result in disciplinary action up to and including termination.

IV. Definitions

Account Balance Report – Report containing the following elements: Current Fiscal/Project Year Revenue, Current Fiscal/Project Year Expenses, Net Change in position for the Fiscal/Project Year, Project to Date Revenue, Project to Date Expenses, and overall Net Position of the project since inception.

Administrative Area – A division of LSUHSC-NO responsible for processes and activities that supports LSUHSC's mission. Example of administrative areas include Academic Affairs, Administration and Finance, Community and Multicultural Affairs, and business units within a department or school.

Department or Administrative Head – The individual with oversight responsibility of a particular department or administrative area and is responsible for designating approval authority within the department or administrative area.

Approval Authority – Authority to review and approve requests for financial transactions and without whose approval, the financial transaction cannot be processed, this authority is possessed by a "Fiscal Agent."

Business Manager – individual with overall fiscal responsibility for an Administrative Area. Employees may have different titles and still function in this capacity.

Departmental Tree – Tree listing departmental divisions in LSUHSC's financial accounting system and individuals or groups responsible for those subdivisions. Trees should start with major division (eg 149) and drill down to the lowest subdivision of each respective area (eg 1490150).

Financial Transactions - Revenues and expenses generated by university activities. Earned revenues and expenditures for goods received or services rendered on behalf of the university are recorded and accounted for within the university's accounting system in the respective period (fiscal year).

Fiscal Agent(s) – The individual(s) designated by their department or administrative head with approval authority over one or more projects. Fiscal agents are typically business managers, assistant business managers, coordinators, principal investigators, or contract monitors, but may be any faculty or staff designated to this role.

Fiscal Dean (or equivalent) – The senior accounting official for a school or administrative area responsible for the overall management of the financial resources of the school or administrative area.

Initiator – The faculty or staff member who submits an initial request which, upon receiving the appropriate approvals, will result in a financial transaction or series of financial transactions.

Project – A group of activities with a common sponsor or university purpose used to associate revenues and expenses with a particular university activity (e.g. grant, contract, research activity, etc.).

Request – A written document or electronic request, approved by the initiator that begins a process which will result in a financial transaction or series of financial transactions.

Sponsored Agreement - (Revenue context) – A contract or a grant award with an external entity to provide a product or service in exchange for payment to the university. (e.g., clinical trial agreement, professional services agreement, federal awards etc.).

Sponsored Agreement - (Expenditure context) – A contract with an external entity to provide a product or service in exchange for payment from the university. (e.g., sub award to provide research under a federal grant, provide professional services to the university, etc.).

V. Roles and Responsibilities

A. General Responsibilities

1. Financial Transactions must include accurate descriptions and comprehensive supporting documentation to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and all applicable state and federal guidelines. Accordingly, invoices should be submitted to Supply Chain Management or Sponsored Projects with required approvals and supporting documentation on a timely basis.

2. Financial transactions must be recorded timely and accurately, with the true business nature of the transaction clearly identified. Specific guidance pertaining to the timely posting of transactions is published on the Accounting Services website, including a monthly closing calendar prepared by the University Accounting Services Department.

3. Transactions, whether recorded directly into the general ledger or indirectly from an interfaced system, or any supporting documentation, shall not be deliberately left incomplete or distorted. No payments made on behalf of the university are to be approved with the understanding that any part of such payment is for any purpose other than that described on its supporting documents.

4. Financial transactions shall require the authorization of a minimum of two individuals, the initiator of the request and at least one Fiscal Agent (which may be an individual in central administration). Depending on the nature of the financial transaction, more than one Fiscal Agent may be required.

5. Time and effort certifications are a critical component in maintaining appropriate controls and must be maintained in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. All employees are required to comply with LSUHSC's time and effort certification process which can be found on our website:

https://www.lsuhs.edu/administration/accounting/cost_te.aspx

6. Faculty and staff should be familiar and knowledgeable with all policies governing expenditure of funds required by the normal course and scope of their employment.

7. Cost Transfers to and between sponsored agreements are the responsibility of the principal investigator. The expenditure should be charged to the appropriate sponsored project when first incurred in accordance with the University's Cost Transfer Policy which is incorporated herein by reference:

https://www.lsuhs.edu/administration/accounting/docs/SPA_Cost_Transfer_Policy.pdf

8. Unallowable or unrelated expenditures may not be allocated to a project. If unallowable or unrelated expenditures are found to be allocated to a project, such expenditures must be immediately removed from the project regardless of timeframe and allocated to an appropriate project.

B. Responsibilities of Fiscal Agent

Fiscal Agents are responsible for the day-to-day financial management of an individual project or group of projects over which they have approval authority.

1. Ensure all personnel expenses (e.g. salaries, benefits) and other direct expenses (e.g. travel, supplies, equipment, IRB Fees, coordinator fees, services, etc.) have been accurately and timely recorded in the general ledger and associated with the correct project. Ensure all charges to governmental and other restricted agency projects are appropriate and allowable under the sponsor's guidelines and LSUHSC-NO policy. The Fiscal Agent is responsible for correcting any errors.

2. Ensure documentation of deliverables being met is provided per funding requirements and monitor revenue transactions to ensure revenue is recorded in the general ledger in a timely manner and associated with the correct project. Communicates any issues with the appropriate parties so that corrections can be made as needed.

3. Ensure all supporting documentation required by law, regulation or university policy, is obtained and maintained in office files or in designated electronic university archive systems where applicable. These include the following, but not limited to:

- Receipts
- Invoices
- Reconciliations
- Desk audits
- Sub-recipient risk assessments
- Travel vouchers
- Signed Prior Approval Forms

4. When billing invoices are generated at a departmental level, a copy of each invoice, including all relevant project information, shall be forwarded to the Assistant Director of Sponsored Projects or the Assistant Director of

Billing and Accounts Receivable section in Accounting Services. The respective staff will establish an Accounts Receivable in the PeopleSoft Financial System for tracking and to assist in identifying and posting subsequent payments received. Any payments received in the department or school should be forwarded promptly to the Collections Manager in the Billing and Accounts Receivable Department along with any relevant accompanying information.

5. For all revenue generating Sponsored Agreements, the Fiscal Agent performs a reconciliation of each project. This reconciliation will occur on a regular basis, but not less frequently than quarterly. The reconciliation will include line level review of GL transactions to insure amounts are appropriate and that transactions are associated with the appropriate project in PeopleSoft. Administrative areas may develop their own written reconciliation procedures but the source data must be restricted to entries contained in the PS GL and inclusive of all entries for a project for a given period. The reconciliation must include line level detail, occur with the required frequency, and the Administrative area must maintain evidence of the review occurring as well as any required corrections. Documentation of this reconciliation should be maintained at the administrative area level as required by the institution approved retention schedule for the type of transaction that is being reconciled, preferably in electronic pdf. See below for location of the document retention policy and schedule:

Record Retention Policy and Schedule

<https://intranet.lsuhs.edu/admin/ocp/docs/RecordRetentionpolicy.pdf> and
<https://intranet.lsuhs.edu/admin/ocp/docs/DocumentRetentionSchedule.pdf>

Acceptable reports for detailed review include Nvision FY Jrnl and running a "zztrans" query in PS Financials. BI Publisher Reports are also acceptable, for example: ZZGLX004 – Transaction Detail Report; ZZGLX008 – Journal Line Detail Report; ZZGLX010 – Summary Drilldown.

6. For all projects which are not externally sponsored, review Account Balance Reports regularly but not less than quarterly to evaluate current FY and project to date revenue expenses for variances which could indicate potential problems. Drill down to the detail level as needed to determine that all charges and entries are accurate and complete. Ensure any variances are investigated and reasons documented, along with any necessary corrective action plan.

7. Ensure invoices received from the sub-recipient or subcontractor is reasonable and allowable with respect to the technical aspect of the agreement.

8. Ensure all university property obtained with project revenue or used in support of project deliverables is properly secured and accounted for annually. Physical property of the university must be safeguarded, used for university purposes, and properly maintained. See the Asset Management Manual for more information.

<https://www.lsuhs.edu/administration/accounting/amdefault.aspx>

9. Related to project accounts, once the project has been deemed final, closed, or complete, excess and/or deficit fund balances in the project should be managed in accordance with the university Sponsored Agreement Closeout Policy.

<https://www.lsuhs.edu/administration/accounting/docs/LSU%20Health%20Sciences%20Center%20at%20New%20Orleans%20Sponsored%20Agreement%20Closeout%20Policy.pdf>

D. Responsibilities of Business Managers

The Business Manager is responsible for the accuracy and integrity, of G/L entries of all projects in the assigned administrative area in which the manager resides including applicable cost share and sub-recipient monitoring.

1. Ensure Fiscal Agents have access to regular reports showing expenses and revenues allocated for their respective projects.

2. Provide technical support to Fiscal Agents in obtaining appropriate supporting documentation, reconciling supporting documentation to the general ledger, comparing budgeted to actual amounts and completing required forms.

3. Ensure all updated/proper forms are fill out completely and accurately, have the appropriate signatures and have the necessary supporting documentation prior to being sent to the next level of approval for processing. Ensure the latest forms are being used.

4. Ensure reviews of all administrative area projects are conducted regularly, but not less than quarterly, to ensure all projects have been reconciled to the general ledger, and perform a comparison of budget to actual revenues and expenditures. Trends or areas of concern must be identified. Issues of concern include but are not limited to:

- Large surpluses
- Large deficits
- Lack of activity
- Unexplained variances between budgeted and actual amounts, if applicable

Areas of concern shall be reported to the respective leadership in Administrative Area.

5. For projects that lack a Fiscal Agent, perform the duties of the Fiscal Agent for that project.

6. For projects that will be transferred to another institution, complete a final reconciliation of supporting documentation to the general ledger and certify the fund balance prior to transfer.

7. Ensure all university property is properly secured and accounted for annually. Cash, checks and credit card receipts must be secured and deposited in accordance with the Office of Statewide Reporting and Accounting Policy (OSRAP) procedures. Physical property of the university must be safeguarded, used for university purposes, and properly maintained. See the Asset Management Manual for more information.

<https://www.lsuhs.edu/administration/accounting/amdefault.aspx>

8. Ensure compliance with LSUHSC-NO Cost Transfer Policy.

9. Ensure project closeouts are processed in accordance with the Sponsored Agreement Closeout Policy.

<https://www.lsuhs.edu/administration/accounting/docs/LSU%20Health%20Sciences%20Center%20at%20New%20Orleans%20Sponsored%20Agreement%20Closeout%20Policy.pdf>

E. Responsibilities of Department or Administrative Head (or Fiscal Dean as appropriate)

The Department or Administrative Head is responsible for overall financial management of the department/administrative area and oversight of financial transactions relating to any project along with any associated cost share in his department.

1. Ensure the Business Manager and/or Fiscal Agent is managing their respective projects in accordance with this policy.

2. Review annual budget with the Business Manager and/or Fiscal Agent to insure adequacy of and appropriate utilization of resources for the FY.

3. Meet with the Fiscal Dean (or appropriate authority with fiscal responsibility in the department) as needed at least quarterly (more frequently if problems are identified) to review budget and any significant variances

identified at a project level. Retain evidence of the meeting through documentation, which should include reports discussed, notes on outcomes, and/or emails to confirm review with attendee(s).

4. Conduct an end of year review of all departmental finances.

5. Designate fiscal agents in the department/administrative area personnel in writing and notify Accounting Services, Supply Chain Management, and Fiscal Deans of the designation.

G. Responsibilities of Fiscal Deans

The Fiscal Dean of each School or administrative area is responsible for oversight of financial transactions affecting individual schools in the university's financial records system. It is their responsibility to coordinate with the department head, Fiscal Agent, business manager or other designees to:

1. Manage and monitor budgets of their respective school or administrative area, allocate and provide oversight of department budgets and program fees.

2. Maintain Departmental Trees for major divisions under their purview and submit updates to the Director of Accounting Services as staffing changes occur.

3. Verify transactions contain the requisite approvals in accordance with university policy.

4. Follow university procedures and policy in the processing of financial transactions affecting the school or administrative department. Internal controls should be implemented that include but are not limited to segregation of duties, limiting of physical and data access based on individual job responsibilities, and monitoring/evaluating financial results as outlined below.

5. Verify periodic reports of project activity are reviewed to determine that all charges and entries are accurate and complete. All such reports must be reconciled to the general ledger. The review must include a comparison of budget to actual and year-over-year actual results where applicable, and trends or areas of concern must be identified. For significant deviations from expected results, the variance must be investigated and reasons documented, along with any necessary corrective action plan.

H. Responsibilities of Deans and Vice-Chancellors

Responsible for managing and monitoring budgets of their respective school or administrative area, allocating and providing oversight of department budgets and program fees.

1. Allocate budgetary resources in accordance with university's primary missions of teaching, research, and patient care.

2. Ensure budgets are not exceeded and funds are expended in keeping with the general objectives towards which the budget was developed.

3. Provide general fiscal oversight and consultation to Fiscal Deans

I. Responsibilities of the Director of Accounting Services

The Director of Accounting Services is responsible for the accuracy, integrity, and overall management of the university's financial system and should be consulted on any matters relating to accounting policies and procedures.

The director shall maintain a list of Divisions and the Fiscal Deans responsible for each area, such as 110, 122, 149, and 167. The director shall also maintain full Departmental Trees for all administrative areas which do not fall within one of the schools within LSUHSC.

Ensure the Accounting Services website includes

- Specific guidance pertaining to the timely posting of transactions is published including a monthly closing calendar prepared by the University Accounting Services Department.
- A list of policies applicable to university financial transactions, including relevant policies from federal and state agencies.
- Assurance of risk assessments on the financial reporting process

J. Responsibilities of the Vice Chancellor of Administration and Finance

The Vice Chancellor of Administration and Finance is responsible for oversight and establishment of standardized policies and procedures for LSUHSC-NO's financial functions, including the education and orientation of LSUHSC-NO faculty members and staff regarding these policies and procedures, as necessary.

1. Develop appropriated annual operating budget targets for the schools and administrative areas along with constituent schools, centers/institutes and programs.
2. Protect LSUHSC-NO assets by developing and maintaining appropriate financial management and internal control procedures.
3. Develop, implement, and reinforce effective cost control and revenue improvement programs throughout LSUHSC-NO.

References:

2 CFR §200

<https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/context>

2 CFR §220

<https://www.govinfo.gov/app/details/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part220/context>

Grants and Contracts Closeout Policy

<https://www.lsuhs.edu/administration/accounting/docs/LSU%20Health%20Sciences%20Center%20at%20New%20Orleans%20Sponsored%20Agreement%20Closeout%20Policy.pdf>

Memorandum - Sponsored Agreement Closeout Policy

<https://www.lsuhs.edu/administration/accounting/docs/VCAF%20Memorandum%20-%20Sponsored%20Agreement%20Closeout%20Policy%20and%20Procedure%20for%20Projects%20with%20no%20Activity%20Since%20June%202014.pdf>

Asset Management Manual

<https://www.lsuhs.edu/administration/accounting/amdefault.aspx>

Record Retention Policy and Schedule

<https://intranet.lsuhs.edu/admin/ocp/docs/RecordRetentionpolicy.pdf> and
<https://intranet.lsuhs.edu/admin/ocp/docs/DocumentRetentionSchedule.pdf>

Time and Effort Certification Policy

https://www.lsuhs.edu/administration/accounting/cost_te.aspx

Cost Transfer Policy

https://www.lsuhs.edu/administration/accounting/docs/SPA_Cost_Transfer_Policy_032718.pdf

PM-76 – Detection, Reporting and Investigation of Incidents of Financial Irregularity

<https://www.lsuhs.edu/administration/pm/pm-76.pdf>

Office of Statewide Reporting and Accounting Policy (OSRAP)

<https://www.doa.la.gov/Pages/osrap/publications.aspx>