



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 50.03, **Financial and Fund Manager Responsibilities**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to describe financial and fund manager responsibilities.

REVIEW: This HSC OP will be reviewed on February 15 of each odd-numbered year (ONY) by the Assoc. Vice President for Business Affairs, with recommendations for revisions forwarded to the Executive Vice President for Finance and Operations by May 1.

POLICY/PROCEDURE:

1. TTUHSC Financial Operations and Financial Managers.

TTUHSC operates in a decentralized financial environment where control of funds and financial decision making is broadly distributed. Deans, Vice Presidents, Department Chairs, Department Heads, Fund Managers, and Delegated Personnel share responsibility for financial management. Each of these positions include financial roles and are referred to in this OP as Financial Managers (FM).

2. Financial Manager Responsibilities.

Financial Managers have an active role ensuring that financial decisions are sound and proper. Financial Managers are responsible for stewardship of financial resources, a role that includes financial management of all activities and transactions within each FM's organizational chain of responsibility.

Financial Managers should also help identify improvements that can be made to financial policies, procedures, processes, and systems. FMs are often best positioned to recognize inefficiencies and offer changes for improvement.

3. Fund Managers.

Fund Managers have specifically defined roles that serve as primary points of contact and accountability within TTUHSC's finance system. Department heads and administrators are responsible for appropriate selection of fund managers which have basic knowledge of accounting, budgeting, and financial management.

All funds have a named fund manager. The fund manager is identified at the time the fund is established and may be changed by submitting a Financial Manager Change Request, available via the WebRaider portal or directly at <http://newfop.app.texas-tech.edu>. A list of fund managers may be found in Cognos at Team Content > HSC Finance > Chart of Accounts > Fund Managers.

4. Fund Manager Responsibilities.

Fund Managers are responsible for the financial and operational management of their funds. This is very broad responsibility encompassing all aspects of fund management. These responsibilities include fund oversight, establishment of internal controls at the departmental level, transaction review, compliance, and financial stewardship. Specific responsibilities include, but are not limited to the following:

- a. **Establish internal controls at the department level.** Fund Managers are responsible for establishing internal controls and a strong control environment for financial transactions within their departments. Internal control is the process designed to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable policies, laws, and regulations.

Internal control includes safeguarding assets against theft and unauthorized use, acquisition, or disposal. The most important control activities involve segregation of duties, proper authorization of transactions and activities, adequate documents and records, physical control over assets and records, and independent check on performance. Attachment A provides basic principles of internal control.

- b. **Reconcile ledger transactions to departmental transactions.** Fund Managers are responsible for ensuring that departmental transactions are properly and timely reflected in Banner. Cognos reports should be utilized as necessary to review transactions. Any unexpected differences or questions should be referred to fundmanager@ttuhsc.edu.
- c. **Ensure compliance with fund purposes and/or restrictions.** Fund Managers are responsible for complying with State law, institutional policies, fund restrictions, expenditure restrictions, grant policies, and donor instructions. Each fund manager is responsible for ensuring fund restrictions from grant agreements, contracts, and external sources are followed when submitting transactions. Administrative areas processing documents will only focus on compliance with State law and institutional policies when processing transactions.
- d. **Be aware of institutional policies concerning fund management.** Fund Managers must read and understand institutional policies including all OPs in Sections 50, 54, 65, 72, and 79. <http://www.ttuhsc.edu/administration/operating-policies/>. Some specific policies of note are:
 - 1) OP 50.05 Grant, Award, and Contract Billings
 - 2) OP 50.07 Deposit Procedures
 - 3) OP 50.30 Year End Close Processes and Deadlines
 - 4) OP 54.01 Contracting Authority and Policy
 - 5) OP 65.03 Sponsored Program Fund Management
 - 6) OP 72.01 Purchasing Supplies, Equipment and Services
 - 7) OP 72.03 Direct Pay Expenditures
 - 8) OP 72.09 Expenditure Payments
 - 9) OP 72.10 Invoice Processing and the Prompt Payment Law
 - 10) OP 72.15 Purchasing Card Program
 - 11) OP 72.16 Official Functions, Business Meetings and Entertainment
 - 12) OP 79.06 Reimbursement of Travel Expenses
- e. **Ensure sufficient budget is available.** The fund manager is responsible for ensuring that sufficient expenditure budget is available to support anticipated expenditures for the entire fiscal year. The expenditure budget is limited to the estimated revenue and transfers in for the fiscal year in addition to prior year fund balance for the fund. It is necessary for the fund manager to review the budget throughout the fiscal year and make adjustments based on updated revenue and expenditure projections for the entire fiscal year.
- f. **Maximize cash flow through timely billing, collection and depositing of revenue.** Good cash flow procedures are necessary to ensure maximum earnings and to avoid negative cash balances. Fund managers are responsible for managing cash flow through effective internal procedures, timely billing, contract negotiation, and other means available. Since Banner does not check for cash balances during transaction processing, interfund borrowing between cash pools is performed at least weekly to align cash.
- g. **Maintain positive fund balances throughout the fiscal year.** Fund managers are responsible for maintaining positive balances and covering deficits. When positive balances cannot be maintained, Accounting Services may require a plan of action that explains the deficit and how the fund will be covered by year end. All funds except those identified by Accounting Services must be covered by August 31st of each year. Accounting Services will notify fund managers of deficit balances at year end and request instructions for covering the deficit. Deficits not cleared within two business days of close (usually around September 15) will be cleared by Accounting Services from default funds or other funds available to the fund manager. A list of backup FOPs may be found in Cognos at Team Content > HSC Finance > Chart of Accounts > Default Back-up FOPs.

- h. **Maintain correct program coding.** Program coding is the basis of financial reporting for the Facilities and Administration (F&A) Rate Study and other standardized reports required by external agencies. Program Code information can be found at the Training Documents site: <http://www.fiscal.ttuhsu.edu/training//TrainingCenter/Processes/ProgramCodes.pdf>. Only the person submitting the transaction can accurately determine the proper coding for most current funds (E&G, Designated, and Restricted funds).
- i. **Assume responsibility for activities of delegated persons.** The fund manager is responsible for the transactions of those delegated authority or given signature authority on their funds, also known as delegated persons.
 - a) Roles and rights of external applications. A fund manager must assign roles and rights for specific external applications such as TechBuy and Direct Pay. This may be accomplished through the TEAM application, available via the WebRaider portal or directly at <http://team.texasstate.edu>.
 - b) Procurement Card signature authority. A fund manager may delegate signature authority for a procurement card. The fund manager is responsible for the proper use of the procurement card, including establishment of good internal controls, proper card handling, and return of the card to Business Services as appropriate.

Fund Managers must ensure that delegated persons are technically proficient and adequately trained for their roles and are responsible for the transactions of delegated persons. Fund manager approval of delegated person transactions is implied when roles are established.

Attachment B provides a summary of these nine fund manager responsibilities.

5. **Fund Manager Training.**

Fund Managers and delegated persons are required to demonstrate competence in their responsibilities. Finance systems now require a level of knowledge and competence significantly greater than in the past. Fund managers are responsible for ensuring that delegated persons are technically proficient and adequately trained. Mandatory training may be periodically required to maintain fund manager or delegated person status. Online training resources are available at http://www.fiscal.ttuhsu.edu/fsm/training_home.aspx. Departmental requests for additional training or materials may be sent to fsm@ttuhsc.edu.

6. **Removal of Fund Manager or Delegated Person.**

Fund Managers and delegated persons may be removed from their roles if responsibilities are not sufficiently met. The most common reasons for removing fund managers and delegated persons is insufficient knowledge of finance systems (a lack of technical proficiency) and disregard for related policies & procedures (refusal to follow the rules). A person removed from their role usually does not have the basic skills for that role or does not wish to cooperate by following the necessary rules.

7. **Synopsis**

Financial Managers must ensure that an effective control environment exists including the establishment of effective controls, continuous assessment of risk, and monitoring controls as needed. FMs are responsible for assigning competent and knowledgeable staff as fund managers and delegated persons. FMs must be aware of their financial environment and should assist in improvement of TTUHSC's financial infrastructure.