ADMINISTRATIVE RESPONSIBILITIES
FOR UNIVERSITY AND COLLEGE ADMINISTRATORS, DEPARTMENT HEADS, AND DIRECTORS

2019 NEW DEPARTMENT HEAD TRAINING
Agenda Items

1) Introduction and Overview – Ken Miller
2) Sponsored Research and Effort Reporting – Trudy Riley
3) Procurement and Conflict of Interest – Bonnie Sutphin
4) Research and Innovation – Victoria Ratcliffe
5) Office of University Bursar – Ken Miller
6) Office of Audit, Risk and Compliance – Sharon M. Kurek
7) Division of Human Resources – Marie Bliss, Cara Epperly & Jeff Cumberland
8) Controller’s Office Topics – Stacy King
9) Payroll Department – Stacy King
10) Fixed Asset Management – Ken Miller
11) Closing Comments – Ken Miller
Administrative Guidelines/Expectations

1) Skillfully manage and safeguard all departmental resources
2) Provide leadership and initiate / maintain good business practices
3) Ensure timely completion of required reviews / reconciliations
4) Limit the university’s exposure to improper costs or charges
5) Consistently achieve the minimum standards for required programs, such as:
   1) Federal I-9 Forms (within the first & first 3 days of employment)
   2) Personnel Activity Reports (PARS) (complete within 40 days of issue)
   3) Leave Reporting (complete & approve by the 16th of each month)
   4) Equipment Inventory (locate 95% of items & 95% of value)
   5) Prompt Pay (Pay invoices within 30 days of receipt)
Internal Controls & Your Role

1) Internal Accounting Controls - procedures that ensure compliance with university policies & state/federal laws

2) Internal Controls:
   1) Promote good business practices
   2) Ensure good stewardship of public funds
   3) Either prevent or detect inappropriate transactions
   4) Protect you and the university’s reputation

3) You are responsible for establishing “tone at the top”

4) Departments with fewer support staff will require dept. heads to be actively involved in reviews & approvals
Key Internal Controls

1) Segregation of duties:
   • Prevent one person from controlling all aspects of a transaction (generally one person initiates a transaction and another approves)
   • Vital in preventing theft and fraud
   • Protects the university & employees performing their job duties

2) Properly performed reconciliations:
   • Detect inappropriate transactions or clerical errors after the fact (correction of errors must be done timely)

3) Well trained, competent staff
Tips:

1) **Never** share your password so that your fiscal staff can approve things in your absence; delegate this authority to another faculty member or fiscal manager.

2) Dedicate quiet time each day to perform reviews & approvals.

3) Ask your staff questions & request additional documentation or justifications as needed.

4) Other guiding principles are found in the [Statement of Business Conduct Standards](http://cafmwebsite.com) (See CAFM website)
Key Internal Controls for Financial Activities - Monthly Reviews:

- Cash receipts
- Accounts receivable
- Salary expenditures – usually your biggest expenditure
- Salary payroll changes
- Hourly wage payroll
- Monthly purchasing card transactions
- Operating expenditures
- Budget and encumbrances
Annual Reviews of Access Controls to Systems

• Ensures segregation of duties
• Initiators of transactions must be different from approvers
• Ensures only current employees are authorized
• Ensures employees only have access to perform the tasks necessary to complete their job assignments
  • This is especially important if you have departmental systems with global administrative privileges or if you have employees who have changed jobs within your department
ARMICS – Program run by the Controller’s Office to ensure University Management performs ongoing reviews of internal controls – similar to Sarbanes Oxley requirements for publicly traded companies. The goal is to find and fix internal control problems before the auditors do.

- Business Compliance Survey
  - Annual self assessment process conducted each spring
  - Includes a section to review the internal controls and procedures for all university business processes
- Two levels of assessment
  - Department Head
  - Senior Management (Dean or Vice President)
Annual Business Compliance Survey

Best Practice for new department heads – review this survey with your staff. The survey is comprised of several key questions in the following categories:

- Internal Control Environment
- Small Purchases
- Sponsored Projects
- Employee Compensation
- Fixed Assets
- Health and Safety
- Funds Handling
- Fiscal Responsibility

- Centers & Institutes
- Travel and Personal Reimbursements
- Accounts Receivable
- Credit Cards
- Information Technology Security
- Access and Key Controls
- VT Foundation
Department Head Training

TRUDY M RILEY
ASSOCIATE VICE PRESIDENT RESEARCH AND INNOVATION, SPONSORED PROGRAMS

AUGUST 21, 2019
OSP FUNCTIONAL ORG CHART

G. Don Taylor
INTERIM VICE PRESIDENT FOR RESEARCH AND INNOVATION

TRUDY RILEY
ASSOCIATE VICE PRESIDENT FOR RESEARCH AND INNOVATION, SPONSORED PROGRAMS

Pre-Award
- Proposal budget support
- Review of Request For Proposal/Solicitations
- Proposal submission/revisions

Contracts/Agreements
- Accept grants/cooperative agreements
- Negotiate contracts
- Sub-award processing

Post-Award
- Cash/Receivable Management
- Cost accounting review
- Invoicing/billing
- Financial reporting
- Closeout

Assurance/Outreach
- Effort certification reporting (PARs)
- Cost transfer review
- Compliance monitoring
- Proposals/Awards Processing
## Intellectual Leadership

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<th>Principal Investigator’s Responsibilities</th>
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<td>Compliance University Policies &amp; Federal Regulations</td>
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<td>Sponsor Terms &amp; Conditions</td>
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</table>
Agreements

- Faculty Agreements
- Unfavorable Terms
- Non Funded Agreements

Engagement Of Department Heads
Post Award/Compliance

- Unallowable, Unallocable Costs
- Effort Certification
- Progress Reports
- Faculty Transfers
- Cost Overruns
- Late Cost Transfers

Engagement Of Department Heads
Is your department staffed sufficiently for the amount of sponsored activity taking place?

Are there staff to provide support regarding proposal submissions, financial management and reporting as well as oversight regarding university, federal and sponsor regulations?
Trudy M. Riley
Associate Vice President for Research and Innovation, Sponsored Programs

Office of Sponsored Programs
North End Center
300 Turner Street NW - Suite 4200
Blacksburg, VA 24061

trudyr1743@vt.edu
540-231-5727
PROCURMENT AND CONFLICT OF INTEREST

Bonnie Sutphin, Associate Director for Operations, Procurement and Vicky Ratcliffe Interim Conflict of Interest Officer
Disclosure of Outside Activities and Interests

• Policy 13010 is a combination of federal and state regulations and university procedures which helps identify and manage individual conflicts of interest related to Virginia Tech

• Policy 13010 applies to all university employees:
  • Faculty (T&R, Research, and A/P)
  • Staff (classified and university)
  • Students (if paid by the university)

• It applies to the employee, their spouse and any immediate family members
Disclosure of Outside Activities and Interests

• COI Training is **required** for all employees who are working on sponsored projects for the university and meet the definition of an “investigator”—any person regardless of title or position who is involved in the design, conduct or reporting of research.

• **Re-Training** is required every 4 years.

Disclosure of Outside Activities and Interests

Required to disclose outside activities such as:

• Consulting (prior approval required)

• Outside/Additional Employment (prior approval required)
  • Staff must follow Policy 4070—Form P36
  • All other employees must follow Policy 13010

• Service in an executive or managerial capacity with an external entity related to your expertise or that could potentially do business with the university
Disclosure of Outside Activities and Interests

Required to disclose outside activities such as:

- Significant Financial Interest Related to your Institutional Responsibilities:
- Payments of $5000 or greater from publicly traded entities or ANY equity interest in a non-publicly traded entity
- Personal Interest in a Contract **
  - 3% equity ownership or $5000 in payments annually

**(Prohibited under State Law—but there is an exception for contracts involving research and development or commercialization of IP)**
Must disclose:

- Remuneration from external entities including salary and any payment for services – consulting fees, honoraria, paid authorship
- Equity interest, including stock, stock options, or ownership interest
- Royalties paid by entities other than VTIP
- Travel paid for by outside entity if PHS investigator exceeding $5,000

No disclosure:

- Salary, royalties, remuneration, travel paid by VT
- Income from investment vehicles, such as mutual funds and retirement accounts not directly controlled by investigator
- Income from seminars, lectures, teaching, or service on advisory committees or review panels sponsored by a federal, state, or local U.S. government agency, or U.S. institution of higher education

Foreign Activities and Interests Disclosure

• Diversion of intellectual property (IP) in grant applications to other entities, including other countries, and

• Failure by some researchers in the U.S. to disclose substantial resources from other organizations, including foreign governments, which threatens to distort decisions about the appropriate use of Federal funds.
Foreign Activities and Interests Disclosure

Researchers and investigators
• Must disclose all forms of support and financial interests in research proposals
• Must disclose all outside professional activities and financial relationships, whether compensated or uncompensated, through the Virginia Tech online disclosure of outside activities and interest system linked above.
• Disclosures must include, but are not limited to, all work for, support from, or financial interests in or received from a foreign institution of higher education or the government or quasi-government organization of another country. Support can include, but is not limited to, in-kind support such as foreign laboratory equipment or facilities.
Disclosure of Outside Activities and Interests

What happens if an employee discloses COI related to a sponsored project?

• Develop a project-specific management plan to be approved by the university

Principles for management plans:

• Transparency
• Separation
• Independence
• Oversight
When should you disclose?

- Due annually (fiscal year July 1-June 30)
- Renewal notices will go out June 1st
- Annual call for disclosures every August
- Prior approval required for consulting/outside employment (Faculty Handbook)
- Within 30 days of start-up formation

- Proposal submission-project specific disclosures
- Disclosure decision tree

Disclosure of Outside Activities and Interests

• Comprehensive COI Website: (includes FAQ’s)
  • https://www.research.vt.edu/conflict-of-interest.html

• Disclosure Decision Tree:
  • https://www.research.vt.edu/conflict-of-interest/disclosure/disclosure-decision-tree-overview.html

• Online Disclosure System:
  • https://www.research.vt.edu/conflict-of-interest/disclosure/online-disclosure-and-management-system.html
Conflict of Interest Office Contacts

Vicky Ratcliffe, 
Interim Conflict of Interest Officer
vratcliffe@vt.edu
540-231-7964

Quinn Steen, 
Conflict of Interest Compliance Specialist
gsteen@vt.edu
540-231-2336
PROCUREMENT AND CONFLICT OF INTEREST

Mary Helmick, Director of Procurement and Linda Bucy, Assistant VP for Finance and Controls & COI Officer
Virginia Tech Conflict of Interest Policy #13010

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**Re-Training** is required every 4 years—beginning in 2016.

Virginia Tech Conflict of Interest Policy #13010

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• Independence
• Oversight
Annual Disclosure Process:

• Disclosures made annually on a fiscal year basis (or as new situations arise)

• Online Disclosure System was rolled out in 2016.
Virginia Tech Conflict of Interest Policy #13010-Resources

• Comprehensive COI Website: (includes FAQ’s)
  http://www.research.vt.edu/conflict-of-interest

• Disclosure Decision Tree:
  http://www.research.vt.edu/conflict-of-interest/decision-tree

• New online Disclosure System: (Live Link)
  https://securedev.research.vt.edu/coi
Virginia Tech Conflict of Interest Policy #13010

Additional Questions?

Contact us directly: Conflict of Interest Office
306 Burruss Hall

Linda Bucy, University Conflict of Interest Officer
lbucy@vt.edu or 540-231-9477

Vicky Ratcliffe, COI Administrator
vratcliffe@vt.edu or 540-231-7964
• All university employees must adhere to the Code of Virginia regarding conflict of interest. It is the employee’s responsibility to understand the law.

• Any person that plays any part in a transaction for the purchase of goods or services is held to the standards of the law for avoiding a conflict of interest.
Acquisition of Goods and Services
Conflict of Interest

• The purchase of goods and services by the university from a business or entity owned by an employee of the university, or by a member of the employee’s immediate family, is a prohibited conflict of interest under state law.

• The conflict exists even if the purchase is being made by a department/unit other than the employee’s home department.
• A business owned by an employee’s spouse or immediate family member is barred from doing business with Virginia Tech to prevent any perception of inappropriate favoritism.

• Single one-time purchases valued less than $500.00 are exempt from this requirement.
• Employees of the university should never accept gifts from vendors, bidders, offerors, contractors, or subcontractors.

• Giveaways at trade fairs or conferences which are available to all participants are acceptable.

• What is HokieMart?
  • University’s e-Procurement System
  • All purchases are processed through HokieMart to generate an official university purchase order
  • Purchases should be made AFTER a purchase order is issued out of HokieMart

• $10K = Departmental purchase delegation limit <Recently Increased>
  • Direct purchase through HokieMart with vendors under contract with the University.
  • Direct Pay purchases (Policy 3220)
  • Purchase must be processed through central procurement by a university buyer.
Acquisition of Goods and Services

Contract Signature

- Department Heads do NOT possess contract signature authority (See Policy 3015 for more information)

- Any two party agreement relating to the acquisition of goods and services should be sent through procurement for processing.
Funds Handling - Best Practices

• Use centralized processes instead to avoid handling funds in your department whenever possible
  • Eliminate cash and checks
  • Redirect payments to the Bursar’s Office
  • Invoice recipients through Banner Accounts Receivable
  • Use preferred online payment methods
Funds Handling - If Funds Received in Your Department - Best Practices

- Establish written procedures for processing cash receipts and have the Bursar’s Office review and approve them
- Ensure staff is properly trained & monitor performance to confirm compliance
- Revenues collected by a department may not be used to cash personal checks, third party checks or to make change
- Ensure voided and/or corrected transactions are adequately documented and approved at the time of the transaction
- Ensure adequate segregation of duties exists - Provide adequate means to verify all funds received are deposited & recorded in CashNET & Banner
Funds Handling - If Funds Received in Your Department - Best Practices

• Ensure funds are kept in a secure location, such as a cash box, safe or locked cabinet and never leave funds unattended or out in the open during the day

• At night, keep funds in a secured (locked) storage area such as a locked file cabinet or safe

• Store receipts separately from funds to maintain accountability should loss of funds occur

• Review & approve reconciliations monthly - Ensure discrepancies are resolved within 60 days

• See Policy 3600 & Bursar’s Funds Handling Guidelines & Procedures for more information
Accounts Receivable (When your department bills customers for services provided)

• Charges entered in Banner A/R (unless your department has a separate receivable system approved by the Bursar’s Office)
• Bursar office bills monthly
• Payments sent to Bursar’s Office
• Department responsibilities limited to entering charges and reconciling revenues with Banner Finance
Funds Handling - Payment Cards (When Your department accepts payments via Credit Card)

- Payment Card Industry Data Security Standard (PCI DSS)
- Self Assessment Process Overview
- Review of University Policy No. 3610: Accepting and Handling Payment Card Transactions
Payment Card Industry Data Security Standard

PCIDSS

• Reflects industry best practices
• Mandated by brands (Visa, MC, etc.)
• Protects customers
• Protects university
• Establishes assessment processes
Why follow PCI standards?

• Applies to any operation processing or transacting business, including those using a third party, which touches credit cards

• Potential for substantial penalties for compliance failure
  • penalty of $5,000 - $100,000 per month, per brand for noncompliance
  • fine/penalty of up to $500,000 per brand per data security incident
  • liability for all fraud losses incurred from compromised account numbers
  • liability for the costs of investigation
  • liability for the costs of re-issuing cards associated with the compromise
PCI COMPLIANCE is a CONTINUOUS PROCESS
<table>
<thead>
<tr>
<th>SAQ</th>
<th>Method of Acceptance</th>
<th>Requirements</th>
<th>Complexity of Transaction Process</th>
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<tbody>
<tr>
<td>D</td>
<td>All other SAQ eligible service providers</td>
<td>329</td>
<td>Most Complex</td>
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<tr>
<td>C</td>
<td>Process via payment applications connected to the internet but do not store cardholder data on any computer system</td>
<td>163</td>
<td>Moderately Complex</td>
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<tr>
<td>A-EP</td>
<td>Partially outsourced e-commerce merchants using third party website for payment processing</td>
<td>190</td>
<td>Least Complex</td>
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<tr>
<td>B-IP</td>
<td>Process through stand alone IP-connected terminals</td>
<td>80</td>
<td></td>
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<tr>
<td>C-VT</td>
<td>Process cardholder data only via isolated virtual terminals on pc connected to the internet</td>
<td>97</td>
<td></td>
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<tr>
<td>B</td>
<td>Process cardholder data only via imprint machines or via standalone, dial out terminals</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>P2PE</td>
<td>Process cardholder data only through approved point to point encrypted solution</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Fully outsourced e-commerce merchant</td>
<td>21</td>
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</table>
• The questionnaires are a combination of internal controls, physical security, and information technology security requirements

• To meet the standards you must be able to answer the applicable questions affirmatively

• Sample requirement:
  • **1.2** Build firewall and router configurations that restrict connections between untrusted networks and any system components in the cardholder data environment
University Policy 3610 - Accepting and handling payment card transactions

- Establishes preferred processing methods
- Prohibits use of phonemail and email
- Establishes employee screening and training requirements
- Establishes annual self-assessment and validation
OFFICE OF AUDIT, RISK, AND COMPLIANCE (OARC)

Sharon Kurek, Executive Director of Audit, Risk, and Compliance
Agenda

▪ OARC Overview
▪ Audit Types and Scope Areas
▪ Fraud, Waste, and Abuse
▪ Enterprise Risk Management
▪ Institutional Compliance
▪ Questions
OARC Overview

- OARC’s mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

- OARC accomplishes its mission via:
  - Audits: Independent, objective assurance and advisory activities.
  - Risk Management: Oversight of the Enterprise Risk Management (ERM) program
  - Compliance: Oversight of the Institutional Compliance Program (ICP).
Policy 3350: OARC Charter

Independence

Board of Visitors
Compliance, Audit, & Risk Management Committee

President

OARC

Functionally

Administratively
Unrestricted access to all university departments, records, reports, activities, property, and personnel deemed necessary to discharge audit responsibilities.
Management should consult OARC during the planning, development, and modification of major financial or operating systems and procedures (manual and computer) to ensure that:

• Reasonable and adequate internal controls exist.
• Systems or procedural documentation is complete and appropriate.
• An adequate audit trail exists.
Risk and Control Process

Perform Risk Assessment

Promote Culture of Accountability, Responsibility and Ethics

Monitor Performance

Implement Control Activities

Training

Communication
Risk and Control Process

Monitoring:
- Monthly reviews of performance reports
- Internal audit function

Information & Communication:
- Reporting
- Communications

Control Activities:
- Purchasing limits
- Approvals and Security
- Reconciliation
- Specific policies

Risk Assessment:
- Internal and external events
- Internal audit risk assessment
- A strategy to manage risks

Control Environment:
- Tone from the top
- Corporate policies
- Organizational authority
Audit Types and Scope Areas
The annual audit plan is published on the OARC website after approval by the Board of Visitors.

http://www.audit.vt.edu/

<table>
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<th>BOV – AUDIT PLAN TIMELINE</th>
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<td><strong>JUNE</strong></td>
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<tr>
<td><strong>AUGUST</strong></td>
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Audit Plan for Fiscal Year 2019-20
Risk-based Audit Projects

The audit plan focuses on strategic, operational, financial, compliance, and IT risks. The audit plan will be reconfigured as needed when new topics requiring more immediate attention emerge.

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<thead>
<tr>
<th>Admissions</th>
<th>IT: Log Management</th>
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<tr>
<td>Athletics *</td>
<td>IT: Windows Server Security</td>
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<tr>
<td>ADA Compliance</td>
<td>Parking and Transportation</td>
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<tr>
<td>Center for the Arts</td>
<td>Physical Security</td>
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<tr>
<td>Center for International Research, Educ., &amp; Development</td>
<td>Research: Continuity of Operations *</td>
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<tr>
<td>Chemical Engineering</td>
<td>Research: Human Subject Safety *</td>
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<tr>
<td>Facilities: Site and Infrastructure Development</td>
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<td>University Scholarships and Financial Aid *</td>
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<td>HR: Payroll *</td>
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<td>IT: Banner Applications</td>
<td>VCE Northern District</td>
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<tr>
<td>IT: Data Privacy (FERPA, GDPR, HIPAA, Domestic, etc.)</td>
<td>Virginia Tech Transportation Institute</td>
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* Entity receives an annual audit on different operational components
Audit Plan for Fiscal Year 2019-20
Policy Compliance Audits

OARC will continue its program of limited scope reviews of senior management areas. These surveys review major aspects of a department’s administrative processes using internal control questionnaires and limited testing that provides broad audit coverage ensuring compliance with university policies on campus.

| College of Natural Resources and Environment |
| College of Science                             |
| VTC School of Medicine (VTCSOM)                |
| Vice President for Operations                  |
| Vice President for Diversity, Inclusion, and Strategic Affairs |
| Vice President for Information Technology      |
Audit Plan for Fiscal Year 2019-20
Management Advisory Services

The nature and scope of management advisory service activities, developed through agreement with the client, add value and improve the university’s governance, risk management, and control processes without the internal auditor assuming management responsibility.

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<th>Alignment of University-Level Research Institutes and Centers</th>
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<td>Honors College</td>
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The objective of academic departmental audits is to assure sound business practices are in place and processes are in compliance with university policies.

- **Sponsored Research Administration**: PARs; Cost Transfers; Cost Sharing; Subrecipient monitoring; Expenditures; Equipment Purchases; Protocols for Human Subjects, Animal Subjects, and Biosafety

- **Service Center Compliance** (Timely and Accurate Billing, etc.)

- **Environmental Health and Safety (EHS)** (Chemical Hygiene Plans, Machine Shops, Training, EHS Inspection Follow-Up)

- **Study Abroad Programs: Life Safety**, Immigration Compliance, Economic and Tax implications, Transportation and Evacuation

- **Departmental Scholarships** (Utilization, Timeliness of Awards, Eligibility of Students)

- **Student Records** (FERPA and University Compliance)

- **Accounts Receivable** (Royalty Verification)
The objective of policy compliance reviews is to help improve risk management and control systems by evaluating compliance with the following university policies and procedures:

- **Fiscal Responsibility** – Monthly Reviews of Financial Activities (Department Heads)
- **Human Resources** – Employee Compensation and Leave Reporting, Staffing, Recruitment, Equity and Accessibility, and Employee Relations
- **Expenditures** – Expenditures and P-Card Activity
- **Fixed Assets Management**
- **Funds Handling** – Cash Deposits and Petty Cash Management
- **University Key Control**
- **Information Technology** – Protecting IT Resources and Sensitive Information, [security.vt.edu](http://security.vt.edu), Securing the Human training
- **State Vehicle Management**
- **FERPA** – Stewardship and Protection of Academic Records
- **Conflict of Interest and Outside Employment**
Fraud, Waste, and Abuse
Fraud: The intentional misrepresentation or concealment of information in order to deceive, mislead, or acquire something of value. A fraud is an intentional deception perpetrated to secure an unfair gain.

The Basics:
1. A false statement or act made with an intent to deceive.  
   *I lied to you about something, believing you would act on it.*
2. A victim’s reliance on the statement.  
   *You took action based on what I said.*
3. Damage incurred.  
   *You lost money or suffered some other kind of damage.*
Common Types of Fraud

- False leave reports
- False expense claims
- Embezzlement
- Fake vendor payments
- Ghost employees
- Fake research

Over 75% of allegations at Virginia Tech fall within five general categories:

- Leave or time abuse
- Abuse of authority
- Improper use of university resources
- Conflict of interest
- Theft or embezzlement
Waste

The thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of Commonwealth resources. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

Examples:

• Purchase of unnecessary equipment
• Excessive printing
• 2010 General Services Administration Las Vegas Conference
Abuse

The excessive or improper use of a thing or policy, or employment of something in a manner contrary to the natural or legal rules for its use. Abuse includes the destruction, diversion, manipulation, misapplication, mistreatment, or misuse of resources, as well as the extravagant or excessive use of one’s position or authority. Abuse can occur in financial or nonfinancial settings.

Examples:

• State vehicle abuse
• Improper use of computer
• Use of position to influence
University employees are required to disclose and gain approval for all external activities (or relationships with external entities) that post a potential conflict of interest (COI) or a conflict of commitment with their university responsibilities. Examples include:

- Outside Employment
- Consulting
- Equity ownership
- Service on advisory boards
- Service on boards of directors
- Participation as a company officer

Disclosures must be made annually and submitted via the online COI system. The deadline for disclosures is usually in September. Full disclosure is always preferable as a protection to you and the university.

Any questions about COI should be directed to the Division of Scholarly Integrity and Research Compliance.
Preventive and Detective Controls

5 CONTROLS TO CONSIDER:

1. Establish a Control Conscious Environment
2. Ensure Separation of Duties
3. Watch Authorizations, Approvals, and Verifications
4. Maintain Control over Assets
5. Take Time for Monitoring
Upon the discovery of circumstances suggesting a fraudulent transaction or irregularity has occurred, university employees have an obligation to report the incident and should immediately notify one of the following:

- OARC:
  - Email – audit@vt.edu
  - Walk-In – North End Center, Suite 3200
  - Telephone – 540-231-5883 -or- 540-231-2530
  - Hokie Hotline – a third-party run hotline

- VT Police Department

- Office of the State Inspector General’s State Fraud, Waste and Abuse Hotline

*Confidentiality is maintained regardless of reporting mechanisms.
Enterprise Risk Management
Definition: A process applied in strategy-setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risk to be within the entity’s risk tolerance, and support the achievement of entity objectives.

Primary Drivers:
- Increased risk profiles
- Increased expectations
- Higher consequences
Institutional Compliance
“Virginia Tech is committed to integrity, a culture of compliance, and the promotion of the highest ethical standards for all employees.”

President Tim Sands
**Definition:** A comprehensive program that helps institutions and their employees:

- Conduct operations and activities ethically, with the highest level of integrity
- Comply with legal and regulatory requirements
- Achieve accountability and transparency in all institutional operations

*Compliance is a risk that should be evaluated and responded to using a framework similar to a broader ERM structure.*
Why is Compliance Important?

- Legal responsibilities – why we *must* comply
  - Penalties
  - Suspension
  - Costs
- Ethical responsibilities – why we *should* comply
  - Virginia Tech’s mission
  - *Ut Prosim*
  - Reputation
**INSTITUTIONAL COMPLIANCE PROGRAM (ICP)**

Multi-functional Approach:
- Institutional Compliance Function (Office of Audit, Risk, and Compliance)
- Executive Compliance Committee (ECC)
- President’s Leadership Team (PLT)
- Compliance Advisory Committee (CAC)
- Distributed University-wide Compliance Owners
How Can OARC Help You?

- Virginia Tech’s compliance matrix
- Annual risk assessments
- Internal audit projects
- Advisory services
What is YOUR Role in Compliance?

• Know the requirements
• Establish and update effective control procedures
• Communicate with staff and stakeholders
• Continuously monitor
• Perform periodic risk assessments
Questions?
Backup
Policy Compliance Reviews - Common Issues

MANAGEMENT AREAS

• Fiscal Responsibility

• Wage

• Leave

• P14 (Adjunct and Wage Faculty Payments)

ISSUE EXAMPLES

- Failure to reconcile transactions (financial, wage, etc.) in a timely manner
- Failure to approve reconciliations in a timely manner
- Failure to submit or approve leave in a timely manner
- Incomplete or inadequate documentation maintained in department files
## Policy Compliance Reviews - Common Issues, Continued

<table>
<thead>
<tr>
<th>MANAGEMENT AREAS</th>
<th>COMMON ISSUES</th>
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<tr>
<td>Key Control</td>
<td>Inventory not maintained</td>
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<td></td>
<td>Master keys issue to too many employees</td>
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<td>Information Technology</td>
<td>PII collected through unsecure e-mail and stored unencrypted</td>
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<tr>
<td>EAP &amp; COOP</td>
<td>No emergency action or continuity of operations plans, incorrect formats,</td>
</tr>
<tr>
<td></td>
<td>incomplete or out-of-date</td>
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<tr>
<td>FERPA – Family Educational Rights &amp;</td>
<td>No communication to employees to ensure awareness</td>
</tr>
<tr>
<td>Privacy Act of 1974</td>
<td>Access to protected student information not restricted</td>
</tr>
<tr>
<td></td>
<td>No knowledge of “Directory vs. Non-Directory Information:</td>
</tr>
<tr>
<td>State Vehicles</td>
<td>Incomplete FS2 forms, forms not on file</td>
</tr>
</tbody>
</table>
Policy Compliance Reviews - Common Issues, Continued

- Expenditures
  - Gift/giveaway purchases (should be charged if appropriate through VTF – if using Purchase Card must follow state and university policies)
  - Itemized Receipts – not on file
  - Amazon purchases should be through HokieMart
- Purchase Card
  - Not for Personal Use – do not store card number
  - Sales Tax Charged - for purchases in Commonwealth of Virginia
  - Restrictions – not followed – ex. cell phone accessories – not pre-approved through NI&S, software including subscriptions, cable television)
  - Reconciliations - not performed, approved timely, signed, or approved
DIVISION OF HUMAN RESOURCES

Marie Bliss, Assistant VP of HR, Cara Epperly, Employee Administration Manager, and Jeff Cumberland, Talent Acquisition Manager
Division of Human Resources

- Mission
- Organization Structure
- Where to get HR Information
- HR Generalist function
- Hiring Process
- Other Important HR Notes/Contacts
- Other HR Resources
- Questions
Our Mission

We will innovate to serve Virginia Tech as a best-in-class partner by providing:

- **Strategic services** that enhance the university’s ability to attract, retain and develop talent.

- **Consultative services** that create workplace solutions through strengthened collaboration.

- **Administrative services** that deliver simple, timely, and accurate HR processes and information.
Where to get HR Info

- HR Divisional Director (currently 6 with more to be added)
- HR team within your Department
- HR Generalists
- Other HR Subject Matter Experts (SME)
- HR Service Center
- Resource Guide- “self serve” reference guide
HR Generalist Function

- Central Point of Contact for Senior Management areas across campus
- Can assist in the following along with Divisional HR Reps
  - Position description development;
  - Recruitment
  - Pay actions
  - Role changes
  - Initial Employee Relations Questions (Rodney Irvin and Victoria Lipscomb will handle escalated issues)
HR Generalist By Sr. Management Area

Brandon Epperley Epperley@vt.edu ext. 1-0736

- School of Medicine
- University Libraries
- Athletics
HR Generalist By Sr. Management Area

Mike McCoy- mccoyma@vt.edu ext. 1-0706

- College of Business
- College of Natural Resources
- Executive VP and Provost
- Graduate School
- National Capital Region
- SVP, Operations and Administration
HR Generalist By Sr. Management Area

Monica Crouse mcrouse@vt.edu ext. 1-5731

- College of Engineering
- College of Science
- Honors College
- Vice President for Diversity and Inclusion
- Vice President, Policy and Governance
- Vice President, Research
- Vice President, Business Affairs
HR Generalist By Sr. Management Area

Marisela Garza garza87@vt.edu ext. 1-1411

- College of Architecture
- College of Liberal Arts and Human Sciences
- College of Vet Med
- Presidents Office
- Vice President, Health Sciences and Technology
- Vice President, Human Resources
- Vice President, Information Technology
- Vice President, Outreach and International Affairs
Hiring Process and new system

- Position Description (PD)
- Establish a Timeline
- Screening the applicants
- Narrowing the pool
- Creating interview questions
- Group Activity
- Types of Interviews
- Preparing for the interview

- Interview Topics
- Interview Atmosphere
- Interviewer Biases
- Reference checks
- Salary Offer

Note: Mandatory Search Committee Training required every 2 years
Other Important HR Notes/Contacts

- **Leave Issues-**
  - Leave Reports- approval by 16th of the month (reports not required for AY Faculty)
  - Know Classification and FLSA status of your employees
    - Exempt must have annual salary of >$45k, non-exempt can earn overtime if pre-authorized
  - Paid Parental Leave
    - 8 weeks paid bonding time for both parents for birth, adoption, foster child

Leave Program Manager Rebecca Hubble rmhubble@vt.edu
ext.1-5304
Performance Management & Employee Relations:
- New staff should have performance plan in Performance Management tool within 30 days of hire
- Probationary reviews for new staff should be completed at 6 and 12 months from hire date.
- Consult when disciplinary action is being considered

Rodney Irvin, Director of Employee Relations rirvin00@vt.edu
ext.1-5303
Other Important HR Notes/Contacts

- Incidents and/or Injuries
  - Incident report should be written up asap by supervisor
  - Reach out for Workers Comp and Return to Work questions

Benefits Manager Teresa Lyons
ext.1-3463 tlyons@vt.edu
Other HR Resources

- HR Service Center (540) 231-9331  hrservicecenter@vt.edu
- HR Resource Guide (Note: This will be replaced with a more user-friendly website this fall.

https://hrapps.hr.vt.edu/resourceguide/

The Resource Guide is available to assist current Virginia Tech employees who have human resources responsibilities. The guide walks employees step-by-step through the process on a wide variety of transactions.
Questions

Marie Bliss, Assistant VP HR Administration
X-5762  mbliss4@vt.edu

Jeff Cumberland, Talent Acquisition Manager
X-7773  jcumber@vt.edu

Cara Epperly, Employee Administration Manager
X-7180  cpain06@vt.edu
Fund Codes, Organization Codes, and Account Codes:

- Fund Codes - Represent discrete budgetary planning units within university organizational areas (example – each sponsored project has one or more funds).

- Organization Codes – Represent areas of budget and financial responsibility within the university – (usually departments, but also the management layers above departments such as Deans and VP’s, etc.)

- Account Codes – Represent types of expenses, revenues, assets and liabilities (Expense account codes differentiate the type of expense – faculty salaries vs office supplies).
Banner Fund Codes

• Fund Codes (6 digits)
  • 1XXXXX E&G Operating
  • 2XXXXX Earned Overhead
  • 3,4,549999 Sponsored Projects
  • 550000-552999 Continuing Education
  • 556000-569999 Continuing Education
  • 579500-579999 Royalty Distribution
  • 590000-592999 Institutional Allowance
  • 6XXXXX Local Funds
  • 7XXXXX Capital Outlay
  • 8XXXXX VT Foundation Funds (separate system)
  • 9XXXXX Agency Funds
Banner Organization Codes

• Organization Codes: 6 digit (sub-departments)
• Department Codes: 4 digit
• Management Codes: 4 digit start with M
• Senior Management Code: 3 digit start with S (Deans & VP Areas)
  • Example: Controller’s Office
    • 044000  Organization Code (default sub-dept.)
    • 0440    Department Code (Controller’s Office)
    • M440    Management Code (Cont. Office + Bursar +Risk Management)
    • S46    Senior Management Code (VP Finance & CFO)
Banner Account Codes

- **Revenue Accounts:** 0001-0999
- **Expense Accounts:** 1XXXX-3199X
  - Examples:
    - 11301  Teaching & Research Salaries – AY
    - 12890  Employee Training & Conferences
    - 13120  Office Supplies - General
    - 19557  Subcontract – Univ. of Colorado
    - 22110  Desktop Client Computers
- **Asset Accounts:** 6XXX
- **Liability Accounts:** 7XXX
Monthly Review of Expenditures

• Ensure all expenditures are an appropriate use of state $$$
• Verify all transactions were properly initiated & authorized
• Verify that transactions posted in a reasonable time period
• Scan monthly reports for unusual amounts & vendors
• Certify completion of the review process each month
• Ensure review of ALL funds including sponsored projects, recovered overhead, study abroad, etc.

Tip: Ensure all funds have been reviewed. Verify report parameters and page continuity
Prompt Pay Act

• Prompt Pay Act requires that payments be remitted to vendors within 30 days of receipt of the vendor’s invoice OR the receipt of the purchased goods or services, whichever is later

• The Commonwealth requires that at least 95% of our bills are paid on time in accordance with Prompt Pay

• The university standard is that at least 97% of our bills are paid on time
Travel Processes and Procedures

• Although not required (except for international travel), it is a good business practice to **authorize travel in advance**. This practice helps to avoid misunderstandings and allows for screening of potential unallowable costs.

• In general, travel rules are complicated, but overall principles relate to being frugal with public funds. There are many state and federal regulations related to travel.

• IRS “accountable plan” rules require detailed receipts for certain items. These reimbursement requests should be submitted timely.

• All travel related documents are processed through the electronic Travel & Expense Management System.

• **Training is available**
  https://www.controller.vt.edu/training/opportunities.html
Moving & Relocation

• IRS taxation rules have changed. **All moving and relocation costs are now taxable.**

• In September 2018, we changed to a stipend process which is subject to federal and state income tax withholdings.

• This stipend will be the only payment provided for moving and relocation costs.
  
  • Conditional terms
    
    • Must continue employment for a minimum period of one year from start date
    
    • Failure to remain employed for that period will require a stipend repayment to be calculated based on months of employment
COOP & EAP

☐ Continuity of Operations (COOP)
  ☐ Establish business resumption & recovery priorities and develop strategies to assure continuity of operations
  ☐ Review COOP plans at least annually

☐ Emergency Action Plan (EAP)
  ☐ Develop & maintain a Departmental Emergency Action Plan using information obtained from the Office of Emergency Management website
  ☐ Discuss plans with department members & conduct exercises on an annual basis (fire drill, tornado or hurricane drill, etc.)

http://www.emergency.vt.edu/
Access and Key Control

- Only authorized departmental personnel may request keys or lock changes.
- Departments shall establish & implement key control procedures to ensure accountability for all keys.
- Departments are responsible for developing and enforcing a key return policy.
- Departments are responsible for the total cost of lock changes and new keys to secure areas compromised by lost or stolen keys.
- See Policy 5620 for more information.

http://www.policies.vt.edu/5620.pdf
LET’S TAKE A 10 MINUTE BREAK!
I-9’s – Employment Eligibility Verification Form
- I-9’s must be completed for EVERY employee
- Section 1 – Employee must complete on or before the 1st day of work
- Section 2- Department representative must be completed by the 3rd business day of employment – it is more straightforward to complete both sections on or before the first day of employment
- The Online I-9 System has improved the I-9 process
  - Eliminated administrative errors – missing information, etc.
  - Automatically captures the dates of completion and electronically records I-9 in a central database
Payroll - TimeClock Plus

- Wage Timekeeping - TimeClock Plus
  - Supervisors review and approve shifts
  - Provides electronic monitoring of potential overtime situations if employee has multiple wage positions
  - Individual with Admin/Lead roles in TCP have the access and responsibility to run reports to ensure timely and correct payment of employees
    - Pre-processing reports to ensure that shifts are approved, missed punches are corrected and approved, etc.
    - Verification reports to ensure that TCP hours match hours loaded for payment
  - timeclock@vt.edu – monitored by several individuals
  - https://www.controller.vt.edu/resources/payroll/timeclock.html
Payroll - Employing Individuals in a Non-Resident Status

• Employees in a non-resident status
  □ Confirm and monitor work authorization
    □ Alert individual and departments of pending work authorization expiration dates
  □ Immigration regulations specific about work requirements/restrictions of those in a non-immigrant status
  □ Difference in non-resident and non-resident for tax purposes
    □ Different set of tax rules for those non-residents
    □ Monitor status to ensure appropriate tax application
Payroll - Employing Individuals to Work Outside the US

• Potential employment and tax regulation compliance issues
  □ Each country has different employment and tax laws
  □ Employee could be subject to US and foreign country taxation
  □ Options for paying individuals to perform a service outside of the US
  □ Consider the requirement of the foreign country to operate or for someone to provide a service in that country
Payroll - Paying Existing Employees and Payment Classification

• Specific guidelines/restrictions for additional payments to existing full-time employees
  • Often additional payments to existing employees are not allowable
  • Refer to applicable guidance
    • Faculty Handbook for AY and CY Faculty
    • Staff Handbook for University and Classified Staff
• Existing employees typically should not be paid as consultants
Payroll Reconciliation Reports

- Distributed electronically semi-monthly with each payroll
  - Provides ability for departments to confirm payments processed for employees (wage entries and manual salary entries)
  - If reviewed upon receipt – possible to contact Payroll to address issues (ensure correct and timely payment to employees)
- Reconciliations should be performed by someone other than the person entering/approving actions in Banner
  - [https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23820.pdf](https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23820.pdf)
- Reconciliations subject to department audit
Payroll - Other Functions

• Payroll works with department representatives to ensure timely and accurate payment to all employees –
  - Pay to 16-17,000 employees each pay period
• Final approval of retroactive funding changes – Labor Redistributions
• Monitor direct deposit
• General guidance for tax form completion
• Taxable income/fringe benefit issues
• W-2 Reporting – issue over 23,000 W-2s/yr
Payroll - Calendar, Deadlines, etc.

- Pay dates 1\textsuperscript{st} & 16\textsuperscript{th} with exceptions for weekends, holidays and quarter end

- Pay Schedules, Pay & Holiday Calendar
  \url{https://www.controller.vt.edu/resources/payroll.html}

  - Salary
    - 10\textsuperscript{th} – 24\textsuperscript{th} (Paid on first of following month)
    - 25\textsuperscript{th} – 9\textsuperscript{th} of following month (Paid on the 16\textsuperscript{th})
    - Includes full/part time faculty and staff and graduate assistants

  - Wage – hourly employees
    - 1\textsuperscript{st} – 15\textsuperscript{th} (Paid on 1\textsuperscript{st} of following month)
    - 16\textsuperscript{th} – end of month (Paid on 16\textsuperscript{th} of following month)
FIXED ASSET MANAGEMENT
BECKY SAYLORS, DIRECTOR FIXED ASSETS & EQUIPMENT INVENTORY SERVICES

Ken Miller, Assistant VP for Finance and University Controller
Fixed Assets (Equipment) Management

• Why is this important?

  • Collectively, the university owns over 70,000 pieces of equipment totaling over $550 million
  • Equipment is one of the university’s significant assets and as a public university we have a stewardship responsibility to protect & safeguard such assets
  • Periodic inventories are required by federal regulations & financial statement audit procedures to verify the existence & condition of equipment (Generally we inventory equipment upon receipt and every two years thereafter)
  • Inventories are time consuming, iterative, sometimes frustrating, and require ongoing assistance from departmental personnel
Applicable Policies

- Policy 3950 – Fixed Assets Accounting
  - Establishes Ownership and Responsibilities for Fixed Assets
- Policy 3951 - Transfer of Equipment Between Domestic Institutions
  - Establishes requirements for transfers of equipment to and from other domestic universities
- Policy 3955 – Management of Surplus Property
  - Establishes requirements related to the disposal of equipment and other property
- Policy 12115 – Accepting and Reporting Gifts-in-kind
  - Establishes requirements for accepting & reporting donated equipment and other items
Fixed Asset Management - Departmental Responsibilities

☐ Confirm your department has an equipment coordinator and verify they have attended the required Banner Fixed Assets Training

☐ Best practices: Have all new equipment delivered to a central location in your department and held until Fixed Assets and Equipment Inventory Services (FAEIS) physically tags the items. Assign a custodian to each piece of equipment

☐ Ensure no university equipment is sold, loaned, given away, scrapped/cannibalized or disposed of without prior written approval of the University Surplus Officer in coordination with the Manager of Fixed Assets in accordance with Policy 3955 – Management of Surplus Property.

☐ Assist the FAEIS Staff during periodic inventory counts and ensure your department is able to locate at least 95% of the value and 95% of the number of equipment items
Fixed Asset Management - Departmental Responsibilities

- Ensure employees have completed an equipment loan authorization form when taking university owned equipment to their personal residence to perform university business. The use of university equipment for personal gain is prohibited.

- It is NOT okay for faculty to simply take equipment with them when leaving the university. See procedures in Policy 3951 “Transfer of Equipment from the University to Other Domestic Institutions”

- Ensure internally fabricated or constructed assets with accumulated costs of $2,000 or more and with an estimated useful life of 1 year or more are reported to FAEIS

- Ensure donated equipment has appropriate documentation from the agency authorizing the donation and coordinate with the Office of Secure Research and Export Control, the Virginia Tech Foundation, the Office of Sponsored Programs and FAEIS as appropriate (See Policy 12115)
Additional Training & Information

• Controller’s Office Website – www.controller.vt.edu

• Online Training Opportunities - https://www.controller.vt.edu/training/opportunities.html

• Questions or concerns about Banner or Banner Reports contact:
  □ Derek Scheidt at derek87@vt.edu (1-8624)
  □ Penny Falck at pfalck@vt.edu (1-9260)

• Questions or concerns about TimeClock Plus contact:
  □ Heather Reed at timeclock@vt.edu (1-7016)

• Access to the Business Compliance Survey -
Additional Training & Information

- Procurement Dept. Website – [www.procurement.vt.edu](http://www.procurement.vt.edu)
- Human Resources Dept. Website – [www.hr.vt.edu](http://www.hr.vt.edu)
- Business Practices Website - [https://cafm.vt.edu/businesspractices.html](https://cafm.vt.edu/businesspractices.html)
  - Departmental Business Managers Portal – email [bjo@vt.edu](mailto:bjo@vt.edu) for access: [https://vpf.bams.vt.edu/DBMP/SitePages/Home.aspx](https://vpf.bams.vt.edu/DBMP/SitePages/Home.aspx)
- Office of Sponsored Research (OSP) - [https://www.osp.vt.edu/](https://www.osp.vt.edu/)
Department Head Online Training

- Training Overview
- Module 1: University Controls
- Module 2: Procurement & Fixed Asset Management
- Module 3: Human Resources
- Module 4: Sponsored Projects & Effort Reporting
- Module 5: Emergency Management
- Module 6: Fiscal Management
- Module 7: Banner FOAPAL Elements
- Module 8: Case Studies

Questions?

Go Hokies!