Academic Administrators Leadership Seminar

Michael McKee
Vice President and Chief Financial Officer
The Focus of Today’s Session!

What I would like for you to take away from my presentation:

1. Who is/are the CFO Organization and how can we help you
2. Accountability – Yours, Mine and Ours
3. CFO Top 10 8 Things to Know for Academic Administrators
Our vision is to establish a standard of partnership, innovation, value-added resource maximization, and financial expertise such that:

- We are consulted early and work in an integrated, high-trust way with colleges and departments to continuously improve processes and make great financial decisions
- We are providing easy-to-use innovative tools and resources for campus’ financial transactions and decision-making
Who is the CFO Division?

The Office of the Vice President and Chief Financial Officer is responsible for the administration of UF's $4 billion budget. This includes oversight of a number of administrative units including:

- **Procurement Services** [http://www.purchasing.ufl.edu](http://www.purchasing.ufl.edu)
- **Finance and Accounting** [http://www.fa.ufl.edu](http://www.fa.ufl.edu)
- **The UF Budget office** [http://cfo.ufl.edu/administrative-units/budget-office](http://cfo.ufl.edu/administrative-units/budget-office)
- **Shared Service Center** [http://cfo.ufl.edu/administrative-units/shared-services-center](http://cfo.ufl.edu/administrative-units/shared-services-center)
- **GBAS** [http://cfo.ufl.edu/administrative-units/gbas](http://cfo.ufl.edu/administrative-units/gbas)
The Color of Money

Accountability at UF
How is UF Different?

- How many of you have worked for a private business or corporation?
- What is the difference between a private business or corporation and an educational institution like the University of Florida?
How is UF Different?

Private Business

 Emphasis on profit
 Return to investors
 Relies on investors and revenue

University of Florida

 Emphasis is on accountability
 Variety of funding sources
 Fiduciary Responsibility

◆ At UF, it is about *accountability* for public and private funds.
Sources

- Tuition and Fees
- State Appropriation – Base, Performance, Preeminence, World Class Faculty, Professional and Doctoral, Specials, Capital Funding
- Lottery
- Contracts and Grants
- Plant Operations and Maintenance (PO&M)
- Auxiliaries
- Component Units (DSO’s and Affiliates)
- Returned Overhead (Indirect Costs) and Residuals
- Federal Formula Funds (IFAS)
- Incidental Revenues
- Administrative Overhead
- Strategic Funds
- Financial Aid
Accountability

Moneys come to UF from a variety of sources

These moneys are “deposited” into funds (identified by different Fund Codes) depending on the source and how the funds can be used.

Fund Code

Fund Code

Fund Code

Fund Code

Fund Code
Fund Accounting lets us track financial transactions per “bucket”

Your department spends from and/or makes deposits to these “buckets”

Financial transactions are linked to your department based on the Department ID ChartField

All actions support accountability

Central (Core office) vs. College/VP vs. Department
Segregation of Duties

- Job duties or responsibilities are divided among different people.
- One person should not be in charge of all activities surrounding the handling of money (mitigating or compensating controls).

Authorizations, Approvals and Verifications

- Responsibility and accountability are linked. Duties may be delegated, accountability cannot.
- Delegation of duties should not create conflict of interest.
- What is being delegated must be clearly defined and documented.
- Signature authority should be limited to a “need to have” basis.
- Managerial overrides should be captured and reviewed.
- Budget and/or expenditure movement should require support documentation and dean/department chair signature.
UF Enterprise Revenue Sources FY16

Total $5 Billion

- Hospital and Component Unit Revenues, $2,923,350, 57%
- Federal, State & Local Grants and Contracts, $454,433, 9%
- Student Tuition and Fees (Net), $410,776, 8%
- Hospital and Component Unit Revenues, $2,923,350, 57%
- State Appropriation (Noncapital), $689,136, 14%
- Other Grants, Contracts, Gifts and Transfers from Component Units, $270,540, 5%
- Federal and State Student Financial Aid, $115,948, 2%
- Auxiliary Sales and Other Revenues, $244,247, 5%
- Investment Income, $(11,294), 0%

Dollar amounts expressed in thousands
UF Enterprise Expenses FY16

Employee Compensation and Benefits, $2,840,995, 56%

Services and Supplies, $1,749,652, 35%

Space - Depreciation, $251,955, 5%
Space - Debt Service, $32,276, 1%
Space - Utilities and Communication, $70,588, 1%

Scholarship Allowance and Scholarships, Fellowships and Waivers, $100,159, 2%

Total $5 Billion

Dollar amounts expressed in thousands
UF Revenue Sources FY16

- **State Appropriation (Noncapital)**, $674,086, 24%
- **Student Tuition and Fees (Net)**, $410,776, 15%
- **Federal, State & Local Grants and Contracts**, $454,433, 16%
- **Other Grants, Contracts, Gifts and Transfers from Component Units**, $893,614, 32%
- **Investment Income**, $3,550, 0%
- **Auxiliary Sales and Other Revenues**, $187,763, 7%
- **Federal and State Student Financial Aid**, $115,948, 4%
- **Capital Appropriations, Grants, Contracts, and Donations**, $60,670, 2%

Total $2.8 Billion

*Dollar amounts expressed in thousands*
State Appropriation and Tuition per FTE

Note: Includes all student levels (undergraduate, graduate, professional, but does not include UF Online). Top Research Peer revenue is not available for 2015-16 or 2016-17. UF’s figure for 2016-17 is an estimate. Total Revenue is tuition and fees revenue plus state appropriations.
Budgeting
Primary Fund Types

- APPROP (budget based) State Appropriations, Tuition, Lottery
- C&G (cash or budget based) Grants, Residuals, Returned Overhead
- Other (cash based) Auxiliaries, Component Units (Foundation, Direct Support Organizations (DSO)), Financial Aid

It is important that administrators monitor available funds and utilize them as intended.
UF’s Budget Model

- Decentralized model that allocates funding to units that earn the revenue – Tuition revenue and General Fund Supplement – Primarily Colleges
- Central overhead costs assessed to units through revenue or expenditure taxes (based on fund type)
- Facilities overhead costs are assessed to units based on square footage and type of space (classroom, office, lab)
- Funds have different restrictions for spending and different policies for retention (for example, Material and Supply (M&S) fees, which must be refunded to students if not used in the current year).
- Consult fiscal staff or core offices as needed.
Departmental Budgeting

- The various Colleges and units across campus allocate resources in different ways.
- The allocation of resources to your unit is one of the tools in driving the development of your priorities. As chair or director, you are responsible for matching academic priorities with the spending of the budget.
- The CFO Budget Office stands ready to assist you in understanding and managing your budget – remember though, the College or VP office allocates your resources.
- If you find any of these scenarios applying to you – give us a call – please.
  - You have just become chair and the previous chair has explained, “This is how we’ve done the budget for 20 years. My advice is: don’t change it.”
  - You leave budgeting to your Administrative Assistant and Office Manager.
  - You have quite a bit of money left in your budget each year.
  - You don’t plan a budget at all. You just spend money as the year progresses and demands materialize. When the money is gone, its gone!
  - When people ask if you have enough money to get through the rest of the fiscal year, you are never quite sure.

Written by Joe Glover, Provost and Sr. Vice President, University of Florida
Procurement and Disbursements
Buying Goods and Services

- Encourage faculty to work with appropriate administrative staff before purchasing items or booking travel to ensure appropriate process takes place. There may be administrative requirements depending on the amount you are spending or why/where you are traveling.

- If spending $10,000 or more, multiple quotes are required.

- If spending $75,000 or more, contact UF Procurement to discuss the purchase. Board of Governors’ regulation requires a public solicitation for these purchases.

http://www.purchasing.ufl.edu/departments/directives.asp - click on Bids
Paying for Goods and Services

- You must ensure that adequate and auditable documentation is provided in support of payments made.
- You must ensure that reconciliations are completed for all your cost centers so you know your financial position and identify any error or irregularities in a timely manner.
- If you are unsure about a payment, ask.
- Travel is one of the most highly regulated and reviewed expenditure types of the University.
  - $.445/mile for use of personal vehicle
  - $6/$11/$19 meals
  - Actual for hotel cost
  - $80 per diem
  - State contract with Enterprise for car rental.
- Expenditure Guidelines are online @ [http://www.fa.ufl.edu/directives-and-procedures/disbursements/](http://www.fa.ufl.edu/directives-and-procedures/disbursements/)
Payroll
University Payroll

- 28,300 employees
  - 5,100 Faculty
  - 9,100 Staff
  - 6,000 Temporary (adjunct faculty, temporary staff, post-doctoral associates and fellows)
  - 3,900 Graduate Assistants
  - 4,200 student assistants & federal work study

- $60m average bi-weekly payroll
- Fringe benefit pool rates
- Emergency checks only if supervisor failed to approve time and loss of salary is 20% or more of employees bi-weekly pay – no emergency check if employee does not enter time
Research
Research Funds

- Restrictions based on grantor
- More comprehensive restrictions on federal funds
  - Cost Accounting Standards (CAS)
    - Restrict charging certain indirect costs as direct (e.g. office supplies, postage, general purpose computers/software, administrative/clerical salaries)
- Must document effort dedicated to sponsored projects and it must meet or exceed the salary portion being paid by the grant
- Must document space being used by sponsored projects – Auditors carefully scrutinize space reported as 100% (or very high) research use
- Returned overhead (IDC)
  - PI’s, departments and Centers each receive a portion of the overhead charged to their sponsored projects
  - Must be used in support of research-related activities
Research Funds – Effort

What is Effort?

- The federal government requires an effort report when an individual is compensated by or has agreed to contribute time to a federally sponsored project. All UF faculty and staff serving as principal investigators (PI) on sponsored agreements are personally responsible to certify the amount of effort that they and their employees/grad students spent on sponsored activities.

- Once an academic term is closed, a PI is required certify or confirm activities that actually occurred, this includes commitments to federal and non-federal sponsored agencies. This is known as “Certifying Effort”
Why Do We Have to Certify Effort?

- Certifying Effort is the way that UF meets the mandatory Federal requirements (2CFR200.430) over payroll that is charged to our sponsors. It is also a way to verify that the commitments that we made to the sponsors are being met.

- In addition, at UF, Effort is what is used to indicate to the State, how much it costs to teach a course – Instructional effort.
Reporting
Reporting Tools

- Department Monthly Ledgers - allows fiscal review and reconciliation
- Reporting Cubes – allows managers to view information in our data warehouse
- myInvestigator – allows PI’s and grant managers to view grant activity
- Tuition Revenue Cube – allows managers to view revenue assessment, collections, and waivers
- Student Credit Hour Cube – allows managers to view fundable, non-fundable, and off-book credit hour data used in budgeted tuition calculations.
Reporting Services

What we do

- Help administrative staff understand their data and reporting needs.
- Help staff build reports to meet their needs.
- Promote existing training classes and toolkit developed by Training and Organizational Development.
- Provide a place for feedback about existing reporting objects.

What we are

- Reporting Subject Matter Experts for:
  - Enterprise Reporting
  - Query Studio
  - Monthly Financial Reports (MFRs)
  - Prompted Reports
  - FIT Cubes
  - FI Reports
  - HR Reports
  - Student Financials
  - PeopleSoft Queries
  - myInvestigator

For more information contact Reporting-Services@ufl.edu or the CFO Office @ 392-2402
CFO Top 10 Things to Know

1. Accountability
2. Budgeting
3. Procurement
4. Documentation
5. Reconciliation
6. Research
7. Reporting
8. We Can Help
9. We Can Help, Please
10. We Can Help, I Promise
Contact Us

- CFO office: (352) 392-2402, http://cfo.ufl.edu/
- Procurement Services: (352) 392-1331 http://www.purchasing.ufl.edu/
- Finance and Accounting: (352) 392-1321 http://www.fa.ufl.edu/
- The UF Budget office: (352) 392-2402 http://cfo.ufl.edu/administrative-units/budget-office/
- Shared Service Center: (352) 294-7252 http://cfo.ufl.edu/administrative-units/shared-services-center/
- GBAS: (352) 392-2477, http://cfo.ufl.edu/administrative-units/gbas/
Questions?