

Fiscal Roles and Responsibilities

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I. Purpose

To provide the foundation for sound financial management of the University of Kentucky by defining fiscal roles and responsibilities for all employees so that University operations are well-planned, controlled, and accurately reported. This document addresses overall fiscal responsibilities. Additional responsibilities for specific fiscal transaction processes are found throughout the [Business Procedures Manual](#).

II. Policy

- A. The University maintains an environment that fosters compliance with:
 - 1. Federal laws, regulations, and policies;
 - 2. Kentucky Revised Statutes (KRS) and Kentucky Administrative Regulations (KAR);
 - 3. University and unit-level policies and procedures including, but not limited to, the [Governing Regulations \(GR\)](#), [Administrative Regulations \(AR\)](#), [Human Resources Policy and Procedure Manual](#), [Business Procedures Manual \(BPM\)](#); and [University of Kentucky Information Technology policies](#).
 - 4. Contract, grant, and donor stipulations;
 - 5. Accreditation requirements; and
 - 6. Generally accepted accounting principles.
- B. Each organizational unit (e.g., administrative area, college, department, division, center, office) shall institute and maintain internal controls in compliance with [E-1-4 Internal Control](#).
- C. Each organizational unit head is accountable for the sound financial management of the unit and retains this fiscal responsibility if authority for transactional processing, record keeping, approving, and monitoring is delegated to others.
- D. Each organizational unit head shall ensure that at least two individuals are involved in each fiscal transaction process as evidenced by signatures or electronic workflow.

III. Responsibilities Entrusted to All Employees

All employees of the University, regardless of position, have the responsibility to:

- A. Conduct themselves in a manner that demonstrates integrity, as outlined in the [Governing Regulation, Part XIV, Ethical Principles and Code of Conduct](#);
- B. Preserve University resources and use those resources only for official business in a prudent manner consistent with the University's goals and objectives;
- C. Report known or suspected fiscal or other misconduct in one of the following ways:
 - In-person at 1648 McGrathiana Pkwy Suite 340, Lexington, KY 40511
 - By completing the anonymous contact form on UKIA's webpage
 - Emailing the Chief Accountability Officer and Audit Executive
 - Calling UKIA's mainline 859-257-3126
 - Calling the UK Anonymous Reporting Service at 877-898-6072
- D. Cooperate with those performing an investigation into fiscal or other misconduct;
- E. Be knowledgeable about the policies and procedures related to their job functions, including an awareness of risk issues to achieve maximum safety and minimal liability for the University community;

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- F. Review their pay to verify it is at the correct rate and number of hours, and that leave balances, benefits, and deductions are accurate and report discrepancies to the supervisor or departmental human resources administrator;
- G. Follow the steps outlined in the appropriate [Exit Checklist](#) when leaving a department or the University; and
- H. Depending on level of involvement with fiscal transactions:
 - 1. Handle contracts for purchases through the Purchasing Division and ensure that contracts for purchasing and providing goods and services are reviewed by Legal Counsel in compliance with [AR 8:3 Contract and Transaction Approval Authority](#);
 - 2. Ensure transactions are authorized and in compliance with policies;
 - 3. Initiate, enter and/or process transactions in compliance with policies;
 - 4. Verify funds are available prior to expenditure; and
 - 5. Maintain supporting documentation in accordance with the [records retention schedule](#) and provide to auditors or central units when requested.

IV. Fiscal Responsibilities of Administrators

Administrators, including the President, executive and administrative officers, including but not limited to the Provost, executive vice presidents, vice presidents, Treasurer, Controller, associate/assistant vice presidents, associate/assistant provosts, deans and directors, area fiscal officers, appointed by the President, Provost, and executive vice presidents, chairs, directors, and others functioning as heads of units or projects, departmental unit administrators or equivalents, and those functioning as departmental business administrators (irrespective of job classification), have additional fiscal responsibilities specific to their roles:

- A. President
 - 1. Per [GR Part III, The President of the University](#), the president has full authority and responsibility for financial operations of the institution.
 - 2. [AR 1:1 Administrative Organization](#) further defines the President's fiscal role to include responsibility for the following:
 - a. Official communications with government agencies, including related policy and budgetary matters;
 - b. Policy, planning, and coordination of business and administrative services; and
 - c. Management and interpretation of all policies and regulations.
 - 3. As the chief executive officer of the University, the President is responsible for:
 - a. Creating the "tone at the top" by providing leadership that promotes integrity, ethics, and a positive control environment; and
 - b. Ensuring that all other executive and administrative officers are aware of their fiscal responsibilities as outlined in sections B through E below.
- B. Executive and administrative officers, including but not limited to the Provost, executive vice presidents, vice presidents, Treasurer, Controller, associate/assistant vice presidents, associate/assistant provosts, deans, and directors shall:
 - 1. Provide leadership that promotes integrity, ethics, and an expectation that all employees follow policies and procedures;
 - 2. Establish delegations of signatory and/or approval authority of transactional documents in writing as directed in [AR 8:3](#);

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3. Provide guidance and direction to faculty and staff in carrying out any assigned fiscal duties, ensuring that all employees in their area(s) are knowledgeable about their responsibility and accountability for the operations of their area;
 4. Ensure that the financial report review takes place, as outlined in [Section V](#) below, and that appropriate investigative, monitoring, reporting, and remedial actions are initiated as a result of the review process; and
 5. Ensure that their employees are informed of their responsibilities outlined in sections C, D, and E below.
- C. Area fiscal officers, appointed by the President, Provost, and executive vice presidents, shall:
1. Provide effective stewardship of area resources;
 2. Develop and implement budgets for the area;
 3. Implement and evaluate unit-level policies and procedures that are in compliance with University policies and procedures; and
 4. Act as liaison between area units and central offices to enhance communication and resolve fiscal and policy issues.
- D. Chairs, directors, and others functioning as heads of units or projects shall:
1. Develop, adopt, implement, follow, and/or monitor internal controls for all fiscal processes;
 2. Ensure that all employees in their respective units are informed of and perform their responsibilities as outlined in section E below; and
 3. PIs of multi-disciplinary sponsored projects are responsible for the administration and fiscal oversight of the entire project, regardless of the employees' "home" organizational units.
- E. Departmental unit administrators or equivalents, who are a unit's or project's primary business officer or principal investigator (PI), shall be knowledgeable, responsible, and accountable for the fiscal transactions of their units or projects. To ensure that strong internal controls are in place, these individuals shall:
1. Assist in setting a tone within their respective units (and the University as a whole) for ethical conduct and integrity, as outlined in the [Governing Regulation, Part XIV, Ethical Principles and Code of Conduct](#); A01-005 UK HealthCare Code of Ethics; [AR7:2 Research Conflict of Interest and Financial Disclosure Policy](#); and [AR7:9 Institutional Conflicts of Interest Involving Research](#);
 2. Participate in the financial report review process, as outlined in [Section V](#) below, and initiating appropriate investigative, monitoring, reporting, and remedial action as a result of the review process;
 3. Work with deans, department chairs, directors, PIs, and faculty and staff of the unit to ensure the understanding of and compliance with University and unit-level policies, sponsor guidelines, and procedures;
 4. Serve as the primary resource for faculty and staff in the unit regarding all relevant policies, procedures, laws, regulations, and sponsor or donor restrictions related to the performance of their assigned fiscal duties;
 5. Ensure unit faculty and staff are adequately trained and fully understand their assigned responsibilities and personal accountability, including usage of financial and administrative systems;
 6. Ensure all transactions are:
 - a. authorized in accordance with the established approval authority,
 - b. in compliance with University policies and procedures,
 - c. allowable within grant/contract budgets and sponsor guidelines,

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- d. recorded in the appropriate functional area, account, and cost object, and
- e. recorded in a timely manner per policy to the correct accounting period;
- 7. Maintain on file or submit to the appropriate University administrative office original supporting documentation for each fiscal transaction in accordance with minimum documentation levels and time periods specified by the [records retention schedule](#);
- 8. Document organizational policies and procedures in an Administrative Manual; (The [Administrative Manual](#) template is provided by Internal Audit; however, individual departmental manuals may be more or less detailed than the example.)
- 9. Continuously assess, adjust, and recommend improvements to internal controls;
- 10. Develop, implement, and monitor budgets (including those for grants and contracts) that align with their respective unit's operational plans and support the University's [strategic plan](#);
- 11. Follow the steps outlined in the appropriate [Exit Checklist](#) when an employee leaves the unit or the University;
- 12. Inform the responsible University officer in a timely manner regarding:
 - a. communications from sponsors, donors, and regulatory agencies, concerning issues of noncompliance,
 - b. inappropriate reporting of financial information,
 - c. questionable expenses, and
 - d. allegations of fraud or suspected fraud; and
- 13. Ensure that all equipment, vehicles, and facilities are scanned, purposed, and inventoried annually or as otherwise required by section E-12 of the BPM and departmental policies.

V. Procedures for Financial Report Review Process

- A. For some transactions, the financial report review process serves as the primary method for detecting errors, omissions, and fraud. The review shall take place at least monthly in compliance with [E-17-6 Reconciliation and Review of Financial Transactions](#). The employee designated by the responsible officer (e.g., department chair, director, principal investigator, or department head equivalent) shall perform the financial report review process to ensure that:
 - 1. Fiscal transactions are processed and recorded in accordance with generally accepted accounting principles; adhere to the University's accounting policies and sponsor or donor stipulations; and are posted in the appropriate accounting period;
 - 2. All ledger sheet activity, accounts receivable, clearing accounts, deferred revenue, inventory, and prepaid expenses are reconciled to the responsible unit's supporting documents on a monthly basis;
 - 3. All reconciling items are resolved promptly;
 - 4. All fiscal transactions placed in suspense accounts are resolved at least monthly;
 - 5. The fiscal transactions represent proper use of University resources;
 - 6. Available resources are sufficient to cover the fiscal transactions, considering all outstanding commitments; and
 - 7. Financial reports, reconciliations, and issues are reviewed and discussed with the responsible officer at least quarterly.

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- B. The designated employee shall initiate the appropriate investigative, reporting, and remedial action as a result of the financial report review process such as:
1. Transferring the cost to an appropriate alternate cost object in the event costs incurred and charged to a sponsored project are not allowable;
 2. Taking corrective action for any identified or anticipated deficits;
 3. Reporting any events in accordance with [Governing Regulation, Part XIV, Ethical Principles and Code of Conduct](#); A01-005 UK HealthCare Code of Ethics; [AR7:2 Research Conflict of Interest and Financial Disclosure Policy](#); and [AR7:9 Institutional Conflicts of Interest Involving Research](#); [AR7:2 Research Conflict of Interest and Financial Disclosure Policy](#); and/or [AR7:9 Institutional Conflicts of Interest Involving Research](#).
 4. Informing the responsible officer and the Controller (except where another University administrative officer is indicated) about any improprieties such as:
 - a. Transactions that have not been properly recorded in the financial system within the appropriate fiscal period;
 - b. Allegations, either written or oral, of misstatements or other misapplications of accounting policies in the financial system;
 - c. Existence of any unrecorded contracts or agreements; and
 - d. All in accordance with [BPM D-3 Misappropriation of University Assets](#).
 5. Disclosing to the responsible officer and the Controller (except where another University administrative officer is indicated):
 - a. Any communications related to noncompliance with applicable laws and regulations, including those pertaining to grants and contracts
 - b. Any unrelated business income, and
 - c. All plans or intentions that may affect the carrying value, classification, useful life, or ownership (University control) of assets, including inventories, and liabilities as required by the [Business Procedures Manual](#).