

Responsible Official (Title): Chief Financial Officer

Responsible Office: Chief Financial Officer

Responsible Division: Financial Services

Policy on Financial Accountability & Control

1. Policy Statement

The purpose of this policy is to emphasize the lines of responsibility for financial accountability and control at the University as well as present methods to identify and deter fraud. The campus Chief Financial Officer shall be the primary campus financial officer with respect to administration of these delegations of authority and responsibility as outlined in CSU Executive Order 1000.

2. Authority

2.1. CSU Executive Order 1000, Delegation of Fiscal Authority and Responsibility

3. Scope/Applicability

3.1. This policy applies to all University employees and all University accounts, regardless of funding source, and all related financial transactions and budget development.

4. Exclusions

4.1. This policy does not apply to Human Resource transactions. [7.1.2.3.]

4.2. Delegated individuals cannot approve their own expenses and cannot approve expenses of their direct or indirect supervisor. The exception is approval of President's expenditures by the Chief Financial Officer. [7.3.1.1.]

4.3. Delegated individuals may not approve expenses of their spouse, registered domestic partner, significant other, child, parent or other near relative. [7.3.1.2.]

5. Supersedes – N/A. New policy.

6. Definitions

6.1. Chief Financial Officer (CFO): The campus Chief Financial Officer shall be the primary campus financial officer in respect to administration of these delegations of authority and responsibility as outlined in Executive Order 1000.

6.2. Fiscal Account Manager: For every PeopleSoft organizational department, the President, Vice President, Dean or Director, Associate Dean, or Management Personnel Plan (MPP) is designated as the "fiscal account manager," or other similar title. This individual bears primary responsibility for maintaining financial accountability and control for funds under his or her jurisdiction.

6.3. TipNow Hotline: The Fresno State Police Department anonymous tip line for reporting crime or providing information anonymously.

7. Policy Procedures

7.1. Responsibilities

7.1.1. Chief Financial Officer shall:

- 7.1.1.1. Ensure that the responsibility delegated by CSU Executive Order 1000 is exercised in compliance with all applicable statutes, regulations, and policies of the Board of Trustees, and CSU policies, standards, and definitions.
- 7.1.1.2. Ensure that expenditure commitments do not exceed available resources and that budget plans are fiscally sound and sustainable.
- 7.1.1.3. Ensure that appropriate internal controls are in place for the safeguarding of assets and the reliability of financial reporting.
- 7.1.1.4. Ensure that accounting processes are established to maintain appropriate records of financial transactions and balances, in accordance with CSU policies, standards, and definitions.

7.1.2. Fiscal Account Manager:

Good stewardship of the University's financial resources is the responsibility of all employees. For **every PeopleSoft organizational department, the President, Vice President, Dean or Director, Associate Dean, or Management Personnel Plan (MPP) is designated as the "fiscal account manager,"** or other similar title. This individual bears primary responsibility for maintaining financial accountability and control for funds under his or her jurisdiction. Such responsibilities include, but are not limited to:

- 7.1.2.1. Learning, following and upholding financial policies established by the University and external agencies.
- 7.1.2.2. Preparing and using budgets based on a thorough analysis of need that conforms to the University's budgetary guidelines and processes.
- 7.1.2.3. Approving financial transactions for the unit and authorizing other permanent employees of the University to approve these financial transactions: i.e., requisitions, direct pays, adjusting budget journals, travel authorizations and expense claims, etc. This authorization is not for Human Resource transactions.
- 7.1.2.4. Establishing basic internal controls to ensure transactions are appropriately executed and recorded, ensure segregation of duties and maintain appropriate checks and balances.
- 7.1.2.5. Establishing controls to reduce waste, misuse, misappropriation or destruction of assets (including data and data integrity) and taking action to correct such problems.
- 7.1.2.6. Ensuring adherence to established University policies and practices.

7.2. Reconciliation, Review and Approval

- 7.2.1. Reconciliation. A key element in the University's system for maintaining control is reconciliation, review and approval of financial transactions. The fiscal account manager should not delegate this function and may only do so when there is no practical alternative. If review and approval authority must be delegated, it is imperative that the fiscal account manager remain sufficiently involved to be knowledgeable about financial matters and to exert meaningful oversight and accountability.
- 7.2.2. Review. Review should ordinarily be completed within one month of the financial transaction. Review and approval indicates agreement that:
- 7.2.2.1. Transactions are accurate or that necessary corrections are in process
 - 7.2.2.2. Expenditures are reasonable, necessary and for legitimate University business
 - 7.2.2.3. Expenditures and other charges are allowable and consistent with donor or sponsor restrictions, as applicable
 - 7.2.2.4. Supporting documentation exists and is sufficient to substantiate the nature and business purpose of the expenditure
 - 7.2.2.5. Expenditures that are solely for the personal benefit or purposes other than those that benefit the University are prohibited
- 7.2.3. Approval. The fiscal account manager has the authority to expend University funds to accomplish assigned responsibilities and is accountable for all transactions recorded. This includes ensuring transactions are:
- 7.2.3.1. Reasonable and necessary
 - 7.2.3.2. Properly recorded and reported
 - 7.2.3.3. Consistent with CSU, State, and Federal guidelines
 - 7.2.3.4. Adequately documented to substantiate the business purpose
 - 7.2.3.5. Compliant with relevant policies, procedures and regulations

7.3. Conflict of Interest

- 7.3.1. In order to ensure the independence of the approval process and avoid conflict of interest issues:
- 7.3.1.1. Individuals delegated this authority cannot approve their own expenses and cannot approve expenses of their direct or indirect supervisor. The exception is approval of President's expenditures by the Chief Financial Officer.
 - 7.3.1.2. In addition, delegated individuals may not approve expenses of their spouse, registered domestic partner, significant other, child, parent or other near relative.

7.4. Fraud Deterrence

7.4.1. Fiscal Accountability Oversight

There are several indicators that fiscal account managers, supervisors and employees should be alert to:

- 7.4.1.1. Lack of effective oversight. The most common denominator for fraudulent activity is the lack of effective oversight. High levels of trust and freedom for employees often characterize University workplaces. Even so, every employee

should expect to be held accountable for his or her actions. Unit heads, fiscal account managers and supervisors must provide oversight over all employee activities, but particularly those involving financial transactions.

7.4.1.2. Management's attitude and actions greatly influence the potential for fraud. Those in authority must communicate high expectations concerning ethical behavior, compliance with policies and law, and financial accountability. Dishonesty and waste are much more likely to occur in situations where there is little or no such expectation and communication.

7.4.1.3. Policies should be referred to as questions arise or important decisions are considered. Non-compliance with policies is, in itself, serious. It can also be a warning sign of fraudulent activity.

7.4.1.4. Use of University resources for personal purposes. All University accounts, regardless of their funding source, represent public funds that may only be used as allowed by University policy. University equipment may only be used for approved purposes.

7.4.2. **Reporting Suspected Fraud:**

Any dishonest or improper act by an employee, i.e., act that violates the law, wastes money or endangers public health or safety, is of great concern to the University. All employees are encouraged to report suspected improprieties to their supervisor or directly to a higher level, if the supervisor is involved. You may also contact the TipNow Hotline, where you may anonymously report suspected improprieties or fraudulent activity: 559.664.3204, or via email to: fresnostate@tipnow.org. If you suspect a crime has been committed, you should report it immediately to the University Police.

7.4.3. **Whistleblower Protection (CSU Executive Order 929):**

The University is committed to protecting employees who, in good faith, report suspected improprieties or illegal activities. In fact, it is unlawful to discharge, threaten or otherwise bring a personnel action against an employee who reports a violation of law or waste of public funds, property or manpower unless the employee knows the report is malicious, false or frivolous.

7.4.4. **Disciplinary or Legal Action:**

7.4.4.1. The University has dealt with situations involving dishonest acts by employees, ranging from careless mishandling of funds to systematic schemes to defraud the University. Although such cases involve a very small number of employees, their detrimental impact on the University should not be minimized or underestimated.

7.4.4.2. All employees share the responsibility for preventing, detecting and reporting these types of questionable activities. The University investigates suspected cases thoroughly, giving careful consideration to the rights of affected individuals. Disciplinary or legal action is taken when warranted. Willful misconduct is not tolerated.

8. Related Policies, Procedures, Information, Forms

- 8.1. CSU Executive Order 1058, Complaint Procedure for Allegations of Retaliation for Having Made a Protected Disclosure under the California Whistleblower Protection Act
- 8.2. CSU Executive Order 1000, Delegation of Fiscal Authority and Responsibility
- 8.3. CSU Executive Order 1104, Campus Reporting of Fiscal Improprieties
- 8.4. CSU Executive Order 929, Reporting Procedures for Protected Disclosure of Improper Governmental Activities and/or Significant Threats to Health or Safety
- 8.5. California State Auditor, Publications: <http://www.auditor.ca.gov/reports/audgen>

9. Contact Information

- 9.1. If you have any questions about this policy, contact the Chief Financial Officer at 559.278.8640.
- 9.2. TipNow Hotline: 559.664.3204.
- 9.3. University Police Department: 559.278.8400.
- 9.4. Whistleblower Hotline: 1.800.952.5665;
- 9.5. Whistleblower Hotline: www.auditor.ca.gov/hotline

10. Key Search Words

Fraud, accountability, fiscal, financial

11. History/Revision Dates:

Reviewed by President's Cabinet:	September 21, 2015
Approved by the Chief Financial Officer:	May 25, 2016
Approved as Interim policy by University President:	May 31, 2016
Consultative review by Academic Senate Executive Committee:	September 19, 2016
Minor Updates Approved by Interim CFO:	October 17, 2016

12. Next Evaluation Date: October 1, 2018 (3 years)

13. Consultative Review by the Academic Senate: Yes No

Purpose: This policy emphasizes the lines of responsibility for financial accountability and control at the University as well as presents methods to identify and deter fraud. As collegiality consists of a shared decision-making process, and the Academic Senate has primary responsibility to make recommendations to the University President on all university-wide academic policy issues, this policy will be sent to the Academic Senate for a consultative review.]