



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

## Operating Policy and Procedure

**HSCEP OP:** 50.03, **Fund Manager Designation and Responsibilities**

**PURPOSE:** The purpose of this Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to establish Fund Manager responsibilities.

**REVIEW:** This HSCEP OP will be reviewed on February 15 of each odd-numbered year (ONY) by the Managing Director for Business Affairs, with recommendations for revisions submitted to the Chief Financial Officer by May 1.

### **POLICY/PROCEDURE:**

#### **1. Fund Managers.**

All funds in the Banner Finance System have a designated Fund Manager. The Department may select any person as Fund Manager but the Fund Manager should have basic knowledge of accounting and exhibit basic management skills. Department heads and administrators are responsible for appropriate assignment of Fund Managers. The Fund Manager is identified at the time the fund is established and may be changed by submitting a request in the [Financial Manager Change Request](#) system. A list of Fund Managers may be found at Cognos Connection > Public Folders > HSC El Paso Finance > Chart of Accounts > Fund Managers.

#### **2. Fund Manager Responsibilities.**

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

- a. **Establish internal controls at the department level.** Fund Managers are responsible for establishing internal controls and a strong control environment for financial transactions within their departments. Internal control is the process designed to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable policies, laws, and regulations. Internal control includes safeguarding assets against theft and unauthorized use, acquisition, or disposal. The most important control activities involve segregation of duties, proper authorization of transactions and activities, adequate documents and records, physical control over assets and records, and independent check on performance. Attachment A provides basic principles of internal control.
- b. **Reconcile ledger transactions to departmental transactions.** Fund Managers are responsible for ensuring that departmental transactions are properly and timely reflected in Banner. The Monthly List of Fund Balances and Monthly Budget Balances reports should be reviewed each month. Other Cognos reports should be utilized as necessary. Any unexpected differences or questions should be referred to [BusinessAffairsElp@ttuhsc.edu](mailto:BusinessAffairsElp@ttuhsc.edu).
- c. **Ensure compliance with fund purposes and/or restrictions.** Fund Managers are responsible for complying with State law, institutional policies, fund restrictions, expenditure restrictions, grant policies, and donor instructions. Each Fund Manager is

responsible for ensuring fund restrictions from grant agreements, contracts, and external sources are followed when submitting transactions. Administrative areas processing documents will focus on compliance with State law and institutional policies when processing transactions.

- d. **Be aware of institutional policies concerning fund management.** Fund Managers must read and understand institutional policies including all OPs in Sections 50, 54, 65, 72, and 79. <http://el Paso.ttuhs.edu/el Paso/opp/>. Specific policies of note are:

- 1) OP 50.05 Grant, Award, and Contract Billings
- 2) OP 50.07 Cash Collections
- 3) OP 50.30 Year End Close Processes and Deadlines
- 4) OP 54.01 Contracting Authority and Policy
- 5) OP 65.03 Sponsored Program Fund Management
- 6) OP 72.01 Purchasing Supplies, Equipment and Services
- 7) OP 72.03 Direct Pay Expenditures
- 8) OP 72.09 Expenditure Payments
- 9) OP 72.10 Invoice Processing and the Prompt Payment Law
- 10) OP 72.13 Historically Underutilized Businesses
- 11) OP 72.15 Purchasing Card Program
- 12) OP 72.16 Official Functions, Business Meetings and Entertainment
- 13) OP 79.06 Reimbursement of Travel Expenses

- e. **Ensure Sufficient Budget is Available.** The Fund Manager is responsible for ensuring that sufficient expenditure budget is available to support anticipated expenditures for the entire fiscal year. The expenditure budget is limited to the estimated revenue and transfers in for the fiscal year in addition to prior year fund balance for the fund. It is necessary for the Fund Manager to review the budget throughout the fiscal year and make adjustments based on updated revenue and expenditure projections for the entire fiscal year.

- f. **Maximize cash flow through timely billing, collection and depositing of revenue.** Good cash flow procedures are necessary to ensure maximum earnings and to avoid negative cash balances. Fund Managers are responsible for managing cash flow through effective internal procedures, timely billing, contract negotiation, and other means available. Since Banner does not check for cash balances during transaction processing, interfund borrowing between cash pools is performed at least weekly to align cash.

- g. **Maintain positive fund balances throughout the fiscal year.** Fund Managers are responsible for maintaining positive balances and covering deficits. When positive balances cannot be maintained, Accounting Services may require a plan of action that explains the deficit and how the fund will be covered by year end. All funds except those identified by Accounting Services must be covered by August 31<sup>st</sup> of each year. Accounting Services will notify Fund Managers of deficit balances at year end and request instructions for covering the deficit. Deficits not cleared within two business days of close (usually around September 15) will be cleared by Accounting Services from default funds or other funds available to the Fund Manager. A list of backup FOPs may be found at Cognos Connection > Public folders > HSC El Paso Finance > Chart of Accounts > Default Back-up FOPs.

- h. **Maintain correct program coding.** Program coding is the basis of financial reporting for the Facilities and Administration (F&A) Rate Study and Coordinating Board reports, including the Annual Research Report. Program Code information can be found at the Finance Systems Management Training Documents site: <http://el Paso.ttuhs.edu/fiscal/businessaffairs/finsysmgt/financetrainingcenter.aspx>. Only the person submitting the transaction can accurately determine the proper coding for

most current funds (E&G, Designated, and Restricted funds).

- i. **Assume responsibility for activities of delegated persons.** The Fund Manager is responsible for the transactions of those delegated authority or given signature authority on their funds, also known as delegated persons.
  - a) Roles and rights of external applications. A Fund Manager must assign roles and rights for specific external applications such as TechBuy and Direct Pay. This may be accomplished through the TEAM application, available via the WebRaider portal or directly at <http://team.texastech.edu>.
  - b) Procurement Card signature authority. A Fund Manager may delegate signature authority for a procurement card. The Fund Manager is responsible for the proper use of the procurement card, including establishment of good internal controls, proper card handling, and return of the card to Business Services as appropriate.

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

- j. **Strive to achieve institutional HUB (Historically Underutilized Businesses) goals.** Fund Managers must devote serious effort and energy to achieve institutional HUB goals.

### 3. **Fund Manager Training.**

Fund Managers and delegated persons are required to demonstrate competence in their responsibilities. Finance systems now require a level of knowledge and competence significantly greater than in the past. Fund Managers are responsible for ensuring that delegated persons are technically proficient and adequately trained. Mandatory training may be periodically required to maintain Fund Manager or delegated person status. Online training resources, including a Finance Reference Guide, are available at <https://el Paso.ttuhs.edu/fiscal/businessaffairs/accounting/Reference%20Materials.aspx>. Departmental requests for additional training or materials may be sent to [FSMElp@ttuhsc.edu](mailto:FSMElp@ttuhsc.edu).

### 4. **Removal of Fund Manager or Delegated Person.**

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

### 5. **Responsibility of Department Heads.**

Department heads are responsible for assigning competent and knowledgeable staff as Fund Managers and delegated persons. Department heads must ensure that an effective control environment exists including the establishment of effective controls, continuous assessment of risk, and monitoring controls as needed.