

UFS ADVISOR

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Treasurer’s Message



[Penny D Cox](#)

Serving Our Campus

University Financial Services' focuses on delivering operational excellence and resource stewardship for UK – our flagship public research university. Our mission is to partner with the University community to ensure effective stewardship of resources in support of the University's mission through value-added guidance and service to our students, faculty, staff, and community.

For fiscal year 2021, the University received a clean [audit opinion](#) from BKD, LLP Certified Public Accountants. The independent audit was performed in accordance with Government Auditing Standards (GASB). The University outperformed the previous fiscal year, driven primarily by strong investment performance, growth in HealthCare, and efficiency measures across the University.

For fiscal year 2021, the [University’s Endowment](#) was valued at \$2.1 billion. The endowment funds recruitment and retention of leading scholars, student scholarships, research, and a multitude of institutional strategic initiatives.

Bond Rating that Matters

Strong credit ratings positively impact our ability to make continued progress in securing financial support for necessary investments. They are also noted by our partner policymakers at the state level – as well as donors here and throughout the country -- who understand that an investment in the University of Kentucky is a good one for the future of the state.

One of the country’s leading credit rating agencies – Standard & Poor’s (S&P) – announced an upgrade of UK’s bond rating outlook: AA+ on general receipt bonds, up from AA. Other ratings within our bond portfolio were upgraded as well. It’s the second such upgrade of our credit rating from S&P since 2015 – remarkable in a time when many universities have struggled to maintain stable financial outlooks. Moody’s rating was maintained at Aa2.

As S&P said in its report about our ratings outlook:

“The rating reflects our view of UK’s very strong enterprise and extremely strong financial profile... In addition, in our view UK’s management and governance is an example of best in class and as Kentucky’s flagship higher educational institution, the university enjoys the commonwealth’s support for its operations and for limited capital needs while these needs are also met, in part, by very strong philanthropic support.”

This language reflects positively on the tireless and exemplary work of people throughout this institution – from staff who support and faculty who teach our students to a nationally regarded health care system that is not only growing financially but increasing in size to meet the needs of our Commonwealth.

Debt & Liquidity Management

In December, during a presentation to the Board of Trustees on the University’s Debt & Liquidity Management, the following key takeaways were shared:

- Bond rating upgraded by one of the country’s leading credit rating agencies, Standard and Poor’s, from AA to AA+
 - Second upgrade from the agency since 2015
 - Best-in-class management and governance
- University has capacity for additional debt
- Debt management policies and procedures in place
- Cash and investment policies and procedures in place
- Strong balance sheet based on FY21 audit

Our webpage <http://www.uky.edu/ufs/debt-management> includes information on the debt management program as well as links to debt and investment-related policies; plus historical financial statements and investor information including official statements for outstanding debt and the most recent bond rating and disclosure reports for the University. Below are two tables that provide a summary of roles and responsibilities.

Entity	Responsibility
Commonwealth of Kentucky	<ul style="list-style-type: none"> • Bonding authority approved by the State during the biennium budget process • Each bond issue is then reviewed and approved by the State Property and Building Commission and Capital Projects and Bond Oversight Committee prior to issuance
Board of Trustees	<ul style="list-style-type: none"> • Approve all capital projects \geq \$1M and certain external debt financing transactions¹, including reimbursement resolutions • Approve all internal loans for capital purposes \geq \$1M

Debt Management Committee	<ul style="list-style-type: none"> • Oversee Debt Policy and Internal Loan Program Policy • Approve all external debt financing transactions and recommend approval through the Office of the President for those requiring the Board of Trustees' approval • Approve all internal loans and recommend approval to the Board of Trustees through the Office of the President for internal loans \geq \$1M and used for capital purposes • Approve days cash on hand target ranges for investment tiers I-III • Approve days cash on hand allocated to the internal loan pool
Operating Fund Investment Committee	<ul style="list-style-type: none"> • Oversee Operating Fund Investment Policy • Approve investment guidelines for external managers for the operating portfolio • Approve staff-managed operating investments outside of policy • Approve additional funding of the university operating quasi endowment

Category	Manager	Liquidity / Duration	Investment / Return Objective
Tier I – Cash, overnight and short-term investments	Staff/External manager(s)	Daily	Principal preservation and liquidity
Tier II – Cash on deposit with Commonwealth ¹	Office of Financial Management	Daily	Principal preservation and liquidity
Tier III – Other operating investments <ul style="list-style-type: none"> • Short/intermediate term investments • Intermediate/long-term investments 	Staff/External manager(s)	0 to < 5 years > 5 to 10 years	Principal preservation and enhanced return on investment
Tier IV – Operating funds invested in Endowment Investment Pool	Staff/External manager(s)	> 10 years	Long-term principal preservation and increased return on investment
Tier V – Operating funds allocated for internal loans	Staff	n/a	n/a

¹The university is required to deposit all receipts collected with the State Treasury within 30 days of receipt except amounts received as gifts, received from grants and endowments or received by affiliated corporations

Strategic Plan -- UK PURPOSE: Preparing for Tomorrow

The way the University navigated the pandemic was a major reason for students returning to a residential campus for academic year 2021-22. Coupled with another record for graduate enrollment, this produced a total student population above 31,000. This again demonstrates that students and parents see the University as providing a higher education value that an “at-home” alternative can deliver.

The five pillars of the University’s strategic plan include:

1. Putting Students First
2. Taking Care of Our People
3. Inspiring Ingenuity
4. Bringing Together Many People, One Community
5. Ensuring Greater Trust, Transparency and Accountability

UFS 2022 goals for Ensuring Greater Trust, Transparency & Accountability

- Resource Stewardship
 - Ensure compliance with multi-state taxation for remote workforce in partnership with Human Resources and Legal
 - Complete debt rating reviews with Moody’s and S&P
 - Simplify processes and revise business procedures/policies to streamline operational effectiveness
 - Partner with EVPFA on development of business support initiative and related consulting services
- Increase training across the campus to promote compliance with university regulations
 - Participate in development and implementation of additional training as part of the Finance and Administration Specialized Training initiative
 - Transition financial reporting from Business Warehouse to Tableau
 - Revise 25% of the Business Policy and Procedures Manual (BPMs) annually
- Creative use of technology enhancements to promote efficiency and transparency
 - Implement the database for Endowment and Gift Account Tracking System (EGATS)
 - Partner with the Office of Philanthropy to launch Salesforce as a new Customer Relationship Management (CRM) system
 - Partner with the University Budget office to implement AXIOM budget, forecasting and reporting solution, the Long-Range Planning model and Grants Planning model
 - Partner with purchasing on implementation of ARIBA
 - Upgrade credit card processing terminals with secure, point-to-point-encryption (P2PE) devices to increase data security and reduce compliance requirements.

Ethical Principals & Code of Conduct

All employees have a responsibility per [Governing Regulations XIV](#): Ethical Principles and Code of Conduct to help deter and mitigate fraud within the University by reporting any unusual or illegal activity. Detecting fraud isn't solely the responsibility of Internal Audit. Several options exist for reporting a possible violation:

- Call UK Anonymous Reporting Service Comply-Line 1-877-898-6072.
A person who is not a university employee will answer the call. You may make the report anonymously or by identifying yourself.
- File a [report online](#) by the link on the Office of Legal Office or Internal Audit websites. The link is to a third-party company.
- Report to your supervisor or the chain of command.
- Report through the Office of Legal Counsel or Internal Audit.

Issues that may be violation of criminal law such a theft or assault should be reported to UK Police. Unsafe conditions would be better reported to Office of Environmental Health and Safety. Issues concerning employee and coworker's conflicts should be reported to Human Resources Employee Relations.

The articles in this UFS Advisor issue will provide additional information on key initiatives:

- Multi-State Employment/Tax
- FAST Training Initiative
- SACSOC Accreditation
- Smart Deposit Kiosks

If you have suggestions or feedback, we ask that you submit via our website at this link:

<https://www.uky.edu/ufs/ufs-feedback-form>

Our UFS team members are grateful for your partnership and collaboration. We look forward to working with you in calendar year 2022 to support the University's mission.

Penny D. Cox, Treasurer

Multi-State Employment/Tax

During the COVID-19 Pandemic, the University began offering employees in remote eligible positions the option to work remotely anywhere within the United States. To ensure the University complies with state and local employment laws, a new Multi-State Employment project was started.

A project team of representatives from Human Resources, Enterprise Applications Group (EAG), and University Financial Services (UFS) are creating a timeline of tasks and will work to identify employment requirements for employees working outside Kentucky. We are gathering information and have obtained outside counsel to help in our path forward toward a successful implementation for the University to withhold and remit taxes on behalf of employees approved to work in various states.

This past fall we identified approximately 350 University employees working in 42 states. Phase one of our project will focus first on the 10 states where most remote employees' work. These states are California, Florida, Georgia, Illinois, Indiana, North Carolina, Ohio, Tennessee, Texas, and Virginia. The remaining states will be in phase two of the project.

We have partnered with ADP (Automatic Data Processing) to help with state and local employment tax account setup for the identified states. We will also use ADP resources to review state employment related laws as we move forward with this implementation.

The expected phase one project go live date is July 2022.

SACSCOC Reaffirmation

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is the regional accrediting body in the 11 U.S. southern states and in Latin America for higher education institutions. SACSCOC is recognized by the U.S. Department of Education as an agency whose accreditation enables its member institutions to seek eligibility to participate in Title IV programs. Accreditation by SACSCOC is a statement of an institution's continuing commitment to quality and integrity. As a member of SACSCOC, the University of Kentucky is subject to reaffirmation for accreditation every ten years with the next reaffirmation anticipated in December 2023. Initial planning and review for the phased reaffirmation process began in August 2021. Major milestones along the reaffirmation timeline include submitting the Compliance Certification report in September 2022, an off-site peer review in November 2022, and an on-site review in March 2023.

University Financial Services (UFS) has two representatives, Kim Lush and Erin Wallett, serving on the SACSCOC Compliance Certification Financial Team. A primary responsibility for this team is to document the University's compliance with the following core requirements: Financial Resources, Financial Documents, Financial Responsibility, Control of Finances, Control of Sponsored Research/External Funds, and Federal and State Responsibilities. Compliance documentation can include Business Procedure Manual (BPM) policies, Administrative Regulations (ARs), or references to information on University web pages. Therefore, policies, regulations, and web site information are currently being reviewed and revised to ensure the accuracy of the documentation and to reflect University practices.

Finance and Administration Specialized Training (FAST)

Beginning February 7, 2022, University employees who were assigned the Financial Foundations courses will be enrolled in the [Finance and Administration Specialized Training \(FAST\)](#) program. This continuing education program was developed for employees with fiscal responsibilities and supports the University's strategic plan, [UK-Purpose](#), by ensuring greater trust, transparency and accountability. Through this comprehensive training, employees will be provided with the necessary knowledge, resources, and tools to succeed and excel in their fiscal and administrative responsibilities.

The FAST program is led by a steering committee composed of executive leaders throughout academic and administrative units as well as UK HealthCare, including representatives from University Financial Services (UFS). Recently, several members of the UFS team partnered with subject matter experts from across campus to develop five new modules for the FAST program, including Cash Handling II, Payroll, Procurement Basics, Sponsored Projects, and Travel. These modules, along with a new course for Fundamentals of Fraud Prevention II, will be accessible through myUK Learning with quick reference guides and slide handouts available on the [FAST Courses](#) page.

New SmartAHD Deposit Kiosks

Treasury Services would like to remind our campus partners that you no longer have to make a trek to the Frank D. Peterson Service Building to make your deposits of cash and checks. We have installed new **SmartAHD Deposit Kiosks** located in our previous locations in the **Funkhouser** and **Ag North Buildings**, as well as a new location just inside the northeast entrance of the **Gatton Student Center** near UK Federal Credit Union (pictured below).



The new **deposit kiosks** will allow you to enter the deposit details directly from your desk workstation and reduce the amount of time spent at the kiosk to 30 seconds or less.

For information and training videos on how to use the SmartAHD Deposit Kiosk system, please visit the *Quick Reference Guide* section of the Treasury Services webpage (<https://www.uky.edu/ufs/treasury-services#QRC>).

For any questions or issues, please contact Treasury Services at (859) 257-1983 or Treasury.Services@uky.edu. We would also appreciate any positive (or negative) feedback regarding the new SmartAHD Deposit Kiosks.

Training Opportunities

Training Class	Date	Time	Location
Travel Services	2/10/2022	10:30am- 12:00pm	Virtual
Concur Online Booking Tool	2/17/2022	8:30am-10:00am	Virtual
Advanced Concur Online Booking Tool	2/17/2022	10:30am- 12:00pm	Virtual
Travel Services	4/14/2022	10:30am- 12:00pm	Virtual
Concur Online Booking Tool	4/21/2022	10:30am- 12:00pm	Virtual
Travel Services	6/2/2022	10:30am- 12:00pm	Virtual
Concur Online Booking Tool	6/9/2022	8:30am-10:00am	Virtual
Advanced Concur Online Booking Tool	06/09/222	10:30am- 12:00pm	Virtual
In addition to the scheduled training classes we also have the below on-demand trainings.			
Introduction to Concur Travel & Expense Management	On-demand	On-demand	Virtual
Concur: Create a Travel Expense Report from a Pre-Approved Travel Request	On-demand	On-demand	Virtual
Concur: Creating a Travel Expense Report without a Travel Request	On-demand	On-demand	Virtual
Concur: Creating a Travel Request	On-demand	On-demand	Virtual
Concur: Expense Reporting for Procard Transactions	On-demand	On-demand	Virtual
Concur: Review and Complete User Profile Settings	On-demand	On-demand	Virtual
Cash Handling Basics	On-demand	On-demand	Virtual
Procurement Card	On-demand	On-demand	Virtual

For more information or to register for these courses visit your myUK Employee Self Service Training page.