

UFS ADVISOR

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Treasurer's Message



Susan I. Krauss

I'm pleased to report the University's Board of Trustees approved the establishment of the University Operating Quasi Endowment on May 2nd, which will enable us to invest a prudent portion of the University's operating cash and investments in the Endowment investment pool. Over the long-term, this strategy is expected to produce greater investment returns on the University's long-term reserves, generating additional resources to support the operating and capital needs of the University. For fiscal year 2017-18, the new quasi endowment is expected to generate an additional \$2.5 million of revenue to the University's operating budget in the form of endowment spending distributions.

The recommendation to establish the new operating quasi endowment follows a review/analysis of historical and anticipated cash flows, discussions with state officials, benchmarking of peers and estimating the impact on our bond rating and long-term liquidity. Additionally, a formal review and update of the operating fund investment and debt policies was completed to better integrate the policies, placing emphasis on liquidity and the University's overall financial health.

As background, UFS manages the University's operating cash and investments in accordance with the Operating Fund Investment Policy under the direction of the Treasury Investment Advisory Group, consisting of the Executive Vice President for Finance and Administration (EVPFA), Treasurer, Chief Investment Officer, and Assistant Treasurer. The revised Operating Fund Investment Policy establishes a tiered management structure based on liquidity needs, return objectives, and Kentucky Revised Statutes.

Treasurer's Message, continued

Additionally, UFS oversees the issuance of internal and external debt under the direction of the Debt Management Committee (DMC), consisting of the EVPFA, Provost, Treasurer, Vice President for Facilities Management, Vice President for Financial Planning and Chief Budget Officer, and Vice President for Health Affairs and Chief Financial Officer. The Debt Committee monitors the University's internal and external debt capacity, approves all internal and external debt and establishes liquidity targets on an annual basis to ensure the credit strength of the University is maintained. Figure 1 below depicts the tiered structure established by the Operating Fund Investment Policy and the related liquidity targets approved by the DMC in February 2017.

Of note, a separate Internal Loan Program Policy and internal loan application form was developed and approved by the DMC; which can be found at the following link:

<http://www.uky.edu/ufs/debt-management>

The new webpage includes great information on our 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.

Figure 1

Category	Liquidity / Duration	Investment Return / Objective	Approved Days Cash on Hand Minimum/Targets
Tier I – Cash, Overnight, & Short-Term Investments	Daily	Principal preservation and liquidity	60 day minimum per Operating Fund Investment Policy
Tier II – Cash On Deposit with Commonwealth (subject to KRS 164A.555)	Daily	Principal preservation and liquidity	
Tier III – Other Operating Investments:		Principal preservation and enhanced return on investment	
Short / Intermediate Term Investments	0 to 5 years		
Intermediate / Long-Term Investments	> 5 to 10 years		
Total Operating Fund Tiers I – III Days Cash on Hand Approved by DMC			125 to 175 days
Tier IV – Operating Funds Invested in Endowment Investment Pool	> 10 years	Long-term principal preservation and increased return on investment	
Other Cash and Investments	N/A	N/A	
Total Consolidated Monthly Days Cash on Hand Approved by DMC			140 to 195 days

Tips for Year-End Success

With fiscal year-end approaching, we published the 2016-17 year-end closing schedule in March. The entire schedule can be found by clicking this [link](#). It is very important to establish the appropriate fiscal year cutoffs and to record the old year transactions in fiscal year 2016-17 and new year transactions in fiscal year 2017-18. Following are a few very important dates in the schedule:

- All vacation and temporary disability leave taken on or before June 30th needs to be entered in SAP by July 3rd at noon to ensure accurate vacation accrual recording.
- Departments need to review transactions for June 30th and prior to and make any necessary corrections by July 6th.
- Period 12 will close on July 7th and online June preliminary monthly BW reports/detail transaction reports will be available for review on July 8th in the afternoon.
- All final corrections of fiscal year 2016-17 transactions need to be submitted by July 13th and non-recurring budget transfers must be posted by Area Fiscal Officers.
- Period 13 will close on July 14th. June monthly BW reports/detail transaction reports will be available on July 15th in the afternoon.

We are looking forward to working with everyone for a successful year-end closing.

Shan Wang
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Focus on Business Procedures

Recently Updated BPM's

The following policies were issued May 12, 2017 and had only minor revision to update format, links and department names:

E-7-1 Payments for Services that are Subject to Tax Withholding and Reporting to the IRS

E-7-4 Payments to Individuals: Taxpayer Classification for Reporting Payees to the IRS

E-7-5 Payments to U.S. Citizens/U.S. Business Entities

E-7-6 Payments to Resident Alien Individuals

E-7-7 Payments to Nonresident Alien Individuals

The following policy was issued May 12, 2017 with significant revisions:

Q-1-2 Cellular Device Policy

Major revision including changes to the eligibility requirements for an allowance, providing more flexibility. The allowances are not intended to fund the cost of the device nor pay entire monthly bill as the assumption is that most employees also use the wireless communication device for personal use. The 2017-2018 cellular device allowance amount is \$31 for voice, text and data plan. The allowance for a data plan for other devices is \$10. Departmental contracts continue to be established on an exception basis but data plans for data devices (MiFi) will be allowed on departmental contracts. The new allowance amounts are based on current market rates.

New BPM's

F-1 Energy Management

April 4, 2017

A new policy under Facilities Management to provide guidance to campus to achieve energy optimization. Policy addresses campus community responsibilities to minimize energy consumption.

The following policy was deleted and adopted as an internal procedure for Accounts Payable:

E-7-2 Payments to Business Entities

*New BPM
F-1 Energy Management*

*Updated eligibility
requirements for
cellular allowances*

*Allowances are not
intended to fund the
entire monthly bill*



Rule of Two's: No financial transaction is handled by one person from beginning to end

Reconciliations should be done by a person NOT responsible for receiving cash or preparing transmittals

Business Officer's Toolkit

Below are some reminders from Treasury Services to assist departments in implementing sound *Separation of Duties* into their Cash Handling practices, in accordance with [BPM E-2-1 – Treasury Operations Manual](#).

Implement *Separation of Duties* so that no financial transaction is handled by one person from beginning to end.....the "Rule of Two's".

- **Two** people must be present for the opening of mail in which payments may be received. Within each other's viewable presence:
 - The first person opens the mail, endorses checks, and counts cash received; the other person verifies cash amounts and records all funds received into the sales system.
 - o Both verify that the sales record matches the cash received.
- **Two** people must be present at opening and closing of the safe.
 - No single person should have the entire safe combination, thus ensuring two people are always present to open the safe.
 - o Safes should have dual locking devices (e.g. key & combo, 2 keys, 2 combos).
 - o Safes with a single combination lock can be reset by a locksmith, separating the combination into two parts that can be distributed to multiple persons.
 - If staffing levels do not allow for the combination or locking devices to be split amongst multiple persons, then no single person should have access to both the room where the safe is stored and the entire combination to the safe.
 - Two people must verify the contents going into and being removed from the safe.
 - o Both must initial a safe log documenting the opening/closing activity and contents of the safe.
- **Two** people should be involved in preparing the deposit.
 - The first person prepares the deposit and creates the Online Transmittal Form;
 - The other person verifies the total deposit amount, ensuring that it matches the department's daily sales record.
 - Both shall sign the deposit Transmittal Form.

Other Important Reminders

- Any cash refunds from the cash drawer, as well as any overages/shortages identified during the end of day cash drawer count, must be reviewed and approved by a Manager/Supervisor.
- Reconciliations should be done on a regular basis by a person that is NOT responsible for receiving cash or preparing transmittals.
 - Reconcile that deposits prepared and delivered to Treasury Services are credited to the appropriate cost centers and GL's within SAP.
 - Reconcile that the funds deposited match the totals from the sales system/record.
 - Managers/Supervisors should review and approve all reconciliations.

For a more thorough explanation of these reminders and in-depth review of university cash handling policies/procedures, employees can attend the Cash Handling course offered monthly by Treasury Services. To see all classes scheduled and register, please visit HR Training under the *Employee Self Service* tab of *myUK*.

Research Financial Services – Online Subaward Invoice Payment Process

As the University nears fiscal year end, departments need to begin processes to ensure all expenditures for goods and services received in fiscal year 2017 are recorded for financial statement purposes. One specific area of concentration for units with sponsored projects is subaward invoicing. Many times these invoices include high dollar amounts and it is important to get them processed timely.

One way to decrease the time and effort for this task is to become an early adopter of the new online subaward invoicing process. Research Financial Services has been leading a team comprised of various individuals within University Financial Services and the Office of Sponsored Projects Administration to create efficiency in processing invoices, while meeting federal compliance standards. The Enterprise Applications Group developed an outstanding program to establish an electronic approval process for subaward invoices. A pilot group of nine purchase orders went live in April and has been quite successful.

Under the new process, the subrecipients email invoices directly to Accounts Payable Services (APS); eliminating the need to pass around paper by the department. APS posts the invoice directly to SAP and attaches the documentation to the FI document, which is stored electronically. The program then automatically blocks the invoice from payment until invoice approval is obtained. An email is generated to the person responsible for subaward invoice review in the department and a workflow task is established. Each workflow task includes the invoice documentation to review in pdf format, eliminating the need to go to a separate location or program to obtain the information. Once the preliminary review is complete, the invoice moves to the PI for final programmatic approval. An email and workflow task is generated for this stage of approval as well. Once the PI approval is obtained, the block is released and the invoice will be paid.

Early adopters have been very positive regarding the new process, stating it saves them time and the process is much simplified.

Interested in how six easy steps can save you time? Email subawards@uky.edu for more information.

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Online Pay Statement

See blue. Go Green.

*Voluntary elections
will expire with payroll
paid June 30, 2017.*

UK Eliminating Printed Statements

As part of the effort to “Go Green”, the University is eliminating printed pay statements for all active employees. This is better for the environment and it reduces costs. All voluntary elections will expire with the payroll paid June 30, 2017. We will not be accepting any new voluntary elections.

The University has provided on-line pay statements since 2008. For the period 2008-2011 the option was a voluntary election by employees. Online statements became the standard default March 2011 but we provided an option for employees to continue receiving a printed pay statement by completing an annual election. We currently have less than 150 employees electing printed pay statements. While a small number, it requires departmental resources to pick up and distribute. All employees should have access to a computer at work to view and print statement as needed. Employees may request assistance from their supervisor or manager.

For detailed instructions to view an online pay statement, please see [Quick Reference Card- Paystub](#).

To log on directly to myUK, visit <https://myuk.uky.edu/irj/portal>.

Questions may be directed to the Payroll Office at 257-6287.

*Less than 150
employees electing
printed pay statements*



Look for UFS training under your UK employee self service tab.

Hand in Hand We Learn – sharing ideas about business procedures & problem solving.

Upcoming Training Opportunities

Travel Services Training

Training Class	Date	Day	Time	Location
Concur Online Booking Tool	5/24/17	Wed.	8:30 am – 10:00 am	W.T. Young Library – Room B-108A
Advanced Concur Online Booking Tool	5/24/17	Wed.	10:30 am- 12 noon	W.T. Young Library – Room B-108A
Concur Online Booking Tool	7/12/17	Wed.	10:30 am – 12 noon	W.T. Young Library – Room B-108A
Learn how to use Concur, UK’s online travel reservation system.				
Travel Services	5/31/17	Wed.	10:00 am – 12:00 noon	Peterson Service Building – Room 307
Travel Services	7/26/17	Wed.	10 am- 12:00 noon	Peterson Service Building – Room 307
Learn the policy and procedures for making travel arrangements for UK official business travel.				

Register for these courses on your myUK Employee Self Service Training page.

Hand in Hand We Learn

University Financial Services will be leading sessions for the campus community to learn in more detail the why behind our Business Procedures and to provide a forum for sharing of ideas and problem solving. Business Officers or anyone involved in financial operations are welcome to participate. Please register for these sessions through myUK Employee Self-Service training page.

Schedule	Room	Topic	Start Time
5/25/17	Gatton Room 299	Reconciliations	2:00 – 3:30 PM
5/25/17	Virtual Classroom Training	Reconciliations	2:00 – 3:30 PM
6/22/17	Gatton Room 299	Budget:Revision/Transfer/JV	2:00 – 3:30 PM
6/22/17	Virtual Classroom Training	Budget:Revision/Transfer/JV	2:00 – 3:30 PM