

# UFS ADVISOR

**INSIDE THIS ISSUE**

Treasurer’s Message 1-2

Focus on Business Procedures 3

Business Officer’s Toolkit 4-5  
*Unrelated Business Income Taxation*

Vendor Onboarding Solution 5

Enforcement of Timely Travel Documents 5-6

Personnel Action Workflow 6-7

Did you Know That? 7-8

Upcoming Training Opportunities 8

- *Travel Services*
- *Cash Handling*
- *Uniform Guidance Procurement Rules*

## *Treasurer’s Message*

\*\*\*\*\*



Susan I. Krauss

Ronda Beck has announced her retirement on July 6<sup>th</sup>, following a 36 year career with the University of Kentucky. Ronda’s career at the University began in 1982 at UK’s Chandler Hospital, where she spent 25 years overseeing the Hospital Accounting areas. She was promoted to the position of UK Controller role in 2008 and has provided outstanding leadership to the University and UFS in this role. Following a search process for the University’s new Controller, Mary Fister-Tucker has accepted my offer for the position, effective July 9<sup>th</sup>. I’m confident Mary will do an outstanding job as the University’s Controller given her strong background in higher education and healthcare. Mary has been an essential part of the UFS leadership team since joining the University in 2014 as Assistant Controller and shifting to the Assistant Treasurer role in June 2015. Prior to joining the University, Mary worked at Eastern Kentucky University in various positions, including Controller, and also worked at UKHC for several years earlier in her career. Mary is a Certified Public Accountant as well as a Certified Treasury Professional.

**Please join me in congratulating Mary on her well-deserved promotion.** At this time, I’m evaluating the organizational structure to determine whether to fill the Assistant Treasurer position or potentially restructure the treasury/debt management functions. More to come on this, but thanks to all that participated in the Controller search process.

As noted above, Ronda’s last day with us is Friday, July 6<sup>th</sup>. **Please join us on June 27<sup>th</sup> as we bid Ronda farewell and show our appreciation for her outstanding service to the University. See details on the following page.**

*Treasurer's Message, continued*

*Retirement Celebration*

*Honoring  
Ronda Beck*

*In gratitude for 36 years of service*



*Wednesday, June 27, 2018,  
2:00-4:00PM*

*The Hunt Room at The Boone  
Center  
Remarks at 2:30PM*

# Focus on Business Procedures

## New Payroll BPM's- Issued April 5, 2018

### E-8-3 Beneficiary Payments

Policy establishes procedures for beneficiary payments as it relates to payment of employee wages to an executor or legal representative.

### E-8-4 Cost Distribution Methods

Policy establishes cost allocation/distribution methods as it relates to the payment of employee wages.

### E-8-5 Direct Deposit

Policy outlines specific procedures as related to direct deposit as method of payment for employee wages as required by AR 3:3.

### E-8-7 Lost Stolen Checks Stop Payment Request

Policy provides guidance to employees for reporting lost or stolen payroll checks.

### E-8-8 Name and Social Security Changes

Policy provides guidance to employees to update HR/Payroll record for name and social security number changes.

### E-8-9 Pay Check Distribution

Policy establishes procedures for payroll check distribution.

### E-8-10 Pay Periods, Pay Dates, and Processing Schedules

Policy establishes the pay period, pay dates and processing procedures for processing payroll.

### E-8-11 Missed Pay Request

Policy outlines the criteria for missed pay check request and procedures to obtain.

### E-8-12 Payroll Overpayments

Policy establishes procedures for the recovery of payroll overpayments.

### E-8-13 Taxable Fringe Benefits

Policy provides guidance to departments for appropriate reporting of taxable fringe benefit payments to Payroll Services.



# Business Officer's Toolkit

## *Quick Facts and Tips to Help You Do Your Job*



### **Unrelated Business Income Taxation (UBIT)**

UBIT is a tax imposed by the Internal Revenue Service on income from a trade or business (with intent of realizing a profit), that is regularly carried on, and the conduct of the trade or business does not relate to the tax-exempt mission of the University. The tax-exempt mission of the University of Kentucky relates to education, research, and public service.

It is very important that all unrelated business activities of the University be reported on the University's federal tax return. UFS needs your assistance in identification of possible UBIT. All sources of revenues must be evaluated as to how it contributes to mission and if an exemption exists. It is important we document our decision. Below are examples of activities that are exempt from UBIT and examples of activities subject to UBIT below to use as a reference as well.

#### **Examples of income activities exempt from UBIT**

- Admission fee revenue from athletic events
- Admission fee revenue from performances of students
- Admission fee revenue from theater performances by professional artists open to students and to the general public
- Advertising revenue from advertising in the student newspaper, when the newspaper, including selling of advertising, is run by students as part of an educational program
- Annual fund-raising events
- Businesses provided for the convenience of students, faculty, and staff
- Mailing list rentals to commercial organizations, depending on university's level of involvement
- Periodicals—acknowledgment of a sponsor or the sponsor's name or logo or product line, including electronically published material
- Qualified Sponsorship Payment—no arrangement or expectation that sponsor will receive any substantial benefit other than the use or acknowledgement of their name or logo
- Rental income from real property
- Research—Income derived from research for government, tax-exempt, college, university
- Revenue from the sale of donated merchandise
- Sale of paintings and art projects by students done in Art classes
- Substantially all the work related to the event or activity is provided on a volunteer basis
- Summer camps
- Use of a facility by students for recreational purposes and its physical education program.

#### **Examples of income activities that may be subject to UBIT**

- Advertising revenue received from a company placing an ad in an athletic or performing arts program
- Advertising revenue received from advertising on the internet
- Advertising revenue that goes beyond mere acknowledgement of sponsorship
- Alumni and public use of recreation center
- Commissions received from long distance carriers
- Hyperlink to a sponsor's website where an endorsement appears for the sponsor's product
- Pharmacy sales to the general public

- Professional entertainment events operated in a commercial manner and not part of an educational program
- Rental of campus facilities to professional sports teams
- Rental of laboratory facility to non-university users
- Rental of recreation equipment to the general public and alumni
- Rental of sports facilities such as stadiums, soccer fields, etc. where services are provided
- Rental payments for the lease of space on antenna towers and transmission facilities
- Sale of advertising space in periodicals, telephone directory, or year book
- Sale of art objects at exhibits
- Sale of computer or programming services to non-university users
- Sale of audio-visual services to non-university users
- Sale of printing services to non-university users
- Sale of equipment to non-university users
- Travel tour programs that are not authentic educational activities (i.e. sightseeing, recreational, social, cruise, etc.)

We will soon be issuing two new BPM's related to revenue. E-6-2 Revenue Generating Activities will provide guidelines and procedures for the establishment of revenue producing activities. E-6-3, Unrelated Business Income Tax will require an annual questionnaire to be completed by department administrator to report current activities. Please watch for the announcement and provide your input to the procedures.

## Vendor Onboarding Solution

UFS and the Purchasing Division recently teamed up on an initiative to improve the process for adding new vendors/suppliers to the SAP Vendor Master file as well as maintaining and updating current vendor data. PaymentWorks, a third-party provider of vendor onboarding solutions, was chosen as a partner in early April and has since been working with the USF/Purchasing team. Much has been accomplished to date and implementation of the solution is scheduled for July 1, 2018. The solution will not only streamline the vendor data collection but will improve certain regulatory compliance. The team is confident that the new process will be readily accepted by campus and will be soliciting volunteers to pilot the new process in the next couple of weeks.

## Enforcement of Timely Travel Documents Effective July 1, 2018

BPM E-5-1 requires employees to complete and approve TRIP travel expense report for all business expenses within 60 calendar days of the date when business travel ends. The University hasn't been enforcing the policy during the TRIP implementation phase. **Effective July 1, 2018 reimbursement of travel expenses which are beyond the 60-day period will be subject to taxation in order to improve the University's compliance with IRS accountable plan rules.**

Individuals will receive an email after late documents are processed by Travel Services, indicating payment was over 60 days old and amount will be included in next paycheck as taxable benefit. The associated payroll taxes for FICA, Medicare, and miscellaneous fringe benefit will be charged to the same cost object as the travel document. Employees will not only be responsible for those payroll taxes but will increase taxable wages subject to federal, state and local withholdings. Only the TRIP actual reimbursed amount will be included as taxable as amounts paid by UK or third party were accounted for prior to this date.



"You realize, we're going to have enforcement issues."

For the month of April 2018, Travel Services processed 2,139 TRIP documents with 81 over 60 days from end of business travel or 3.8%. The 81 TRIP documents were for 55 employees, with one employee having 12 in one month. Unfortunately, 43 of the 81 documents were 100 or more days old.

Please communicate to all your coworkers and staff about this enforcement procedure coming soon!

As business officers, please encourage completion of Travel Requests in your area to ensure compliance to policy, which could delay traveler's approval after trip has completed. Failure to obtain valid cost comparison when necessary could delay preparation of the document and delay the traveler's approval. Important cost comparisons should always be obtained when using alternate vendors, combining personal with business travel and for driving to a destination more than 400 miles from workstation.

## Personnel Action Workflow

The first workflow for a HR action within SAP went live campus wide May 16, 2018. Personnel actions entered using transaction PA40 for certain action types that impact infotype 008 are included in this first workflow:

Action	Description
V2	Reactivate Additional Assignment
XG	Position Update
Z4	Hospital Position Update
ZF	Position Change
ZK	LOA with Pay
ZL	LOA without Pay
ZM	Return from leave with pay
ZN	Return from Leave without pay
ZR	Change in Base Pay
ZT	Additional Assignment
ZV	Change in Status
ZW	FTE Change

Direct changes via PA30 will no longer be allowed. The new base pay entry is locked, and existing record remains active until workflow complete. All payroll deadlines still apply but this workflow establishes a consistent, auditable process for all areas; ensures all pay changes are properly documented and authorized; and assists in preventing mistakes and potential fraud.

The employee's manager in the HR record (same as individual that approves absences and completes performance evaluations) is sent an email notification of the change, but no action is needed. The submitter of the change receives an email notification and a work item to add any supporting documentation required for approval.

Business officer(s) and other departmental approvers receive email notifications and work items for their approval. Levels and approvers are determined by the FI Approval table in SAP.

Approval may be required by the Provost Budget Office, Graduate School or Faculty Advancement based on the employee's group and subgroup.

Compensation and Employment approval may also be required based on the employee group, subgroup and/or the personnel action selected. Approval by PAR Processors is required in all cases. The submitted (locked) base pay record becomes active (unlocked) if the record is approved. Any attachments are archived from SAP to the Enterprise Content Management System. The submitter receives an email notification that the change was approved. If the record was rejected, the requested base pay record is deleted, and email notification is sent to the submitter and all prior approvers.

Quick Reference Cards for Request PA40 Personnel Action Workflow and Approve PA40 Personnel Action Workflow can be found on the [UFS website under Payroll area](#). In addition, Frequently Asked Questions (FAQ's) for Change in Base Pay has been loaded to the [website](#).



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. Several options exist for reporting a possible violation:

- Call 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.



Detecting fraud isn't solely the responsibility of Internal Audit. It takes all of us to question unusual activity. Studies have shown that majority of fraud perpetrators displayed common behavioral indicators. Some red flag indicators were:

- living beyond one's mean
- having financial difficulties
- keeping an unusually close association with a vendor or customer
- exhibiting control issues with an unwillingness to share duties

Most fraud is initially detected by a 'tip', so your voice is important. Please remember your responsibility to report any suspected compliance violations.

## Upcoming Training Opportunities

We are seeking your input on future topics for the sessions. Just click on the [feedback link](#) to submit your suggested presentations or questions to be addressed. Or you may email Lexi Bugay your ideas.



Training Class	Date	Time	Location
Cash Handling Operations	6/21/2018	1:00pm-4:30pm	Peterson Service Bldg.- Room 307
Cash Handling Operations	7/25/2018	8:30am-12:00pm	Peterson Service Bldg.- Room 307
Uniform Guidance* Procurement Rules	6/1/2018	9:00am-11:00am	Gatton Auditorium Rm 111/Virtual
Uniform Guidance* Procurement Rules	6/11/2018	9:00am-11:00am	WT Young UKAA Auditorium-162/Virtual
Uniform Guidance* Procurement Rules	6/20/2018	9:00am-11:00am	Cameron Williams Auditorium-Plant Sciences Bldg/Virtual
Uniform Guidance* Procurement Rules	6/26/2018	2:00pm-4:00pm	Multi-Disciplinary School 220/Virtual
Travel Services	6/6/2018	10:00am-12:00pm	Peterson Service Bldg.- Room 307

For more information or to register for these courses visit your [myUK Employee Self Service Training page](#).

\*Uniform Guidance Procurement Rules training does not require registration on [myUK Employee Self Service Training page](#). The virtual link information is listed below.

Join by phone

[+1 \(855\) 526-4412](#) (US) English (United States)

[+1 \(859\) 218-2400](#) (US) English (United States)

[Find a local number](#)

→ [Join Skype Meeting](#)

Trouble Joining? [Try Skype Web App](#)

Conference ID: 1138038

[Forgot your dial-in PIN? | Help](#)