

Sul Ross State University
Accounting Policy-Segregation of Duties

Scope

All Sul Ross State University employees are responsible for performing their duties in accordance with proper Internal Controls and established procedures. Segregation of duties is one of the key elements of Internal Control. The Accounting Services Department reporting to the Vice President for Budget and Finance at Sul Ross State University is a small department and often duties must be shared to meet the demands for reporting and production of work. The concept of cross training has been implemented with various positions. The degree of control employed is a matter of good operational judgment. When business operational controls are found to contain weaknesses, accounting management must increase supervision, monitoring, or other mitigating controls.

Segregation of Duties

Segregation of duties is a basic, key internal control and often one of the most difficult to achieve. This is intended to minimize the occurrence of errors or fraud and for the SRSU accounting staff it means no one person should be responsible for processing a complete transaction. With the concept of segregation of duties no employee has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. Generally, employees should have incompatible duties and the following need to be segregated:

- Authorization or approval
- Custody of assets
- Recording transactions
- Reconciliation/Control Activity

Some examples of incompatible duties are:

Authorizing a transaction, receiving and maintaining custody of the asset that resulted from the transaction.

Receiving checks (payment on account) and approving write-offs.

Depositing cash and reconciling bank statements.

Approving time cards and having custody of pay checks.

Having unlimited access to assets, accounting records and computer terminals and programs. For instance having access and using checks as the source document to post to accounting records rather than using a check log or receipts.

If internal control is to be effective, there must be an adequate division of responsibilities among those who perform accounting procedures or control activities and those who handle assets. Ideally, separate employees would perform each of the four major duties. In general, the flow of transaction processing and related activities should be designed so that the work of one individual is either independent of, or serves to check on, the work of another. Such arrangements reduce the risk of undetected error and limit opportunities to misappropriate assets or conceal intentional misstatements in the financial records.

In the case of departments with a limited number of employees, it may not always be possible to achieve total segregation of duties. When appropriate, compensating controls must be established to minimize the risk of fraudulent activity which includes more supervision, monitoring, and added management oversight.

Purpose for Policy

Having a basic understanding of Internal Controls is appropriate for all University departments and operations. Understanding the concept of segregation of duties is critical because it ensures separation of different functions and defines authority and responsibility over transactions. Segregation of duties is a key Internal Control; it reduces the risk of errors and inappropriate actions. Over time, controls may change to reflect changes in our operating environment.

The Vice President for Budget and Finance and Accounting Management and all individuals responsible for assignment and supervision of employees that carry out fiscal activities, budget, and implementation of Internal Controls must ensure there is adequate segregation of duties and/or mitigating controls within their areas of responsibility. An individual should not be in a position to initiate, approve, and review the same transaction. The recording/verification function and the asset (e.g., money, inventory) custody function should be separated among employees.

Delegation of Authority

Proper controls should make it impossible for one individual to perform all the duties and tasks for particular transactions from beginning to end that are required to achieve the Sul Ross State University's objectives without the detection of improper activities. To meet the needs of their customers, managers delegate authority to staff so that decisions and related actions can occur in a timely manner. Delegation of Authority is the formal process in which one person delegates the authority and responsibility to another person to carry out specific activities. However, the person who delegated the work remains accountable for the outcome of the delegated work.

Managers use Delegation of Authority, and when done properly they can use this as a tool to build the skills of its workforce and save money for the University. Management should develop a framework in which they document the types of transactions and related dollar thresholds in which they delegate their authority to another individual. This documentation needs to be maintained as personnel change within their unit. It should include at a minimum: specified time period not greater than one year, name of the individual and title, type of transactions and related dollar limits, and scope of authority. Managers need to ensure that individuals who received delegated authority have been properly trained and are well versed in University policies that govern the authority delegated. The Delegation of Authority framework needs to be reviewed for appropriateness annually.

Policy Statement

Accounting management must consider the principle of segregation of duties when setting up new operational positions and defining job duties. Management must implement processes and control procedures that segregate duties among employees and that include effective oversight of activities and transactions.

The development of written departmental policies and procedures are an effective way to maintain a strong system of internal controls. Documented policies and procedures should be used to clearly delineate the control activities performed throughout the unit's various business processes. These will aid in the orientation of new employees, help ensure business continuity in the event of turnover, and help ensure compliance with applicable laws and regulations. It is every accounting department employee's duty and responsibility to bring areas of internal control weakness to the attention of the accounting department management for resolution. In an ideal environment, a different employee should perform each of the following major duties or functions. Given the limited staffing level, Sul Ross State University Accounting Management will establish, maintain and promote effective business practices and effective internal controls to compensate for this.

Managerial Review

Management must make sure not one person will have responsibility to complete two or more of these major functions. There is a greater need for proper segregation of duties for assets that are more liquid or negotiable (i.e. cash funds, negotiable checks and inventories). Without additional Mitigating Controls in place, there is the potential to carry out and conceal errors and/or irregularities in the course of performing day-to-day activities.

The major functions mentioned above are discussed as follows:

Authorization

All transactions must be properly authorized. The individual initiating the transaction must have the authority to do so. Authorization confirms adherence to the following general requirements: employees cannot authorize transactions for their own reimbursement; documentation of the Authorization must exist; all transactions must comply with Sul Ross State University policies, existing laws, regulations, compliance requirements, as well as any terms and conditions of the sponsor.

Recording

Recording is the process of creating and maintaining records of revenues, expenditures, assets, and liabilities. These may be manual records or records maintained in the Banner financial system.

Verification

Verification of processing or recording of transactions ensures all transactions are valid, comply with authorization requirements, and are properly recorded on a timely basis. This includes resolving identified differences or discrepancies. The verification must be documented with a signature (electronic or manual) and date.

Custody of Assets

Custody of Assets is the access to or control over physical assets such as cash, checks, equipment, supplies, or materials, and such assets are related to the incompatible duties to be segregated.

Managerial Review

In all cases, there is a level of review of the activity by accounting management. This managerial review function provides assurance that segregation exists and that the transactions are appropriate. The frequency and extent required of the managerial review depends upon the degree to which duties are or are not segregated and other factors such as the dollar volume of transactions, the amount of cash involved, or the nature of the operation. Employees are responsible that such transactions are presented to management for review.

Mitigating Controls

There are several other control mechanisms that may mitigate a lack of segregation of duties:

Audit trails enable re-creation of the actual transaction flow from the point of origination to its existence on an updated file. Adequate audit trails should provide the initiator of the transaction, date and time of entry, type of entry, data fields, and files updated. Appropriate documentation must exist to support all transactions.

Reconciliation of applications and records increases the level of confidence that processes ran and/or interfaced successfully. When exception reports are presented to the supervisory level, supported by evidence, exceptions are reviewed, and when necessary, corrected timely. The review must be evidenced by signature of the supervisor and dated. Accounting managerial reviews should periodically be performed through observation, inquiry, and review of documentation to help detect errors and irregularities.

Responsibility

Employees:

Sul Ross State University employees particularly accounting department employees play a role in strengthening the Institution's internal control system. All employees of Sul Ross State University should be aware of the concept and purpose of internal controls. They are responsible for understanding and following appropriate policies and procedures for their job. Accounting staff must identify opportunities to increase the reliability and integrity of the University's

accounting systems. They also must notify supervisors of weaknesses in, and opportunities to enhance Internal Controls.

Managers:

University accounting management is responsible for establishing and maintaining the control environment. Furthermore, periodic and routine review of preventive and detective controls are essential to have an effective internal control system. Accounting managers' report to the Vice president for Budget and Finance.

Sul Ross State University
Accounting Services Department

Accounts Payable

The Accounts Payable office is responsible for processing payments for all university goods and services with the exception of payroll which is handled by the Human Resources department (payroll office). Responsibilities of the Accounts Payable office include the issuing of payment checks, liquidation of encumbrances in the Accounts Payable system, and the processing of travel reimbursements. The Accounts Payable office is a division of Accounting Services and reports directly to the Director of Accounting Services.

Daily transactions are processed by accounts payable personnel, reviewed by supervisory staff and then finally approved by the Senior Manager or the Director of Accounting Services. All payments are reviewed and approved as appropriate by the Director. Bank reconciliations are performed monthly by staff outside of the accounts payable area who do not have access to processing payment transactions. Blank checks are kept in a vault in the Cashier's office. Accounts Payable staff have access to obtain checks as needed. Voided checks are filed and kept in office until the end of the fiscal year, when they are boxed up and taken in possession of Property and Inventory for retention according to records retention policies.

Checks over \$10,000 require dual manual signatures, usually by the Senior Manager and Director of Accounting Services. In the absence of one of those individuals, the Vice President for Budget and Finance is to sign. Signature authority is set up with the banking institution, West Texas National Bank. The Director of Accounting Services and Senior Manager are responsible for submitting and/or managing direct deposit files with the banking institution. Accounts Payable and Travel documentation is scanned and easily accessible in the imaging system.

Accounts Payable Supervisor

Is responsible for applying sound accounting principles and for assuring that financial transactions, invoices, travel expenditures, and other accounts payable transactions are in accordance with state requirements and are promptly, accurately, and efficiently processed.

Responsible for supervision of the accounts payable department. A/P functions, including university travel. The supervisor will monitor the staffs A/P work load, files, and reports and will include reviews of work performed. Duties performed included the following; Processes (A/P, Refunds, Travel), Review Purchase Orders and coding, Review vouchers before conversion to Requisition, Review requisitions before conversion to Purchase Order, Review Purchase Orders before payment, Unencumber travel encumbrances, Run Open Travel Encumbrance Reports (ALP & RGC), back up to Travel Accountant.

Supervision: The Accounts Payable Supervisor will direct the accounts payable staff and travel accountant. Accounts Payable Supervisor is under the supervision of the Senior Manager and Director of Accounting and will provide additional oversight.

Travel Accountant

Provides responsible accounting skills in the performance of administering and processing travel for both Alpine and RGC including the examination and maintenance of travel records and preparation of travel advances and reimbursements.

Understands allowable travel rates for lodging and meals as well as the administration of required documentation to include assigning Travel Numbers for each traveler; Travel Applications, Higher Lodging Requests and Travel Advances; maintains travel documentation for each traveler; gathers supporting information required for payment of travel advances and travel reimbursements; pays travel reimbursements and travel advances promptly. Training and assistance in the travel expense processes; Processing and payment of travel Citi Cards.

Supervision: The Accounts Payable Supervisor will direct the accounts payable staff and travel accountant.

Accountant

Performs advanced accounting work including research, reconciliation and reporting, while applying advanced accounting knowledge and skills. Also responsible for the preparation of a variety of complex, routine and special journal entries, reconciliations, reports, and statements. Includes Research and reconciling of general and subsidiary ledger accounts; prepares adjusting and recording entries; prepares all bank and appropriation reconciliations; proofs and reconciles produced financial reports; organizes data and prepares a portion of the annual financial report; provides technical and professional support to the clerical staff; other duties as assigned. Reports to the Director of Accounting Services and Senior Manager.

Cashiering

The University Cashier's Office, located in the Briscoe Administration Building in room 205, accepts payments for tuition and fees and other services provided by Sul Ross State University. The University Cashier's Office serves as the central collection point for student accounts receivable and for receipting of state funds through departmental deposit. The One Stop is the central point of student accounts receivable and the primary purpose of this office is the

receiving, depositing, disbursing, accounting and the financial record keeping of student tuition, fees and related charges as well as other state funds deposited, scholarship monies received will be coordinated with advancement and financial aid office. This office will be responsible for custody of the funds received and finally safeguarding these funds until deposited with the State Treasurer and/or a designated commercial bank. This must be accomplished while in compliance with University policies and procedures, State, and Federal laws and regulations relating to the handling and disposition of public funds. This function is governed by Administrative Policy Statement 3.07.

Reconciliation of all transactions are performed daily and reviewed by supervisory personnel. The cashiers both in the Cashier's Office, BAB 205 and in Lawrence Hall, Room 100, count and balance their cash drawers every morning before conducting business and again in the afternoon after closing the office. Cash funds are kept in a drawer at desks that can be locked by the cashier at any point in time. No one is allowed access to the money assigned to each cashier other than that cashier. A daily deposit of all transactions is prepared by each cashier at the end of each day, including cash, checks and credit card transactions.

Daily deposits and cash drawers are kept in the combination safe which is located inside the main vault. One of the cashiers or the administrative assistant of accounting services is escorted by a University Department of Public Safety police officer to Lawrence Hall to pick up deposits from the cashiers and then to the bank to make deposits daily. Bank deposit receipts are filed when the cashier returns from the bank. The cashier's office is monitored by a security camera that can be viewed at any time by UDPS personnel located in BAB 100. The vault is only opened by the cashiers and by the Senior Manager in case of an emergency or if both cashiers are not available. The Director of Accounting Services and the Vice President for Budget and Finance also have the combination to the safe and vault but these remain in sealed envelopes until needed in an emergency. The combinations to the safe and vault are changed each time there is a change in personnel who previously had access. All money and checks are locked in the vault at the end of each business day.

The Business Services Director at the Rio Grande College who reports to the Vice president for Budget and Finance coordinates with the Sul Ross State University Director of Accounting Services and Senior Accounting Manager on all policy matters and direction of business functions. The RGC Business Services Department follows all policies applicable to Sul Ross State University in Alpine, Texas as appropriate. For example, the Cash Handling Policy APM 3.07 is followed by the Alpine and RGC. In addition, the Director of Audits and Analysis audits the procedures at the various RGC campuses as outlined in the auditor's yearly plan.

Property and Inventory Department

The Property & Inventory Coordinator and the Accounting Assistant/Inventory maintain accurate records of all fixed assets in accordance with the Texas State Comptroller of Public Accounts policies, Texas State University System Rules and Regulations, and Sul Ross State University policies. The purpose of tracking fixed assets is for financial accounting, preventive maintenance, and internal control including theft deterrence. The Property and Inventory personnel coordinate the annual physical inventory of equipment with departmental staff assigned responsibility for inventory items.

The Property and Inventory Department is responsible for reporting and maintaining capital asset information in the State Property Accounting (SPA) class code system. The Property and Inventory Department reports to the Director of Accounting Services.

The department also abides by Sul Ross Administrative Policy Manual (APM) Policy 3.05 which defines classification and identification of capital equipment items. University expenditures are made to acquire a necessary capital item such items which have an established life of greater than one year and meet other capitalization requirements are assigned to its corresponding department inventory. Capital and controllable assets are tracked with a unique 6-digit RFID tag label. The RFID (radio frequency identification) system - consists of distribution or assignment tracking tags, hand held scanner/reader, and Virtual Asset Tracker (VAT) database system application software. The RFID labels or asset stickers and/or markings identify property as an asset belonging to Sul Ross State University. These RFID tags are located and secured in BAB301 in the custody of inventory property accounting staff.

State agency inventory property records are managed simultaneously in SPA and VAT databases to update property location and user. Other transactions such as transfers and deletions are also reported. RFID inventory scans are conducted to develop implementation, process results needing maintenance, and update the verified location. Scans are a safeguarding method of the information results to make department receipts accurate of high risk areas or any other areas needing maintenance.

By conducting a Physical Annual Inventory, this assures that each property item is still within the agency's possession, current location is accurately reflected in the SPA system and the name of the person responsible for the property is accurately reflected in the SPA system. March 27th is the official date that Sul Ross State University conducts its annual inventory. Property & Inventory Dept. prepares the annual inventory sheet receipts and mails them to each Department Head and to the RGC Business Services Director for the distribution to all RGC departments.

Collections Department

The collections department administers the collections of loans, tuition and fees and other receivables. It includes all University-administered student loans, tuition installment loans, and other university receivables. The department consists of Collections Supervisor and Accounting Assistant – Collections.

This department is responsible for the collection of all University-administered student loan programs, including the Federal Perkins Loan Program, Texas Public Education Grant (TPEG) Emergency Loans, HOGG Emergency Loans, Tuition Installment Loans, and similar future programs; oversees the maintenance and safeguarding of loan collection records and documentation, reviews reports from service bureaus and collection agencies, loan processing, and collection activities; develops and implements policies and procedures pertaining to the various University-administered student loan collection programs; maintains student loan balances, reconciling such balances with the general ledger and making corrections where required; monitors bankrupt accounts to insure compliance with statutory rules and regulations; instructs collection agencies to cease collection activity where required; coordinates loan collection activities between the University and its students, service bureaus, collection agencies, Texas State University System, Texas State Comptroller's Office, U.S. Department of Education (DOE), and other universities; assists in the administration of the Texas Warrant Hold Program as it pertains to student loans and receivables; generates periodic status reports to measure compliance with stated objectives. Monitors and controls expenses; trains, supervises, and evaluates assigned employees. Counsels with Students regarding outstanding debts to the institution; develops individualized repayment plans; places and removes holds and waivers where appropriate. Develops and administers programs designed to maximize in-house collections before referring debtor to outside collection agencies. Maintain student loan balances, reconciling balances with the general ledger and correcting when required; monitor bankrupt accounts insuring compliance with statutory rules and regulations; works with agencies for collection of accounts; coordinate loan collection activities between the University and outside services. The collections personnel are supervised by the Senior Manager and the Director of Accounting.

USAS Specialist/TouchNet Coordinator

Performs advanced accounting work including research, reconciliation and reporting, while applying advanced accounting knowledge and skills. Is responsible for the preparation of a variety of complex, routine and special journal entries, reconciliations, reports, and statements. Major responsibility is to maintain, reconcile and report on the Uniform Statewide Accounting System (USAS) appropriated funds. Administering the A/R payment system, TouchNet, as it relates to student payments and applicable fees. Collaborate with OIT and departments in the setup of TouchNet Marketplace. Processes sales tax as it may apply.

USAS: Researches and reconciles USAS accounts; prepares adjusting and recording entries; prepares all appropriation reconciliations; proofs and reconciles computer-produced financial reports; organizes data and prepares a portion of the annual financial report; provides technical and professional support to the clerical staff; and other accounting duties as assigned. TouchNet: understands the administration and reporting of the TouchNet system. Assists the cashier function in the understanding of TouchNet for payments and the application of fees as necessary. Supervision is by the Accounting Director and Senior Manager.

Senior Accountant

Performs a range of financial reports, analysis and functional accounting work. Position also supports accounting management in GAAP research as it pertains to the University reports as required by federal, state agencies and private inquires. May provide assistance to the Budget and Accounting area. The Senior Accountant is supervised by the Director of Accounting, secondary report Senior Manager.

Works with accounting management, budget personnel and Vice President for Budget and Finance on various required reports, state and federal and various projects in accordance with the requirements and applicable regulations as it pertains to the university.

The Senior Accountant may provide assistance to the Budget and Accounting area. Will assist accounting management in AFR and LAR in research, collecting data and assist in finalizing reports. Will assist in budget area consisting of special reconciliations and projects, adjustments, reallocations. Assist in both departments the creation of Argos reports, assist in system implementation. Some additional role expectations and not all inclusive of duties: Assist with year-end close processes. Assist management with JEs. Assist accounting management with research, interpretation and application of GAAP accounting standards as it relates to the university. Assist the Vice President for Budget and Finance on special projects as they may arise in relation to Accounting and or Budget.

Senior Manager, Accounting Services

Manages all day to day operations relative to accounts receivable and University revenues. Assists the Director of Accounting Services as needed in the management of all accounting functions. Monitors and updates the University Accounting System (Banner) as required. Responsible for the application of advanced accounting experience, skills, and ability in the management of all revenue functions of the University to ensure accurate reporting, prompt collection and effective communication with students and other university customers. Manages and maintains all receivable systems of the University including any necessary Banner upgrades and implementations. Maintains constant contact with contracted University debt collectors to maximize collections. Manages and maintains the TouchNet billing system. Serves as a co-signer on University payments; prepares complex journal entries and adjusting journal entries; provides training and direction to the cashiering function at the One Stop Shop on appropriate policy; ensures all third party billings and collections are prompt and effective; manages all cashiering functions; provides revenue estimates; oversees reconciliation of revenue and receivable accounts; prepares the Legislative Appropriations Request; assists the Director of Accounting Services in the management of the Accounting Services Office as needed.

Director of Accounting Services

Responsible for the management of all aspects of the Accounting Services Department including the financial accounting and reporting activities, accounts receivable, accounts payable, property management, grants accounting, and cash management functions. Provides leadership to all professional and clerical staff. Maintains, monitors, and updates the University accounting system as required and mandated by applicable current GASB, FASB, and/or Texas State Comptroller guidelines.

Responsible for the application of advanced accounting experience, skills, and ability in the management of the overall operation of the accounting services department including but not limited to regular and ad hoc financial reporting, reconciliation, collections, ledger maintenance, receivables maintenance, payables maintenance, property management, and a variety of complex regular and special assignments. Assists in business continuity processes.

Reviews written requests for ledger adjustments, reviews and approves all payment vouchers; oversees the administration of university grants and contracts; prepares the annual financial report, assists the VP for Budget and Finance in the submission of the Legislative Appropriations Request, and other required reports; oversees the property accounting function; the general accounting, accounts receivable, accounts payable, and revenue accounting functions; plans and prepares staff work assignments. Supervises and manages all transactions within the University Administrative System (Banner) and the Uniform Statewide Accounting System (USAS) as well as other statewide systems. Maintains compliance with all required accounting and financial reporting guidelines and related reconciliations. Responds to ad hoc inquiries and provides guidance and training to other departments concerning accounting matters. Provides leadership to all accounting staff including Del Rio, Eagle Pass, and Uvalde RGC sites.

Sul Ross State University Rio Grande College

Business Services Department

June 2018

Business Services Assistants provide service to our students, staff and Faculty at their respective campus (Del Rio, Eagle Pass & Uvalde) under the direct supervision of the Business Services Director. The following is a list of the services provided:

Student:

- Customer service – phone, walk-in, e-mail
- Collection of tuition/fees (cashiering)
- Process and issue refund checks
- Promissory notes – optional payment plans
- Repayment agreements with prior approval from Business Services Director
- Third party billings
- Exemptions for students ex: Blind, Teacher Aide, Senior Citizen etc.
- Process book vouchers
- Issue Emergency Book loan checks
- Graduation Applications
- International Student Application Fee
- Collections – older accounts receivables
- Billing inquiries
- Manual keying of fees- ex: late registration, late payment fees, reinstatement cancellation fees, graduate application fees
- Student notification of pending balances via phone, e-mail, mail.
- Drop list
- Student payroll check disbursement
- Student Orientation

Staff/Faculty:

- Staff & Faculty support
- Travel processing
- Shipment Receiving
- Purchase order receiving on Banner
- Check Requests
- Employee payroll check disbursement
- Petty Cash requests
- Mail distribution
- Inventory tagging, recordkeeping
- Yearly Bulk ordering of Paper for all departments
- Fleet – maintenance and reservation
- US Fleet Card Report reconciliation (state contract - gasoline credit card for fleet)
- University Master Card reconciliation
- Mileage Reports- Interdepartmental Transfers

- Copier Reports – Interdepartmental Transfers
- Pitney Bowes Postage Reports – Interdepartmental Transfers
- Employee/Dependent Fee Waivers
- Southwest Texas Junior College Employee Fee Waivers
- Work orders
- Classroom & other room reservations

Business Services Specialist: (H.R.)

Employee is located at the Del Rio campus and performs the following functions:

- Staff & student payroll
- Work orders – Del Rio only
- Classroom and other campus room reservations - Del Rio only
- Advertising of Job Openings
- PeopleAdmin - setting up job openings
- Onboarding
- Benefits Coordinator/Administrator
- Exit Interviews
- Training
- Title IX Investigator

Business Services Director:

Employee is located at the Del Rio campus, responsible for RGC Human Resource function, Deputy Title IX Coordinator and direct supervision of Business Services Assistants (cashiers) & Business Services Specialist staff.

Responsibilities:

- Oversees Human Resources at Rio Grande College
- Deputy Title IX Coordinator
- Supervises Business Services Specialist
- Oversees Business Services Assistants on the collection of Accounts Receivables – students’ account questions, scholarships, program income, club dues
- Oversees Inventory for Rio Grande College
- Oversees State Fleet Vehicles for Rio Grande College
- Oversees Purchase Order Receiving on Banner for all Departments
- Oversees Receiving – Package and Mail
- Oversees Facilities room reservations that require a rental fee
- Interdepartmental Transfer Reports
- Maintains Budget for Business Services Department
- IE Reports
- Audit cash tills