

The University of Montana Western  
 Inventory of Controls & Activities (Formal & Informal)  
 Projected Materiality Level: \$0.2 Million; Significant Transactions >= \$50 Thousand

Fiscal Year 2017

<u>Classification</u>	<u>Policy</u>	<u>Key Control Activities</u>
Statement of Net Assets		
Cash -	University of Montana-Western Policy & Procedures Manual Section 400.2 & 400.3  MCA 17-2-107, 5-13-309, 5-13-310  MOM 2-1900	<p><b>Revolving Bank Account</b></p> <ul style="list-style-type: none"> <li>• The Revolving bank account is reconciled weekly by the Accountant/Budget Analyst.</li> <li>• Director of Business Services signs revolving check with signature machine and maintains count record.</li> <li>• Revolving Bank account reimbursement is reviewed and approved by the Director of Business Services.</li> </ul> <p><b>Petty Cash &amp; Change Fund</b></p> <ul style="list-style-type: none"> <li>• Petty cash and change funds are reconciled by the Director of Business Services whenever an increase or decrease is requested whereby banner=subsidiary schedule=DA-105 (SABHRS).</li> <li>• Dept head approve creation/addition to petty cash and change funds.</li> <li>• Internal Audit conducts random counts of petty cash and change funds. For UMW the Head Cashier/Student Accounts Manager performs these random counts.</li> </ul> <p><b>General Bank Account</b></p> <p><b>Depository Bank Account</b></p> <ul style="list-style-type: none"> <li>• Banner activity and balances are reconciled to bank statements on a monthly basis.</li> <li>• The reconciliations are not prepared by a person with the ability to receive deposits.</li> <li>• The banner cash account code is reconciled to Sabhrs cash account code.</li> <li>• Each department monitors their own budgets.</li> </ul> <p><b>Cash on Hand</b></p> <ul style="list-style-type: none"> <li>• Off business hours cash is kept in a combination safe inside a locked combination vault.</li> <li>• Authorized personnel only have both the vault combination and combination code to the safe and all have had background checks.</li> <li>• During business hours cash is kept in a drawer attended at all times by the head cashier or backup cashiers.</li> <li>• Keys are held in a combination safe outside the treasury/vault area. No one that has access to cash funds can access the combination safe or keys without supervision.</li> <li>• Cashiers are required to balance receipts to recorded transactions using a cash recap on a daily basis.</li> <li>• Daily cash reports are verified against the bank deposit by the Accounts Payable personnel who has no access to student accounts.</li> <li>• Separation of Duties - Cash-accountants do not handle cash for departmental deposits and abatements; only in special circumstances do accountants make deposits or handle cash.</li> <li>• Director of Business Services transports daily deposits to the bank in locked bank bag.</li> </ul>

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		<p>CASH EQUIVALENT – STIP, GICS &amp; Other Trustee Investments</p> <ul style="list-style-type: none"> <li>• STIP asset is reconciled to Board of Investment Statements on a monthly basis and when a transaction statement is received from the Board of Investments.</li> <li>• STIP transactions are initiated by the Director of Business Services who is authorized by management to transact business on behalf of The University of Montana Western with the Board of Investments.</li> <li>• A report is available daily for cash and STIP balances by fund type and is used to maintain balances.</li> <li>• Market values of investments held are provided by Board of Investments.</li> <li>• Director of Business Services prepares a reconciliation of Trustee investment statements to BANNER when bond payments are made and at FYE.</li> </ul>
Investments		
Accounts Receivable	BOR Web	<ul style="list-style-type: none"> <li>• Update authority to reference data tables for term codes (semesters), tuition and fee tables and transaction codes are restricted to the Director of Business Services, Student Account Services Manager, Billing Coordinator, and Registrar personnel. Registrar personnel set up course fees but are restricted from access to the tuition and fee tables.</li> <li>• Review process in place performed by the 4 parties above which verifies Board of Regent approved fees against the final Banner AR reference data tables.</li> <li>• Fees associated with individual courses or non state-supported courses are maintained by various Registrars offices (UMW, Continuing Ed/Outreach). Exception reports and data entry reports are run periodically and most importantly prior to each semester’s mass assessment to verify completeness and accuracy.</li> <li>• Procedural and/or reference data setup clarifications of BOR approved fees are submitted to the Director of Business Services and/or the Vice Chancellor of Finance, Administration, &amp; Student Affairs for review and approval.</li> <li>• Billing production calendars are defined and published each calendar year. Calendars are reviewed and approved by a group of Banner data owners with final review and approval by the Director of Business Services.</li> <li>• A/R billing production activities are coordinated daily by the Banner A/R Systems and Operations staff and reviewed by the Accountant/Budget Analyst.</li> <li>• Accounts Receivable reports are generated by the system and used for a 3-way reconciliation of the daily AR data (Banner A/R feed totals – to Banner A/R module – to Banner Finance module) is performed daily with appropriate supporting documentation.</li> <li>• Accounts Receivable from subsidiary systems (parking, housing, and</li> </ul>

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		<p>dining) are entered and/or fed into the central system on a daily basis to ensure timely billing of accounts.</p> <ul style="list-style-type: none"> <li>• Authority to post billing adjustments to accounts is controlled with the staff and designated central office staff. Backup notes and documentation for adjustments is maintained online and in hard copy.</li> </ul>
Grants Receivable	<p>OMB Circulars</p> <p>A-21 – Cost Principles for Educational Institutions</p> <p>2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards</p>	<ul style="list-style-type: none"> <li>• The funding agency is billed based on the agencies schedule. If no schedule provided it is billed monthly. A JV is recorded each month to recognize revenue. Detailed documents supporting the JV are retained in the grant file.</li> <li>• A detailed transaction report is run each month and reconciled with month end ledgers. Reconciliations are prepared by the Billing Coordinator to ensure compliance with applicable rules and regulations. <ul style="list-style-type: none"> <li>○ Subcontractor invoice must meet University requirements. Principal investigator approves invoice prior to payment.</li> </ul> </li> <li>• Invoices/Financial reports specified by each agency are prepared and submitted. A copy of the invoice is retained in the grant file.</li> <li>• Payments received from funding agencies are applied to the appropriate A/R by the budget analyst.</li> <li>• A Quarterly review is performed by the Director of Business Services to identify 90 plus days outstanding. The report is distributed to the budget analysts for review and comment. For any receivables up to 90 days old, the Budget Analyst is responsible for collections. For any receivables over 90 days old are determined to be problematic, the Budget Analyst or at the discretion of the Director of Business Services, the latter takes over the responsibility of the receivable collection.</li> <li>• If the A/R involves disputes, the ORSP Director and/or the Vice Chancellor of Administration, Finance &amp; Student Affairs may get involved. <ul style="list-style-type: none"> <li>○ Special terms may be negotiated.</li> <li>○ The A/R may be written off to the Fixed Price Clearing Account or to IDC's. The write off is always approved by a level higher than a budget analyst.</li> <li>○ Resolution document is kept in the grants file.</li> </ul> </li> <li>• A cash review is performed at least once a month to identify grants with negative cash amounts. Follow up is done by the Director of Business Services.</li> </ul>
Due From Federal Government		<p>The grant portion of restricted funds is required to have a zero fund balance at fiscal year end. An entry needs to be made to make the revenue equal expenditure for every grant. The entry is broken down into deferred revenue and unbilled charges. Deferred revenue is for any grant that has more revenue than expenses and unbilled charges is for any grant that has expenditures that have not been paid by funding agency. To determine these two pieces, a query is run to determine the difference between revenue and expense.</p>

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		<p>The query uses the Yearly Balance Sheet table and Account Codes REV, EXP, TRANS, 4101 and 4704.</p> <p>After all documents have posted for the year, the query is performed. The query is run for all funds, but is separated into the hierarchy groups (8200SP, etc.) and reconciled and the entry is recorded.</p> <p>Any revenue in excess of expenditures is recorded as deferred revenue-2505. Expenses greater than revenue are recorded in three accounts:</p> <ul style="list-style-type: none"> <li>o 1302 Due from Federal Government</li> <li>o 1306 Due from Other Agencies</li> <li>o 1200 Accounts Receivable Non AR Module.</li> </ul>
Loans To Students	<p>PERKINS Code of Federal Regulations Sec 673 &amp; 674 <a href="http://www.ecfr.gov/">http://www.ecfr.gov/</a> Electronic Code of Federal Regulations</p>	<p>Majority of Loans to Students are Federal Perkins. Programs are administered in compliance with federal regulations and requirements through the use of the US Department of Education Blue Book, the USDoe Student Financial Aid Handbook. Contract with third party billing service for all long term loan funds to ensure timely billing notifications - both Federal Perkins and institutional. Contract with third party collection agencies to ensure maximum collection of all loans outstanding.</p> <p>Procedures and Process Manuals for both Federal loan programs and institutional loan programs.</p> <ul style="list-style-type: none"> <li>• Monthly Cash Reconciliation performed by Business Services personnel.</li> <li>• Monthly Reconciliation of Receivables performed by Business Services personnel and includes disbursements and principal/interest/late charges.</li> <li>• Quarterly SABHRS/Banner prepared by Business Services personnel.</li> <li>• Business Services is responsible for all Financial Aid disbursements. Process is run by the Director on a daily basis as well as on when requested.</li> <li>• Daily reconciliation of disbursements FAO/Student/Finance prepared by Business Services.</li> <li>• Quarterly reconciliation of Third-party collection agency activity to BANNER.</li> <li>• Daily review of cash balances and investments.</li> </ul>
Capital Assets	<p>MOM 1-0750.00 – Surplus Property Management</p> <p>ARM 2.5.702 Surplus Property</p> <p>MCA 18-4-226 Surplus Supply</p> <p>UM Procedure #190001-</p>	<p><b>Property and Equipment</b></p> <ul style="list-style-type: none"> <li>• Business Services personnel perform physical counts of capital assets on an annual schedule.</li> <li>• Business Services personnel place a property tag on capital assets meeting capitalization policy.</li> <li>• Department notifies property management of surplus property. Accountant then authorizes the disposal of surplus property and coordinates the disposal/sale of surplus property according to MOM.</li> <li>• Gains and losses on sale of capital assets are recorded in two separate accounts, Gains 50274 and Losses 62808. At FYE, Capital</li> </ul>

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<b>Classification</b>	#190016 - Property Management Policy Procedures	Asset disposal activity is reconciled to the gain and loss accounts. <ul style="list-style-type: none"> <li>On a yearly basis all expenses in the expense account are reconciled to the current year capital purchases.</li> </ul>
		<ul style="list-style-type: none"> <li>Reconcile quarterly the general ledger accounts to Banner fixed assets system records.</li> <li>Periodically review the supplies operating expense accounts for transactions greater than \$5000 that may have been miscoded and should be capital assets.</li> <li>Require invoice of capital asset purchases for property management records prior to capitalization.</li> <li>UM Systems administration generates the accumulated depreciation at month end for all assets. This is an automated process</li> <li>UM Systems administration receives an edit report at completion of automated process. Edit indicates those assets not depreciated. Exceptions are corrected by Accountant.</li> <li>Monitor the accumulated depreciation throughout the year for large swings in amounts.</li> <li>Director of Business Services approves the journal vouchers initiated by Accountant.</li> <li>At FYE, BANNER fixed asset records are reconciled to the general ledger balances.</li> <li>Capital Asset Footnote is prepared and reconciled to general ledger.</li> </ul> <p><b>Plant</b></p> <ul style="list-style-type: none"> <li>Major construction projects are accounted for in separate funds in coordination with Facility Services. Major construction projects are authorized by BOR. Proper documentation is retained in plant fund accountant files. Documents are signed by Vice Chancellor of Administration, Finance &amp; Student Affairs.</li> <li>Quarterly BANNER/SABHRS reconciliation is performed by Director of Business Services.</li> <li>Director of Business Services and Facility Services fiscal officer work with project managers to ensure that project costs are appropriately accounted for in accordance with budget authorization. A spreadsheet is updated monthly with information provided by A&amp;E and reconciled to BANNER.</li> <li>At FYE, Director of Business Services prepares a schedule of CWIP activity for the fiscal year. 64xxx accounts are reviewed periodically to verify expenditures are recorded properly. A reclass entry is prepared to adjust balance sheet CWIP to agree with 64xxx analysis. Costs of completed projects are transferred out of CWIP to appropriate capital asset account code. Director of Business Services provides capitalization to the capital asset accountant who assigns a tag number according to capital asset policy.</li> <li>CWIP schedule is reviewed by the Director of Business Services.</li> </ul> <p><b>Surplus Property</b></p> <ul style="list-style-type: none"> <li>Confirmation is received in Business Services from a department of intent to surplus property.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Accountant inspects surplus items, and determines value of surplus property.</li> <li>• The accountant makes determination of optimum disposal method.</li> <li>• (Methods include competitive sales, destruction, and recycling).</li> <li>• Surplus capital assets are removed from the accounting records when the assets are no longer owned by The University of Montana - Western.</li> <li>• Accounting transactions are made following UM procedure 190007 and GASB requirements for recognizing disposals.</li> </ul>
Accounts Payable		<ul style="list-style-type: none"> <li>• AP is centralized in Business Services.</li> <li>• All invoices require departmental approval.</li> <li>• Invoices require secondary review and approval by AP personnel.</li> <li>• Accountant/Cashier records transactions from departments into Banner. Director of Business Services reviews transaction for reasonableness, appropriate index code, account codes and journal type. Department transactions are sent to an approval queue where the Director of Business Services reviews and approves.</li> </ul>
Accrued Liabilities		<p>Accrued liabilities consist of payroll clearing activity, treasury/banking clearing activity, Pro-Card liability transactions and year-end expenditure accruals. Liability account codes are restricted to UM central accountants &amp; feed transactions through rule code security.</p> <p><b>Payroll Liabilities</b></p> <ul style="list-style-type: none"> <li>• Benefit liability funds are restricted to specific users via system user profile setup.</li> <li>• Reconciliations between payroll system and general ledger balances performed by Payroll Accountant for benefit liabilities.</li> <li>• Net pay &amp; deferred pay liabilities reviewed by UM Business Services accountant to ensure automated payroll feeds are reconciling with payments to the State. This process is included in a separate WAW reconciliation.</li> <li>• Banner to SABHRS quarterly reconciliation.</li> </ul> <p><b>Treasury/Banking Clearing Liabilities</b></p> <ul style="list-style-type: none"> <li>• Reviewed at fiscal yearend by UM Business Services accountants to make sure that balances have zeroed (as per MOM chapter 2-8100).</li> <li>• Banner to SABHRS quarterly reconciliation.</li> </ul> <p><b>Pro-Card Liabilities</b></p> <ul style="list-style-type: none"> <li>• Reviewed monthly by Director of Business Services.</li> <li>• UM System reconciliation of daily US Bank file loads to Banner tables.</li> <li>• UM System review to make sure payment nets liability to zero.</li> </ul> <p><b>Year End Expenditure Accrual Liabilities</b></p> <ul style="list-style-type: none"> <li>• Established by Business Services accountant from requests submitted by various campus departments.</li> </ul>

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		<ul style="list-style-type: none"> <li>Requests reviewed by accountant for reasonableness.</li> </ul>
		<ul style="list-style-type: none"> <li>Per UM Fiscal Year End procedures document, transactions reversed in the new year with review by accounting services to verify that accruals have been reversed.</li> </ul>
Deferred Revenue		<ul style="list-style-type: none"> <li>Deferred revenue received for student fees is posted using a detail code from the accounts receivable system. The detail codes are term based and maintained by accounts receivable personnel.</li> <li>For the non student deferred deposits, departmental personnel prepare deposit cards using the deferred revenue account code and activity code for later reallocation. The departments use established FYE procedures for preparing their deposit cards.</li> <li>Reports generated for high level review as requested prior to FYE</li> <li>After FYE close accounting services runs detailed reports to review balances and reallocate to revenue in the new year.</li> <li>Banner to SABHRS quarterly reconciliation.</li> <li>At end of first quarter, accounting services prepares reports to verify balances have been reallocated and closed to zero.</li> </ul>
Compensated Absences	MOM 2-2240.13	<ul style="list-style-type: none"> <li>Compensated absence liability and expense are re-calculated annually at FYE using automated process from the UM central payroll system using employee leave balances and pay rates stored in the system for calculated amounts.</li> <li>Test runs are made to review data for reasonableness by payroll personnel prior to actual posting. Edit reports are generated during the testing phase to identify employees with a liability greater than \$10K and invalid accounting distributions.</li> <li>Accounting distribution tables are reviewed by systems &amp; accounting personnel, with table update privileges restricted to systems personnel.</li> <li>An accountant from each campus reviews the posted transaction for reasonableness.</li> <li>Detail reports are generated for each campus after the transactions have posted.</li> </ul>
Long Term Obligations	Bond Indentures Board of Regents Policies	<ul style="list-style-type: none"> <li>The bond debt is reconciled to the DA Davidson-prepared bond debt balances. The reconciliation is done after each debt payment, and again during fiscal year end procedures.</li> <li>Invoices for bond payments are received and reviewed by the Director of Business Services. Invoices are compared to DA Davidson bond documents and agreed for bond payment amount.</li> <li>Long term debt schedules are prepared for inclusion in the Financial Statements. Debt schedules are reconciled to DA Davidson schedules by campus, and by bond issuance.</li> <li>Interest expense is recorded at the same time the debt payments are made. Interest expense is reconciled to the DA Davidson prepared debt schedules that include principle and interest payments.</li> <li>Inter-cap loan payments are initiated by the Board of Investments. A</li> </ul>

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		<p>reconciliation of loan balances is done at fiscal year end.</p> <ul style="list-style-type: none"> <li>• Loan balances are reconciled to amortization schedules prepared by Board of Investments.</li> <li>• Cash advances on bond proceeds must be approved by the Director of Business Services. A written request is made to US Bank and signed by the Director of Business Services. Advances are to cover project expenditures in a timely manner to avoid negative balances.</li> <li>• An analysis is prepared at the time of advance request by project and expenditure to identify which projects require funding, and to ensure the project is approved for that particular bond.</li> <li>• Other long term debt payments are made upon receipt of invoice from creditor. Invoiced amount is reconciled to original amortization schedules.</li> <li>• Debt balances are reconciled to the general ledger at fiscal year end.</li> <li>• The Director of Business Services reviews the debt balances at fiscal year end, and reconciles balances to DA Davidson-prepared schedules. Vice Chancellor of Administration, Finance, &amp; Student Affairs provides oversight to the bond payments process.</li> <li>• Debt service accounts reviewed at each bond payment date (May &amp; November) and for FYE.</li> </ul>
Due to Federal Gov.	<p>GASB 34/35</p> <p>NACUBO Advisory Alert</p>	<p>Liability presented in the financial statements is the calculated amount due to the federal government related to student loan programs.</p> <ul style="list-style-type: none"> <li>• An entry is recorded at FYE in the general ledger to adjust the Due to Federal Government to agree with analysis prepared.</li> <li>• Schedule is prepared using data from general ledger (Federal Student Loan Funds). Federal Capital Contribution percentage reported in the most recently filed FISAP report is applied to general ledger balances to calculate the due to federal government amount. Schedule is reviewed with Director of Business Services for reasonableness of calculated liability.</li> </ul>
<b>Statement of Net Assets</b>		
<p>Net Assets:</p> <p>Invested in Capital Assets, net of Related Debt Restricted for: Nonexpendable Endowments Loans Expendable Loans</p>	<p>GASB 34/35</p>	<p>Schedule prepared as part of financials statement preparation process to roll forward ending net assets reported in prior year to ending balance of net assets reported in current year financial statements by UM.</p> <ul style="list-style-type: none"> <li>• Roll forward schedule is broken down by fund type.</li> <li>• Net assets are analyzed to determine appropriate classification on Statement of Net Assets. <ul style="list-style-type: none"> <li>○ Additional supporting schedules are prepared to support net asset amounts that are split between more then one financial statement classification.</li> <li>○ Invested in capital assets, net of related debt is calculated to conform to guidance provided in GASB Implementation Guide.</li> </ul> </li> </ul>



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<b>Statement of Revenues &amp; Expenses</b>		
Tuition & Fees		<ul style="list-style-type: none"> <li>Update authority to reference data tables for term codes (semesters), tuition and fee tables and transaction codes are restricted to the Director of Business Services, Student Account Services Manager, Billing Coordinator, and Registrar personnel. Registrar personnel set up course fees but are restricted from access to the tuition and fee tables.</li> <li>Review process in place performed by the 4 parties above which verifies Board of Regent approved fees against the final Banner AR reference data tables.</li> <li>Tuition and Fees associated with individual courses or non state-supported courses are maintained by various Registrars offices (UMW, Continuing Ed/Outreach). Exception reports and data entry reports are run periodically and most importantly prior to each semester's mass assessment to verify completeness and accuracy.</li> <li>Authority to post tuition and fee adjustments to accounts is controlled with the designated central office staff. Backup notes and documentation for adjustments is maintained online and in hard copy,</li> <li>Title IV funds reconciled monthly to Dept. of Education records by Business Services.</li> <li>Banner to SABHRS quarterly reconciliation.</li> </ul>
Auxiliary Revenues		<ul style="list-style-type: none"> <li>BANNER/SABHRS reconciliation is performed by Director of Business Services for auxiliary funds.</li> <li>Head cashier records transactions from departments that are entered into Banner. The Director of Business Services reviews transaction for reasonableness, appropriate index code, account codes and journal type. Some department transactions are sent to an approval queue where the Director of Business Services reviews and approves.</li> <li>After FYE and in preparation for the Bond Audit, trial balances are prepared and reviewed for auxiliary funds. The trial balances are subjected to analytic review procedures.</li> </ul>
Financial Aid	Dept of Ed Blue Book or web site	<ul style="list-style-type: none"> <li>Title IV funds reconciled monthly to Dept. of Education records by Accounting Services.</li> <li>State funds reviewed upon receipt to compare with annual authorization.</li> <li>Daily Banner Finance to Financial Aid reconciliation.</li> <li>Monthly Banner HR to Financial Aid/Work Study reconciliation to Banner finance.</li> <li>Monthly review by Financial Aid Department.</li> <li>Banner to SABHRS quarterly reconciliation.</li> <li>Annual reconciliation for Federal aid provided in FISAP report.</li> </ul>

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Compensation & Employee Benefits		<ul style="list-style-type: none"> <li>• Update authority to tax tables limited to UM Associate Director.</li> <li>• Update authority for rules and validation tables limited to 4 individuals in UM HRS - Associate Director, Payroll Supervisor, Information Systems Manager, and Accounting Manager.</li> <li>• Policies and procedures reviewed by 4 individuals above in additions to UM HRS Director and Assoc Director for Employment Services to ensure compliance with various governing bodies: Internal Revenue Service, Montana Code Annotated, Dept of Labor, Montana Operations Manual, Board of Regents Policies and Procedures, Collective Bargaining Agreements, and University of Montana HRS Policies and Procedures.</li> <li>• Rates of pay are established and approved based on employee classification type - Board of Regents, MUS Contracts, and Letter of Appointment require approval by Campus Executive and Commissioner's Office; classified employee salaries are governed by the MUS Compensation policies - variances from these established amounts must be approved by required Campus Executives.</li> <li>• Rates for employer paid benefits are established by various governing agencies and are entered into the system by the UM Assoc Director and reviewed for accuracy by the Payroll Supervisor. Employers paid benefits are granted to employees based on the employee class to which they are assigned. Employee class is assigned, reviewed and approved at the time of hire by the Vice Chancellor of Finance, Administration, &amp; Student Affairs and the Employee Services Representative.</li> <li>• Payments to employees are generated through Banner HR based on the rules and validations which have been established and tested. Rules and validation tables can only be updated by the UM Assoc Director or Payroll Supervisor. During the processing of payroll a series of edit processes are executed and the results are reviewed for accuracy. Each edit report is reviewed by the Payroll Systems person and sent to the Employee Services Representative who needs to make any corrections.</li> <li>• Approved hiring documents are the source for entering employees into the Banner HR system - these documents include the amount that will be paid to each employee. The accuracy of hiring amounts is reviewed by the Vice Chancellor of Finance, Administration, &amp; Student Affairs and the Employee Services Representative to ensure that the wage amount is within contractually approved amounts.</li> <li>• Validation that wages have been entered accurately by the Employee Services Representative is accomplished at the department level. BOR, MUS, LOA, and Classified Employees all work in budgeted positions. The UM Payroll System produces a report, ZPR336M, which lists all employees by department, their budgeted amount, expended amount, encumbered amount and free balance.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Departments check these numbers regularly to ensure their employees are being paid correctly.</li> <li>• Student employees are reviewed each pay period by those with authority at the campus department level. Student hours are entered by Business Services authorized personnel.</li> <li>• Payroll liabilities are disbursed according to a set schedule for each deduction. Federal and State withholding taxes are deposited within one day of each pay day. The deposit is made by the UM Payroll/Benefits Technician with oversight by the UM Assoc Director.</li> <li>• Federal and State tax liability returns are reconciled to Banner baseline reports including 941s and W-2s either quarterly or annually as applicable.</li> <li>• Payroll accounting transactions are automatically fed from the HR system to the Finance system. The feed documents are reviewed by systems production staff prior to processing to verify that document balances and amounts are reasonable</li> </ul>
Scholarships & Fellowships		<p>Scholarship &amp; Fellowship expenses are identified with a specific program code and account types.</p> <ul style="list-style-type: none"> <li>• Regular review by Accounting Services to determine appropriate coding of costs.</li> <li>• Awards to students processed through Financial Aid module at request of departments.</li> </ul> <p>Tuition discounting is calculated during Financial Statement preparation as specified by the NACUBO Advisory report 2000-05.</p> <ul style="list-style-type: none"> <li>• Data is extracted from the Student AR tables and used to calculate the discount for the fiscal year. The extracted data is compared to the finance data.</li> <li>• Adjustments to revenue and expense are recorded in the BANNER reclass ledger.</li> <li>• An analytical review is performed by someone independent of the tuition discounting calculations.</li> <li>• This process applies to the financial aid and tuition/fee revenue.</li> </ul>
Depreciation & Amortization		<ul style="list-style-type: none"> <li>• UM Systems administration generates the accumulated depreciation at month end for all assets. This is an automated process</li> <li>• UM Systems administration receives an edit report at completion of automated process. Edit indicates those assets not depreciated. Exceptions are corrected by Capital Asset accountant</li> <li>• UM Monitor the accumulated depreciation throughout the year for large swings in amounts.</li> <li>• Year end reconciliation of accumulated depreciated additions to the depreciation expense posted to the ledger</li> </ul>
State Appropriations		<ul style="list-style-type: none"> <li>• Commissioners Office generates a monthly allocation of biennial appropriation along with any special or one time only appropriations.</li> <li>• Commissioners Office distributes Millage collections on a periodic basis.</li> </ul>

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<u>Classification</u>	<u>Policy</u>	<u>Key Control Activities</u>
		<ul style="list-style-type: none"> <li>Vice Chancellor of Administration, Finance, &amp; Student Affairs reconciles monthly and periodic allocations recorded in the general ledger to the Board approved schedule.</li> <li>The amount received from the Commissioner’s Office is reviewed by Administration &amp; Finance personnel for FYE planning.</li> <li>Quarterly BANNER/SABHRS reconciliation prepared by accountant.</li> </ul>
Private Gifts		<ul style="list-style-type: none"> <li>Primary source is the UMW Foundation.</li> <li>Reconciliation between Banner and UMW Foundation records are performed twice a year by Business Services.</li> <li>Analytical review to compare with prior year revenue.</li> </ul>
Investment Income		
Interest Expense		<ul style="list-style-type: none"> <li>Interest expense is recorded at the same time the debt payments are made. Interest expense is reconciled to the DA Davidson prepared debt schedules that include principle and interest payments.</li> <li>At FYE and during financial statement preparation an analytical review comparing prior year with current year expense.</li> <li>A calculation of accrued interest is prepared at FYE for long term obligations. A spreadsheet of this calculation is retained by accounting personnel. A JV is recorded to reflect the accrued amount.</li> </ul>
Capital Grants & Gifts	GASB 34 & 35	<ul style="list-style-type: none"> <li>At FYE an entry is recorded to recognize projects that have been funded by the State long range building projects. This entry is part of the FYE CWIP entry. The FYE statement from A&amp;E captures all the projects that are contributing to The University of Montana - Western, and is the number that is used for the FYE entry.</li> </ul>
Student Financial Aid	Federal Financial Aid Regulations  <a href="http://www.ecfr.gov/">http://www.ecfr.gov/</a>  Electronic Code of Federal Regulations	<ul style="list-style-type: none"> <li>Programs are administered in compliance with federal regulations and requirements through the use of the US Department of Education Blue Book, the USDoe Student Financial Aid Handbook.</li> <li>Monthly Cash reconciliation for federal student loan funds.</li> <li>Monthly receivables reconciliation for all student loan funds including disbursements and principal/interest/late charges.</li> <li>Quarterly review and reconciliation of third-party collection agency activity for all student loan funds.</li> <li>Monthly review of income/expense activity reports for all student loan funds.</li> <li>Daily cash balances and investment review for all student loan funds.</li> <li>Title IV funds reconciled monthly to Dept. of Education records by Business Services.</li> <li>State funds reviewed upon receipt to compare with annual authorization</li> <li>Monthly Banner Finance to Financial Aid reconciliations.</li> <li>Monthly review by Financial Aid Department.</li> <li>Banner to SABHRS quarterly reconciliation.</li> <li>Annual reconciliation for Federal aid provided in FISAP report.</li> </ul>

Inventory of Controls & Activities (Formal & Informal)

Projected Materiality Level: \$0.2 Million; Significant Transactions >= \$50 Thousand

<u>Classification</u>	<u>Policy</u>	<u>Key Control Activities</u>
Grants & Contracts	A-21 – Cost Principles for Educational Institutions A-110 – Uniform Administrative Requirements for Grants & Agreements with Institutions of Higher Education, Hospitals & Other Non-profit Organizations	<ul style="list-style-type: none"> <li>• Monthly reconciliations by the Billing Coordinator.</li> <li>• Quarterly BANNER/SABHRS reconciliation.</li> <li>• Facilities and administrative costs reviewed yearly by the Director of Business Services.</li> <li>• Grant leave assessed monthly by the Billing Coordinator.</li> <li>• Grant close out review process performed at the end of grant.</li> <li>• Reporting performed as required by grant.</li> </ul>
Procurement	UM 303 A&F Website: <a href="http://www.umt.edu/business-services/">http://www.umt.edu/business-services/</a> MCA-Title 18  State of Montana/General Services Division/Procurement Bureau: <a href="http://gsd.mt.gov/">http://gsd.mt.gov/</a>	<ul style="list-style-type: none"> <li>• Procurement procedures and related information, including the State Procurement Bureau Delegation Agreement, are posted to the Purchasing webpage: <a href="http://www.umt.edu/bussrvcs/purchase.htm">http://www.umt.edu/bussrvcs/purchase.htm</a></li> <li>• Web links to the Procurement sections of the Montana Operations Manual and the Administrative Rules of Montana are also on the Purchasing webpage.</li> <li>• Only authorized campus personnel may enter Requisitions into Banner providing information for bids and contracts.</li> <li>• Proof of receipt is required prior to any invoice payment and indicated by department authorization.</li> <li>• Limited Solicitations are reviewed by Purchasing and a copy of the approval is sent to the requesting department and AP.</li> <li>• Legal Counsel reviews RFPs and resulting contracts and provides input and guidance for contracting.</li> <li>• Purchasing monitors and reconciles contracts throughout the year and at FYE to ensure contracts and purchase orders are paid and closed.</li> <li>• Purchasing reviews a report annually of all purchases with all vendors to monitor and reconcile overall procurements.</li> </ul>
Pro-Card	Chapter 1-300 of MOM Volume 1 Employee Travel  UM Business Services Web Site- Pro-Card policy and procedures <a href="http://www.umt.edu/business-services/">http://www.umt.edu/business-services/</a>	<ul style="list-style-type: none"> <li>• Pro-Cards are issued to employees. Exceptions to this policy exist and are documented. To secure a Pro-Card the employee must read the policy and procedures and complete the application located on the last page of the procedures. The application must be approved by the department account manager; employees' supervisor; dept dean or director. The application is processed by UM Business Services after review for employment status and MCC codes. A signed application and card holder agreement are retained in AP.</li> <li>• Once the card is received the employee must come to business services (if Missoula campus) to pick up card and go over the</li> <li>• cardholder agreement with the Pro-Card administrator. Identification is required and an AP specialist initials cardholder</li> </ul>

The University of Montana Western  
 Inventory of Controls & Activities (Formal & Informal)  
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Fiscal Year 2017

Classification	Policy	Key Controls/Activities
		<p>agreement. If affiliated campus, the cards are sent to the account manager to have their Key Controls/Activities the cards after they have reviewed the cardholder agreement with them.</p> <ul style="list-style-type: none"> <li>• A daily download is received from US Bank which is verified by UM Systems by use of an edit report and then feed into Banner JAAINVT for department re-distribution.</li> <li>• If charges are not re-distributed during the cycle period they will default to Pro-Card default account.</li> <li>• These charges may only be left in the default until the next cycle end and items that are allowed to go to the default are considered a Pro-Card policy violation. Automated letters are produced monthly for items left in the default and sent to the account managers. The default account is balanced monthly with items over 60 days being transferred to a penalty account. All entries left in the default must be removed via JV.</li> <li>• Pro-Card reports are monitored by the departments and administration at random throughout the month.</li> <li>• After cycle close, the Pro-Card account is balanced by ensuring that the amount the state pays US Bank is the same as the daily entries entered into banner via US Bank feed. This process is performed by an UM AP specialist.</li> <li>• An AP specialist biannually reviews a sampling of department charges. A formal review is performed and a findings letter is issued to the account manager and the department head.</li> <li>• The department official authorizes purchases by approving credit card receipts and invoices prior to submission to AP.</li> </ul>
Travel	<p>Chapter1-300 of MOM                      Volume 1 Employee Travel  <a href="http://www.discoveringsmontana">www.discoveringsmontana</a></p> <p>Business Services Web                      Travel  <a href="http://www.umt.edu/business-services/">http://www.umt.edu/business-services/</a></p> <p>Federal Per Diem Rates  <a href="http://www.gsa.gov">www.gsa.gov</a></p>	<ul style="list-style-type: none"> <li>• Request for Authorization to travel must be completed and authorized before travel. Must be submitted to the Travel desk if meal per diem is requested in advance.</li> <li>• Travel Expense Report must be submitted within 30 days of the end of travel. Itemized receipts must be attached for all expenses incurred on the trip with the exception of MISC under \$24.99. This report is reviewed for compliance with Federal, State and University policy before being processed for reimbursement to traveler.</li> <li>• The Per Diem allowance is balanced to the Travel Expense Report by an AP specialist.</li> <li>• An AP specialist keeps a monthly log of non overnight meals and submits to HR for deduction from paycheck.</li> <li>• Upon request by Vice Chancellor of Finance, Administration, &amp; Student Affairs a report is generated by UM Systems for review of foreign travel for Workers Compensation benefits.</li> </ul>
Legal		<ul style="list-style-type: none"> <li>• Material transactions relating to litigation are recorded or disclosed in the financial statements as appropriate.</li> </ul>
FS Preparation Process		<ul style="list-style-type: none"> <li>• Review attributes to determine if there are changes to the reporting levels for fund types, fund codes, account types or account codes. If changes are required, a request is submitted to systems for entry to the chart element.</li> <li>• Run extract of banner baseline accounting information, after</li> </ul>

<u>Classification</u>	<u>Policy</u>	attribute changes have been made – this creates a Banner baseline table FGWREPT. <u>Key Control Activities</u>
		<ul style="list-style-type: none"> <li>• Compare data from extract table (FGWREPT) to Banner General Ledger table by running trial balances by fund type from each table.</li> <li>• Create a new reclass table which includes additional fields for fund type, account type and account type title. This table is a copy of FGRRCLE (This is the Banner baseline table that records all financial statement adjustments) with the additional fields.                         <ul style="list-style-type: none"> <li>○ Compare record count between FGRRCLE and the new table – for FY04 the count in both tables equal 2,463.</li> </ul> </li> <li>• Run query from FGWREPT table for baseline accounting data and export to balancing statement spreadsheet. This worksheet is listed as 123ledg.</li> <li>• Run union query to combine baseline accounting data with reclass transactions and export results to balancing statement spreadsheet. This worksheet is listed as 123gasb.</li> <li>• The worksheet titled XXX in the balancing statement links to 123ledg and 123gasb and creates columns to compare the baseline data with the adjusted GASB data (union query result), then calculates the difference between the baseline and adjusted GASB. There is one set of columns for each fund type and one set for each campus total.                         <ul style="list-style-type: none"> <li>○ Ledger column equals the data from FGWREPT (Banner baseline).</li> <li>○ GASB column equals the data from the union of FGWREPT and the new reclass table.</li> <li>○ Difference column equals reclass transactions.</li> </ul> </li> <li>• Create document log of all reclass transactions which lists document number, brief description of transaction, date entered, accountant and hash total of the transaction.</li> <li>• Run query from new reclass transaction table to list document number and all accounting lines and export to an excel spreadsheet.                         <ul style="list-style-type: none"> <li>○ Sort by document number to compare to the document log.</li> <li>○ Sort by attribute to compare to grand total differences column of XXX sheet from the balancing statement.</li> <li>○ Sort by attribute by fund type which can be subtotaled to compare differences columns of XXX sheet by fund type.</li> <li>○ Sort by campus which can be subtotaled to compare differences columns of XXX sheet by campus.</li> </ul> </li> <li>• Reclass JV's are reviewed and approved by the Associate Director or Financial Manager.</li> <li>• During the financial statement process, there will be several runs of the balancing statement to review the progress as reclass entries are entered. If there have been no attribute changes, the 123ledg query is not re-run, but the 123gasb query is run after reclass entries have been posted so we can check the status of the statements. During that time, we are continually testing and comparing the reclass</li> </ul>

Inventory of Controls & Activities (Formal & Informal)

Projected Materiality Level: \$0.2 Million; Significant Transactions >= \$50 Thousand

<u>Classification</u>	<u>Policy</u>	activity. <u>Key Control Activities</u>
Information Systems		<p>A Banner Security Plan was created by various module owners of the Banner system, which identifies responsibilities and risk assessments for the various modules. It lists user profile classifications with a brief description of the authorized activities. Users are restricted to only those activities that are associated to their profiles.</p> <ul style="list-style-type: none"> <li>• Information Technology supervises the team that provides support for the Banner finance module.</li> <li>• Security Plan reviewed and updated annually, includes review of current users and their security profiles. Copy of updated plan stored on Systems drive. <b>Since this document is voluminous, a copy can be provided upon request.</b></li> <li>• Finance system approval queues are in place and maintained by systems security personnel.</li> <li>• Daily system assurance reports run to verify key accounts are in balance within the system, i.e. cash, control accounts, etc.</li> <li>• Daily production logs maintained to monitor key processes and reconcile daily feeds to the state system</li> <li>• Monthly production logs maintained to monitor month-end processes</li> <li>• Monthly reports generated for campus users</li> <li>• FYE production logs maintained to monitor and facilitate FYE closing processes</li> <li>• Daily refresh of data warehouse which is used by users from all campuses to review their activity.</li> </ul>
Fiscal Year End	MOM Chapter 2-8100 – Fiscal Year End Procedures	<p>Work plan generated to identify tasks and responsibilities for each area of Business Services.</p> <ul style="list-style-type: none"> <li>○ Modify task due dates to coincide with timelines set by the State according to MOM Chapter 2-8100 (Fiscal Year End Procedures).</li> <li>○ Modify task list to accommodate changes required by the State according to the current MOM Chapter 2-8100 (Fiscal Year End Procedures).</li> <li>○ Reviewed by Director of Business Services and modified to add or delete tasks and to determine the person assigned to accomplish each task.</li> <li>• Training provided by UM to UMW Business Services personnel. <ul style="list-style-type: none"> <li>○ General overview training for campus department personnel.</li> <li>○ Specialized training on key procedures.</li> </ul> </li> <li>• FYE webpage update on Business Services website with Campus cutoff schedules.</li> </ul> <p>Procedure documents</p> <ul style="list-style-type: none"> <li>• Post reminders of key due dates to campus listserv.</li> <li>• FYE production logs maintained by UM Systems area to monitor and facilitate FYE closing processes reviewed on a daily basis.</li> </ul>



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<u>Classification</u>	<u>Policy</u>	<u>Key Control Activities</u>
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**\* Financial Reporting Assertions:**

**P** – Presentation and Disclosure

**E** – Existence and Occurrence