

FINANCIAL FOOTNOTES

A publication of ASU Financial Services

Winter 2009
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NEW!

Effective for fiscal year 2010, ASU will change the method it uses to charge all employee related expenses (ERE) and graduate research/teaching assistant tuition remission benefits.

- ERE will be charged to all accounts which incur personal services expenses based upon established rates. Currently actual expenses are charged to accounts.
- Graduate assistant tuition remission will be assessed at the beginning of each semester based on a flat rate.

NEW PROCESS FOR STATE ACCOUNTS. With this change comes a change in the way ERE will be recorded for state accounts. Beginning with fiscal 2010, ERE will be directly expensed in the state accounts which incurred the corresponding salaries/wages expenses. ERE budget will also be loaded into individual departmental state accounts proportionally to approved personal service budget. Although departments have historically been allowed to move budget from a personal services appropriation unit into an operations appropriation unit, departments will not be allowed to move state ERE budget into another appropriation category (i.e. personal services or operations).

ERE ENCUMBRANCES. With the adoption of ERE rates, Financial Services plans to encumber ERE in all accounts which have personal services encumbrances (currently ERE is encumbered on sponsored accounts only).

SUMMER PAY LINES. In the past summer pay lines have not incurred ERE expenses at the department account level. However, beginning with the adoption of the ERE rates model on July 1, 2009, accounts paying summer faculty pay will also be expensed for the related applicable ERE. This change will impact sponsored as well as other locally funded accounts.

As more information becomes available on these process changes it will be posted to the [Commitment Accounting](#) section of the Finance & Accounting website.

ERE & Tuition Remission Rates

Effective for Fiscal 2010, anticipated ERE and GRA Tuition Remission Rates:

ERE RATES	FY 2010	FY 2011
Faculty	28.21%	28.69%
Staff (including classified staff, service professionals, academic professionals & postdocs)	34%	34.83%
Part-Time (non-benefits eligible, including non-resident aliens)	7.24%	7.24%
Students (hourly undergrads, and hourly graduate students without a research or teaching assistant appointment)	1.01%	1.01%
Graduate research/teaching assistants	7.22%	7.51%
Risk Management (this will continue to be a separate assessment to expenditure code 731012)	1.45% additional fee to all labor categories	1.45% additional fee to all labor categories

GRA TUITION REMISSION RATES. Also effective for fiscal 2010, ASU will direct cost tuition remission at the blended rate of \$13,554 per year for Graduate Research Assistants. This is based on 9 credit hours and is a blended (resident and nonresident) rate. During the summer accounts will be assessed a 1 hour charge of \$753. The process to assess this rate is still being discussed.

Advantage Monthly Close

Month end close in Advantage will be the 3rd business day of the subsequent month effective with February 2009 close. (Current practice is to close the 2nd business day of the subsequent month.)

Any changes to scheduled close dates are announced on the Financial Services website in the "News & Announcements" section.

Fiscal 2008 Financial Audit

ASU's fiscal 2008 financial audit has been completed and the University received a clean audit opinion from its financial auditors (State of Arizona Office of the Auditor General).

Financial Services would like to thank all departments who helped make this a successful audit by providing requested financial information and supporting documentation in a very short turn around time.

A special thank you to Anne Nguyen of the W.P. Carey School of Business and Jeffrey Darbut of The Biodesign Institute for their assistance in providing payroll reconciliation information for their areas. These reconciliations helped provide support to negate a concern the auditors had regarding departmental reconciliations of payroll expenses. Related to this concern, Financial Services has updated **FIN 203 - Org Manager Responsibilities** to specifically list salary and wage reconciliations as a core org manager responsibility.

Secondary Review of Purchasing Cards

The single-most important control related to an effective purchasing card (p-card) program is timely independent review of all transactions. Timely review allows for early detection of errors or fraud and promotes quick resolution of the problem. Per ASU policy, [PUR 304-04: Purchasing Card](#), "the cardholder must attach the transaction documents to the monthly memo statement from the bank and submit them for review to an independent person in the cardholder's department for review. The reviewer signifies that the transactions are reasonable and appropriate by signing the monthly memo statement" (replaced now by the p-card reconciliation worksheet). The independent reviewer should be someone with the authority to question the reasonableness of any charge – they should not be a direct report of the cardholder. At no time can a cardholder serve as the secondary reviewer of their own card(s) and transactions. Please see the Financial Services website for [Best Practice: Purchasing Card Departmental Procedures \(105\)](#).

This newsletter is intended to provide ASU departments with information regarding policy issues or procedural changes which impact the University's financial operations or practices. Please e-mail us at Financial.Services@asu.edu with any comments or suggestions regarding content or format.

ASU Financial Services - PO Box 875812 - Tempe, Arizona 85287-5812
Financial Services Website: http://uabf.asu.edu/finance_accounting

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2008 ASU Financial Report

The [2008 ASU Financial Report](#) is now available on the Finance and Accounting website. The prior practice of routinely distributing printed copies of the report has been discontinued. However, anyone with a business need for a printed copy may request one by contacting Financial Services at 5-3601.

Welcome Back

Lynne Davis has returned to Financial Services where she began her ASU career over 10 years ago as an accountant in what was then the Comptroller's Office. After several years at ICA and then mostly recently in the Office of the Vice President for University Administration & Legal Affairs, Lynne is once again in Financial Services. Lynne is now in the role of Assistant Director, Financial Services and manages the accountants who monitor state and local accounts. She is also responsible for updates to and development of the Financial Services Policies and Procedures (FIN) manual.

Lynne is an ASU graduate, as well as a Certified Public Accountant, and the current President of the Phoenix Chapter of the Association of Government Accountants (AGA).

[Lynne](#) can be reached at 5-7889.

Travel Reimbursements

Any expense directly paid by the University through a payment voucher or Purchasing Card (typically airfare and/or conference registration fees), cannot be claimed for reimbursement by the traveler.

POLICY CHANGES

ASU FINANCIAL SERVICES POLICIES AND PROCEDURES MANUAL

INTERIM - EFFECTIVE DECEMBER 23, 2008

FIN 203 - ORG MANAGER RESPONSIBILITIES

Outlines Org Manager's responsibilities regarding reconciliations of salary and/or wage expenses for each employee.

EFFECTIVE MARCH 1, 2009

FIN 303 - GIFT DEPOSITS (Including Gift-in-Kind Donations) AND SPECIAL EVENT RECEIPTS WITH A GIFT COMPONENT

Requires Gift-in-Kind transactions with donor provided appraisal of \$1 million or more to be provided to the Senior Associate Vice President for Finance and Deputy Treasurer for ASU before the gift-in-kind is recorded on ASU's financial records and credited for fund raising goals.

A second appraisal, paid for by the ASU department receiving the gift, may be required before final gift processing occurs.

FIN 500 - TRAVEL

Indicates ASU will not reimburse for the cost of renting a vehicle unless the traveler has attended a defensive driving course within the last two years.

Spring 2009 Petty Cash Audits

Financial Services will again be conducting the annual university-wide review of petty cash funds in the upcoming months. The reviews are currently scheduled to begin in March. If your petty cash fund has met the review criteria you will be contacted by Financial Services to schedule a time for our staff to review your petty cash fund and supporting documentation. As always, the review will look specifically for compliance with university policies and procedures, including Financial Services, Research and Sponsored Projects, and cash handling. For a reminder of what procedures and documentation are expected, please see: [FIN 403 - Petty Cash Funds](#) and [RSP 503-02 - Sponsored Project Cash Advances](#).

Contact: [David Ketterman](#) at 5-9823

New Associate Director, Tax

Kathy McQuitty is the new Associate Director – Financial Services, Tax who replaced Kathleen Rogers upon Kathleen's retirement. Kathy comes to us with much experience in various areas such as income taxes, withholding and payroll taxes, sales and use tax, independent contractor determinations, financial audits of non-profit entities, and policy and procedures development and implementation.

Kathy is a graduate of Texas Tech University, as well as a Certified Public Accountant. Kathy was a junior partner in a local CPA firm for nine years before joining the AZ Department of Revenue where she had various positions including Manager of Corporate Office Audit, Manager of Financial Services, and Deputy Administrator of Corporate Audit.

[Kathy](#) can be contacted at 5-8479.

Tax Tips

Did you know that...?

...the [2009 Dependent tuition waiver questionnaire](#) is available on the ASU website? The requirements to qualify for this waiver follow the Internal Revenue Service (IRS) rules regarding claiming a dependent on your personal income tax return.

...gift cards are considered "cash equivalents" by the IRS and they require special handling to safeguard them. References: [FIN 420-04 - Faculty and Staff Awards](#), [FIN 421-05 - Human Subject Payments](#), and [P-Card Restricted List](#).

...CINTAX is a web-based tax preparation software program ASU has secured for foreign nationals who have received payments from ASU to prepare their 2008 US income tax returns. This program can be accessed using your [GLACIER](#) account and following the on-screen instructions. Contact: [Bari Simmons](#) at 5-0108

News on UBIT: What is UBIT & why do I need to know?

UBIT stands for "Unrelated Business Income Tax" and is created when income is earned that is unrelated to the university's tax-exempt purpose. In general, UBIT will apply if the activity meets the following three criteria:

- is a trade or business
- is regularly carried on
- is not substantially related to the university's exempt purpose

If a transaction is subject to UBIT, the university must file federal Form 990-T to report the activity and potentially pay tax on the net income. Contact: [Kathy McQuitty](#) at 5-8479

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