

TEXAS SOUTHERN UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: General Administration

NUMBER: 01.03.01

AREA: University wide Business Management

SUBJECT: Baseline Standards

I. PURPOSE AND SCOPE

Baseline standards are necessary to ensure sound business practices within an organization. This document sets forth the requirements for these basic internal controls to minimize the risks of misappropriation of assets and of material errors in financial statements. This document applies to all Texas Southern University operations.

II. POLICY STATEMENT

Each operating unit within Texas Southern University will establish and adhere to baseline standards for its financial processes. These standards, once established, will be reviewed, altered as necessary, approved, and reported annually to the Chief Financial Officer.

III. DEFINITIONS

- A. Baseline standards: A collection of operating objectives and techniques that establishes standards for financial processes across an organization, including accountability and responsibility.
- B. Centralized structure: Operating structure in which the college or division business administrator has primary responsibility for both the management and processing of financial transactions.
- C. Decentralized structure: Operating structure in which the college business administrator has primary responsibility for management and oversight of the financial processes, while the department or unit business manager has primary responsibility of the execution of the financial processes.

IV. ORGANIZATIONAL STRUCTURES

Basic internal control objectives do not vary between centralized and decentralized business operations. However, the techniques for ensuring that internal controls exist and are operating effectively do differ between organizational types.

- A. Centralized: Under this operating structure, the college business administrator has primary responsibility for both the management and processing of financial transactions. The

college business administrator will make recommendations regarding administrative issues and/or interpretations of university policies to the appropriate dean or vice president or to the Chief Financial Officer. Any questions regarding policy application or processing of transactions are directed to the college business administrator. He or she also reviews and authorizes all documents leaving the college. Any variations in standard university policy and procedures must be approved by the college business administrator. Department business managers report to the department chair and to the college business administrator.

- B. Decentralized: Under this operating structure, the college business administrator has primary responsibility for management and oversight of the financial processes, while the department or unit business manager has primary responsibility for the execution of the financial processes. The college business administrator is responsible for communicating policy and procedure changes to the departments and units, ensuring that departments and units have adequate support to fulfill their responsibilities, and for ensuring that each department and unit has appropriate procedures in place to comply with minimum processing standards as defined below. The college business administrator is ultimately responsible for the control procedures in place at each department and unit. The department or unit business managers retain processing authority and direct responsibility for all documents leaving their areas. Department business managers report to the department chair and to the college business administrator.

V. PROCEDURES

- A. The college business administrator should draft baseline standards for his or her operating unit. Model baseline standards are provided at http://www.tsu.edu/finance/Forms/Baseline_Standards_Form.xls.
- B. The college or division business administrator should submit draft baseline standards to the dean or vice president for approval.
- C. Current baseline standards documents should be forwarded to the Chief Financial Officer who is responsible for maintaining copies.
- D. At the beginning of each fiscal year, the college business administrator should review existing baseline standards and amend if necessary. Any changes should be forwarded to the Chief Financial Officer.

VI. REVIEW AND RESPONSIBILITY

Responsible Party: Chief Financial Officer

Review: Every three years, on or before January 1

VII. APPROVAL

Jim McShan

Chief Financial Officer

John M. Rudley

President

Date of President's Approval: 06/24/09

ADDENDUM A

Baseline Standards Form Instructions

1. In the Baseline Standards Form, replace "Department Name" with the name of your department in the Header under Page Setup. The navigation in Excel is File/Page Setup/Header.
2. For each task on the form, indicate the name and title of the person(s) primarily responsible for the task in the Primary column. If the task is not completed by your department, type "N/A."
3. If there are individuals who are secondarily responsible for completing a task, indicate the name and title of those individuals in the Secondary column. These might include individuals who act as a backup for the primary.
4. Insert a new sheet in the Excel workbook and complete steps 1-3 for each department in the college/division.
5. The College/Division Administrator emails the completed file to the Executive Director of Business Affairs by September 30, who will post it on the web.
6. As changes in responsibilities occur, the College/Division Administrator updates the Baseline Standards Form and emails it to the Executive Director of Business Affairs, who posts it to the web.

Description of Responsibility		Responsible Person(s) (Name/Title)	
		Primary (Required)	Secondary (Optional)
DEPARTMENTAL POLICIES & PROCEDURES / BASELINE STANDARDS			
1	Ensuring the Departmental Policy and Procedures manual is current.		
2	Updating the Baseline Standards Form.		
FINANCIAL REPORTING - COST CENTER VERIFICATIONS			
1	Preparing cost center verifications.		
2	Reviewing cost center verifications.		
3	Approving cost center verifications.		
4	Ensuring all cost centers are verified/approved on a timely basis.		
FINANCIAL REPORTING - EXPENDITURE TRANSACTIONS			
1	Ensuring valid authorization of purchase documents.		
2	Ensuring the validity of travel and expense reimbursements.		
3	Ensuring that goods and services are received and that timely payment is made.		
4	Ensuring correct account coding on purchases documents.		
5	Primary contact for inquiries to expenditure transactions.		
PAYROLL / HUMAN RESOURCES			
1	Reconciling leave records to time and effort reports.		
2	Reconciling leave accruals to the payroll system.		
3	Ensuring all time and effort reports are submitted to Payroll.		
4	Reconciling time and effort reports to check registers.		
5	Completing termination clearance procedures.		

6	Ensuring terminated employees are no longer charged to departmental cost centers.		
7	Paycheck distribution.		
8	Maintaining departmental Personnel files		
9	Ensuring valid authorization of new hires.		
10	Ensuring valid authorization of changes in compensation rates.		
11	Ensuring the accurate input of changes to the payroll system.		
12	Propriety of leave account classification on time records.		
13	Consistent and efficient responses to inquiries.		
CASH HANDLING			
1	Collecting cash, checks, etc.		
2	Reconciling cash, checks, etc. to receipts.		
3	Preparing deposits.		
4	Preparing Journal Entries.		
5	Verifying deposits to the financial system.		
6	Adequacy of physical safeguards.		
7	Transporting deposits to Student Financial Services.		
8	Ensuring deposits are made timely.		
9	Ensuring "Acknowledgement of Cash Handling Duties" form is completed by all appropriate employees.		
10	Updating Cash Handling Procedures as needed.		
11	Consistent and efficient responses to inquiries.		
PETTY CASH			
1	Preparing petty cash disbursements.		
2	Ensuring petty cash disbursements are not for more than \$100.		
3	Ensuring petty cash disbursements are made for only authorized purposes.		
4	Approving petty cash disbursements.		

5	Replenishing the petty cash fund timely.		
6	Ensuring the petty cash fund is balanced after each disbursement.		
LONG DISTANCE / CELL PHONE CHARGES			
1	Forwarding employees long distance and cell phone charge reports.		
2	Ensuring employees review their long distance and/or cell phone charge reports.		
3	Ensuring personal calls are reimbursed within 10 days from the billing date.		
CONTRACT ADMINISTRATION			
1	Ensuring departmental personnel comply with contract administration policies/procedures.		
PROPERTY MANAGEMENT			
1	Performing the annual inventory.		
2	Ensuring the annual inventory was completed correctly.		
3	Tagging equipment.		
4	Approving requests for removal of equipment from campus.		
DISCLOSURE FORMS			
1	Ensuring all employees with purchasing influence complete a Related Party disclosure statement.		
2	Ensuring all full time, benefits eligible, exempt staff complete a Consulting disclosure statement.		
3	Ensuring that all Principal and Co-Principal Investigators complete a Conflict of Interest disclosure statement.		
ACCOUNTS RECEIVABLE			
1	Extending of credit.		
2	Billing.		
3	Collection.		
4	Recording.		
5	Monitoring credit extended.		

6	Approving write-offs.		
NEGATIVE BALANCES			
1	Ensuring that all fund groups have positive fund equity at year-end.		
2	Ensuring that research expenditures are covered by funds from sponsors.		
DEPARTMENTAL COMPUTING			
1	Management of the departments' information technology resources.		
2	Ensuring that critical data back up occurs.		
3	Ensuring that procedures such as password controls are followed.		
4	Reporting of suspected security violations.		