APPENDIX – RELATED TOOLS AND LINKS

I.   **Internal Controls – Guidelines, Tools, and Other Resources**

All departments/units are responsible for monitoring their internal controls to ensure they are established and functioning effectively. The websites below provide tools, guidelines, and resources to help design and monitor internal controls appropriate for your operations.

http://www.finance.umich.edu/controls
http://www.umich.edu/~uaudits/

II. **University of Michigan – Statement on Stewardship**

All faculty and staff of the University have a stewardship responsibility to support and enhance the mission of the University, to ensure that the University fulfills its legal and financial obligations to internal and external stakeholders, to safeguard the University's financial, human, information, and physical assets, and to create an atmosphere that encourages all members of the University community to contribute to the overall excellence of the University.

This statement outlines fundamental responsibilities inherent in functioning as a steward of University resources and references University documents and offices that provide assistance regarding specific policies and procedures or forms.

http://hr.umich.edu/stewardship.html

III. **Responsible Use of Sensitive Institutional Data**

Access to institutional data—particularly data classified as sensitive—is based on the need for access and agreement to appropriately use the information resources. Faculty and staff should access institutional data on University IT systems only to carry out university business appropriate to their role. Users of sensitive institutional data also must help to ensure compliance with all relevant laws, regulations, and policies at the federal, state, and university level. For more specifics, see Handling University Data:

https://www.safecomputing.umich.edu/protect-the-u/safely-use-sensitive-data/protect-sensitive-data

The Sensitive Data Guide supports the Sensitive Regulated Data: Permitted and Restricted Uses Standard. It helps make informed decisions about where to safely store and share sensitive university data using IT services available on the U-M Ann Arbor campus.

https://www.safecomputing.umich.edu/dataguide/

A comprehensive list of information technology policies, standards, and guidelines, including the responsible use of IT resources and handling of institutional data , is available at http://cio.umich.edu/policy.

Unit Liaisons facilitate administrative systems access/security for their department, including

administrative systems, eResearch, M-Pathways and MReports. Please refer to
http://www.mais.umich.edu/groups/ul_role.html for more information on appointing liaisons and
additional details on their roles.

IV.   **Financial Review**
As described in Section III of the SPG, the financial review process begins with reconciling the
financial Statements of activity (SOA), verifying that required approvals were obtained and
confirming that adequate documentation exists to support the validity and accuracy of each
financial transaction.
- For Cash Deposit activity, units need to ensure that amounts on the (SOA) are consistent with
cash/checks received and deposit activity.
- For Student Financial Aid, units need to ensure amounts on the SOA are consistent with agreed
amounts.
- Department approval of journal entries with individual line items greater than $10,000 is
evidenced via system workflow utilizing an approver table. For all other journal entries, units
need to ensure that approval is documented in accordance with procedures established by their
unit.
- All other transactions are reconciled either via system criteria or by the Shared Services Center
for in-scope units and departmental employees for out-of-scope units.

Exception based reconciliation includes:
- Transactions that do not have upfront automated approvals or where the reconciliation
does not happen in another system (e.g., hosting purchases made using a shortcode).
- Transactions above a predetermined threshold where the approver on the transaction is not
an authorized approver on the transaction.
- Payroll transactions that do not meet system criteria (e.g., staff members being paid on a
shortcode that does not match their appointing department ID).
- Journal entries with line items over $10,000 that involve multiple department ID's and a
sample of journal entries with line items under $10,000.

Exception transactions are either confirmed as accurate based on supporting documentation,
verified via communication with departments and/or corrected by processing correcting entries.

Many financial processes are automated to provide for improved efficiencies and internal controls.
Reviewers should expect that automation and electronic feeds are validated centrally, and therefore
does not need to be duplicated at the transaction level. Additionally, reviewers can expect that
centrally created standard reports are accurate and complete representations of the official record
in MPathways (e.g., SOA and management reports found in MReports).

As described in Section III of the SPG, units are responsible to ensure approvals have been obtained
from the appropriate individuals when processing financial transactions. The Department Manager
plays a key role in this process, particularly for voucher and journal entry transactions where they
are the default approver in the Approver Table. Department Managers, however, may designate
another person for that role through use of the Approver Table
http://finance.umich.edu/system/files/500x01_Web_Content_Approver_Table.docx. Units are
responsible to ensure that Department Managers and Delegates, if utilized, have the appropriate
knowledge and training to carry out the responsibilities associated with those roles.

V.   **Management Reports – A listing of reports is available from the M-Reports report library**

Review of management reports to identify outliers and trends is an important component of the internal control process. Many management reports are available through the data warehouse and M-Reports for management's use in monitoring financial trends. Predefined reports available on the data warehouse and M-Reports websites can be viewed by business process (e.g., financial controls, project grant financial management, department financial management, p-card activity, endowments management, and worklist monitoring). For assistance locating these reports, contact the ITS Helpdesk at 734-764-4357 (4-HELP) http://its.umich.edu/help/ or visit the M-Reports report library at:

https://mreports.umich.edu/mReports/ReportsLibrary/ReportList.aspx

For more information on data reporting, see the following website:
http://www.mais.umich.edu/reporting/index.html

VI.   **Financial Reporting and Chartfield Values**

Chartfields are the seven fields in the M-Pathways system that record the financial data for the University. Individually, each field is called a chartfield (e.g., Account Chartfield). When used collectively in a financial transaction or viewed on a report, these fields are referred to as a chartfield combination. The chartfields work together to describe a specific financial activity for each department, including purchasing an item, recording the usage of a department's space, or reporting financial data.

http://www.mais.umich.edu/fin/chartfield.html
http://www.finance.umich.edu/finops/accounting/chartfields/class
http://www.finance.umich.edu/system/files/ValidAccount.xls
http://www.finance.umich.edu/finops/programs/training/costacctgstandards

VII.   **Indirect Cost Recovery Excluded (ICRX) Expenditures Policy and Guidance**

Certain types of expenditures (e.g., alcoholic beverages, lobbying, and particular types of advertising, entertainment, hosting, memberships, and recruiting) are considered indirect cost recovery excluded (ICRX) expenditures. All ICRX expenditures must be separately flagged or segregated with unique chartfield values to ensure compliance with federal regulations governing the use of these expenditures. It is important that all faculty members and unit administrators are familiar with these requirements. The websites below provide background and guidance for faculty members and unit administrators, including detailed examples of how to determine whether expenditures should be considered ICRX.

http://www.finance.umich.edu/finops/reporting/contact/OCR
http://www.finance.umich.edu/system/files/ICRX_Policy_updated_February_2012.pdf