



## MEMORANDUM

**To:** All College Employees

**From:** Jeffrey West, Vice President of Finance and Administration  
Debra Glenn, Controller/AVP

**Date:** September 28, 2020

**Subject:** Employee Accountability for College Financial and Physical Resources  
College Resource Responsibility for Financial Accountability and Safeguarding College Resources

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Recent newspaper articles have highlighted a number of dishonest or fraudulent acts committed by employees in local governmental entities and even within some of our sister higher education institutions. Such reports are a reminder that SLCC is not immune to such activities and that ALL employees must be vigilant and watchful regarding College assets and resources.

Dishonest acts will eventually be discovered; and when they do, the perpetrators are rightfully dismissed and prosecuted. Such acts not only cause long-lasting personal devastation to themselves and their families, but unfortunately, they damage the College reputation and generate emotional repercussions in the work place for their supervisors and fellow employees. Employee diligence fulfilling job duties and adhering to established College policies, procedures and internal controls can protect you and the College from such consequences.

The purpose of this communication is to emphasize individual financial, ethical and stewardship responsibility in regard to College resources and to discuss fraud deterrence to the end of preventing dishonest acts and their consequences.

### LINES OF RESPONSIBILITY

#### **Employees**

Every College member is responsible for safeguarding the College's financial resources which include:

- Learning, following and upholding financial policies and procedures established by the College and external agencies.
- Being alert to red flags, weaknesses or activities that can lead to loss, waste, misuse, misappropriation or destruction of assets (including data) and taking action to correct and report such instances.
- Ensuring College resources and funds are used only for legitimate business purposes.

#### **Budget Center Managers**

For every College department budget, financial activity or project, an individual has been designated as a "budget center manager". This individual is primarily responsible and accountable for all the financial resources under their jurisdiction. The budget center manager has authority to expend College funds and manage College equipment to accomplish assigned responsibilities and is accountable for all transactions recorded in his/her index numbers. Although others may be

designated to make purchases when properly instructed and approved, the manager is ultimately responsible for all expenditures; and if applicable, for the proper collecting of revenue. Specific budget center manager responsibilities include:

- Verifying that purchase invoice amounts are accurate and represent costs for goods or services “actually received” by the College and seeing that all purchases of goods and services are done in accordance with established College purchasing policies and practices (includes the Small Dollar Purchasing and P-Card Use guidelines).
- Obtaining approvals for all expenditures. While SLCCBuy has simplified the approval process and enabled budget center managers the ability to automatically approve within the system, manual processing of expenditures and all P-card expenditures (in addition to the signature of the person initiating the purchase transaction) require a second, higher level approval signature. The approval signatures (as well as the automatic approval in SLCCBuy) mean that the signors attest that the purchased goods or services were ordered and received by the College for legitimate business purposes and that the disbursement amount is accurate. Generally, this second or supervisory approval will be the budget center manager, but in some cases, it may be the budget center manager’s supervisor. This dual approval practice helps ensure that purchases are legitimate, reasonable and necessary.
- Reviewing the monthly Banner Detail Transaction reports to confirm all charges are valid and recorded to the proper account numbers. Any unexpected transactions or errors that appear should be promptly investigated, and if necessary, reported to the Controller’s Office. Although strongly discouraged, if this review role is delegated, it is imperative that the manager remain sufficiently involved to be knowledgeable about financial matters and exert meaningful supervisory oversight.
- Where grants and contracts are the source of funding, ensuring that expenditures are allowable and consistent with the particular grant, contract or donor restrictions.
- Seeing that College equipment, inventory or other assets are properly cared for and safeguarded. If an item is to be surplus or transferred to another department, the custodian should obtain the signature of the receiving person to document that responsibility has been transferred and accepted by the other person.
- Ensuring that all income from money-generating activities is properly collected and accounted for. Managers should also review the monthly Banner Detail Transaction reports to ensure that expected revenue is recorded properly and investigate any discrepancies. Training and establishment of proper internal controls must occur before employees are allowed to handle cash receipts per the College Cash Receipting Policy and Procedures.
- Reviewing subordinate work and otherwise monitoring compliance with department processes and internal controls to see they are functioning as intended, thereby minimizing any inherent risks associated with the department operations
- Reviewing the monthly Payroll Labor Distribution Reports to verify all employees and pay rates are valid and totals agree to Banner Finance detail reports.

### **Administrators**

All deans, directors, and department heads are expected to be familiar with College policies and procedures. They are responsible for setting an example of diligence, care and reinforcing high expectations of integrity and compliance while providing financial oversight.

## **FRAUD DETERRENCE / ETHICS AND COMPLIANCE HOTLINE**

All employees share responsibility for preventing, detecting, and reporting dishonest acts by others. The College investigates suspected problems thoroughly, with careful consideration to the rights of all affected individuals. Disciplinary action including legal action is taken where warranted as willful misconduct is not tolerated.

There are several warning signs that administrators, supervisors and employees should be alert to:

1. Poor attitude, example, or lack of communication by those in authority:  
The attitude and actions of those who have management responsibility greatly influence the potential for undetected fraud. Those in authority must communicate in word and deed high expectations concerning ethical behavior, compliance with laws and policies, and financial accountability. Dishonesty and waste are much more likely to occur in situations where there is little or no such communication.
2. Indifference about or disregard of official College policies:  
Compliance with College policies and procedures is expected. As issues and questions arise during the course of conducting business, appropriate College policies should be reviewed for guidance and direction. Supervisors or the appropriate College administrator may also be consulted for assistance. However, repeated infractions or blatant disregard of College policy and procedures is in of itself very serious, but it can also be a warning sign of potential and intentional wrongdoing.
3. Over-reliance on one person:  
Serious problems have often occurred where all financial duties are given to one person with no accompanying checks and balances. A single individual should not be placed in a position to:
  - Receive, deposit, reconcile, and handle all accounting functions for money received.
  - Initiate, approve, reconcile and handle all accounting functions for payroll or other disbursements.
  - Approve his or her own expense reimbursements or payroll time reports. These must be approved by a higher-level supervisor.
4. Lack of meaningful oversight:  
Serious problems are also accompanied by absent or ineffective oversight. High levels of employee trust may exist in many College workplaces, but nevertheless, every employee should expect to be held accountable for his/her work and actions. Department heads and supervisors must continually review accounting reports, monitor department operations or activities, coach employees and ask appropriate questions, and otherwise hold their employees accountable for assigned work and the proper use of College resources.
5. Use of College resources for personal purposes:  
All College budgets (or indexes) regardless of funding source, are considered College funds that may be used only for legitimate business purposes. Likewise, College equipment may be used only for approved purposes. Employee time and effort reporting must accurately reflect actual work performed. Reporting time spent on personal business or activities as College work time is not allowed.

Any dishonest or improper act by an employee (i.e. violations of the law, waste or theft of College funds, endangering public health or safety) is of great concern to the College. All employees are encouraged to report suspected improprieties to their supervisor or directly to a higher-level supervisor. If a committed crime is suspected, it should be reported immediately to College Public Safety Office. Improper acts may also be reported via the "Ethics and Compliance Hotline". Go to

<https://i.slcc.edu/internalaudit/ethics-and-compliance-hotline.aspx>, or call 1-866-873-0614. The hotline is provided through a third party and offers independence, confidentiality, and has 24/7 availability.

The College is committed to protect employees who, in good faith, report suspected improprieties or illegal activities. In fact, it is unlawful in Utah to discharge, threaten, or otherwise bring a personal action against an employee who reports a violation of law or waste of public funds, property, or manpower unless the employee knows the report is malicious, false, or frivolous.

Salt Lake Community College is accountable to the public and holds itself to high standards of integrity and behavior. Financial accountability is a serious matter and is everyone's responsibility. Thank you for your efforts to maintain the highest degree of ethical standards and consequently safeguard the College's resources and reputation.