Quarterly Budget Officers Meeting

October 2014
Organized by the Controller’s Office, Finance & Operations
Today’s Agenda

I. Records Management Policy (Suzanne Hilleman)
II. Regents Funding Model (Terry Johnson)
III. UI Confidential Hotline (Terry Johnson)
IV. Deloitte TIER Project (Terry Johnson)
V. Internal Audit Findings (Todd Stewart)
VI. EFR & Microsoft BI (Selina Martin)
VII. Institutional Roles (Selina Martin)
VIII. Export Controls Training (Grainne Martin)
UI Records Management Update

Suzanne Hilleman

F&O Senior HR Rep & Asst Director
Financial Management & Budget
What’s Happening?

- Revised UI Records Management Policy
  - Operations Manual - Chapter 17: Records Management
    [http://www.uiowa.edu/~our/opmanual/v/17.htm](http://www.uiowa.edu/~our/opmanual/v/17.htm)
- Continuing a Systematic review of UI Official Record types
  - Accounting, Financial & Budget
  - Contracts, Real Estate and Leasing
  - Personnel/HR Recruitment
  - Purchasing, Accounts Payable, Travel
  - Inventions, Patents and Research Agreements
  - Grants, Gifts and Awards
  - Facilities Management
- Updated Format for Official Records Retention Schedules
Next Steps…

- Continue with review work with Administrative Units on campus
- Begin posting completed retention schedules on RM Website
- Send periodic email updates to Budget Officers and HR Unit Reps
Regents Funding Model

Terry Johnson

AVP & Controller
Finance & Operations
## Regents Funding Model

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Resident Enrollment</td>
<td>60%</td>
<td>$287.9M</td>
</tr>
<tr>
<td>Student Progress</td>
<td>5%</td>
<td>23.9</td>
</tr>
<tr>
<td>Degree Production</td>
<td>10%</td>
<td>47.9</td>
</tr>
<tr>
<td>Access</td>
<td>10%</td>
<td>47.9</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>5%</td>
<td>23.9</td>
</tr>
<tr>
<td>Grad &amp; Prof Students</td>
<td>5%</td>
<td>23.9</td>
</tr>
<tr>
<td>Customized Metrics</td>
<td>5%</td>
<td>23.9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td><strong>$479.3M</strong></td>
</tr>
</tbody>
</table>
Regents Funding Model

- $46M reduction in appropriation
- Reduction capped at $13M per year
- ISU/UNI will share ~ 50/50
Sponsored Research Metric:

- Benchmark is “Research Expenditures” as reported in University’s Financial Statements
- Financial Report Research Expense =
  - Function Code 20 – Externally Sponsored Research
  - Function Code 21 – University Sponsored Research

Make sure University Sponsored Research assigned to Function Code 21

Will require establishing new Who Keys
- e.g.: salary cap accounts; cost share accounts
UI Confidential Hotline

Terry Johnson

AVP & Controller
Finance & Operations
How it works

- The university contracts EthicsPoint, a third-party provider specializing in compliance issues, to manage the UI Confidential Hotline.

- Report concerns, anonymously if you prefer, via the UI Confidential Hotline website or by phone at 866-384-4277.

- All information provided resides on EthicsPoint’s secure servers.

- Gives us the ability to confidentially communicate with reporter without knowing their identity.
What happens to reports?

- The hotline staff will forward information to the appropriate UI personnel for review and investigation.
- The university will share facts only with the people needed to resolve the matter.
- The hotline will assign you a report number, a personal identification number (PIN), and a contact date – use this information to check the status of your report or provide additional information.
- The university will not divulge the identity of a hotline reporter without consent.
Expanded Reportable Issues

- No longer limited to fraud or financial concerns
- Other reportable issue categories include:
  - Healthcare Compliance
  - Human Resources
  - Information Technology
  - Intercollegiate Athletics
  - Research
  - Risk and Safety
- Expanded definitions of reportable issues
Direct Reporting

- The hotline does not replace existing reporting methods, but provides an additional reporting method where the complainant may choose to report an issue anonymously.
- Should not be used to report issues concerning discrimination, harassment, or student conduct.
Our Commitment
The University of Iowa recognizes its obligation to its faculty, staff, and the community to maintain the highest ethical standards. Policy compliance is a shared responsibility that depends on individuals voicing their concerns.

Confidential and anonymous
This site provides an anonymous, confidential way to report potential issues. The university will address reports promptly and discreetly, sharing facts only with personnel needed to investigate and resolve the matter.

The university will not divulge the identity of a Hotline reporter without consent. No retaliation will be taken against people who report potential policy breaches in good faith.

- Anti-Retaliation Policy
- Resource Handbook for Fiduciary Conduct
- Financial Fraud Policy

Reportable issues
Use this site to report issues related to:

- Financial
- Healthcare Compliance
- Human Resources
- Information Technology
- Intercollegiate Athletics
- Research

- File a Hotline Report
- Follow Up on a Hotline Report
- Or call the Hotline toll-free: 1-866-ETHICS@UI (866 384 4287)

IN AN EMERGENCY, CALL 911
EthicsPoint is not an emergency service, if you need help in an emergency, call 911.
Links to the Confidential Hotline and Other Reporting Resources can be found here:
http://www.uiowa.edu/homepage/ethics-and-responsibility
Marketing Campaign

- Increased communications – emails, Iowa Now, The Loop, printed materials
- Increased visibility on A-Z
- Links added to other UI compliance sites
- Revised the website as appropriate for expanding the objectives of the site.
Deloitte TIER Project

Terry Johnson

AVP & Controller
Finance & Operations
Deloitte IT Recommendations

- IT01 – Leverage Pooled IT Support
- IT02 – Consolidate End-User Support
- IT03 – Applications Portfolio Management
- IT04 – Virtual Desktop and Print Green Initiative
Finance & HR Recommendations

- FN01 – Shared Services
- HR01 – HR Rep specialization
- SP01 – Purchasing Strategic Sourcing
Facility Recommendations

- Only pertain to ISU and UNI; not SUI

- FAC03 – Limit building use in evenings and summer

- FAC04 – Invest in energy management initiatives
Internal Audit Findings

Todd Stewart

Chief Audit Executive
Office of Internal Audit
Internal Audit Findings

1. Business Planning & Practices
2. Compliance and Internal Controls
3. Human Resources
4. Information Technology (IT)
5. Inventory and Capitalized Equipment
Business Planning & Practices

- Employee travel approved prior to departure date
- Delegation of Authority
- Policy Management (outdated policies)
- Disaster Recovery Plans
- Rekeying and Safe Combination updates
- Fire Safe Storage Areas
- Grant Management
Compliance and Internal Controls

- Segregation of the Procurement Process
- Cash Handling Procedures
- Inappropriate Pcard Approval
- Project Costing Methodology-Billing Rates
- Timely TDR reconciliation
- Missed Billing and Charge Lag
- Workflow Paths
- Review of Departmental Incentive Programs
Human Resources

- Human Resources Termination
  - Timely Restriction of User Access and Physical Access
- Orientation and Termination Checklists
- Staff Training – Various Areas
- Outdated Rewards & Recognition Policy
- Absence Approval and Documentation
Information Technology

- Noncompliant Password Protocols
- Active Directory Security
- Documentation and IT Cross-training
- Centralized Workstation Management
- Windows XP End of Life
- Vulnerability Scanning
- Identity Finder Scanning
- Data Backup
- Antivirus Software
- Generic Active Directory Accounts
Inventory & Capitalized Equipment

- Merchandise not properly accounted for
- Documentation of inventory
- IT Inventory
- Inventory Process
- Inaccurate Inventory
- Expired Inventory
EFR & Microsoft BI

Selina Martin

Associate Controller
AFR & CAM, Finance & Operations
New Financial Reporting & Analysis Solutions

Transactional Systems
- PSFT Financials
- PSFT HR
- MAUI
- ePost

University Data Warehouse

Microsoft Business Intelligence Solution
- SQL Server Integration Services
- SQL Server Reporting Services
- SQL Server Analysis Service

Web-based Financial Reports Max 2.0 (Reporting Services)

Self-service Business Intelligence
- MS Excel -
  - Power Pivot
  - Power View
  - Power Query

Web-based Financial Reports
Financial Summary Report

*Versions of certain CLAS Max Reports*

**Summary Reports - Fund Level**
- Current Period Balances
- Prior Period Balances

**Summary Reports - Institutional Account Level**
- Current Balances by Iacct
- Current Balances by org/Iacct with Page Break by Department
- Detailed Account Balances with Transfers In/Out

**Summary Reports - Department Level**
- Current Balances with Transfer In/Out
- Who Key Balances - Sorted by Balance

**Expense Reports**
- Current Period Expense (and Encumbrance) - Select Column Headings
- 5 Year Expenses with Chart
## Financial Summary – Fund Level

### Current Period Balances

#### The University of Iowa

**Fund Level Account Balances with Transfers**

As of: 10/20/2014 1:01:30 PM

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<th>Dept</th>
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<th>BAL FWD</th>
<th>BUDGET</th>
<th>REVENUE</th>
<th>TRANSFER-IN</th>
<th>EXPENSES</th>
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<td>135,074.57</td>
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<td>40,840.94</td>
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Grand Total: 226,819.17

Expenses: 50,903.66

Transfer-Out: 135,074.57

Encumbrance: 40,840.94
# Financial Summary – IACT Level

## Current Balances by IACT

### Detailed Account Balances

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<th>RPT</th>
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<td>Non Clin Faculty Sal-Acad Lft</td>
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<td>Salary, Fringe</td>
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<td>70,777.44</td>
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<td>General Expense</td>
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Financial Summary – Expense Reports

5-year Expense Chart

5 Year Expenses with Chart

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<th>FACULTY &amp; POST DOC</th>
<th>TA</th>
<th>RA</th>
<th>P&amp;S</th>
<th>MERIT</th>
<th>OTHER EXPENSES</th>
<th>F &amp; A COSTS</th>
<th>EQUIPMENT</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>2014</td>
<td>96,213,513</td>
<td>20,762,811</td>
<td>5,748,614</td>
<td>29,078,119</td>
<td>2,835,049</td>
<td>34,191,593</td>
<td>9,841,593</td>
<td>4,128,728</td>
<td>202,800,019</td>
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<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td><strong>455,422,273</strong></td>
<td><strong>100,241,058</strong></td>
<td><strong>29,206,912</strong></td>
<td><strong>137,017,317</strong></td>
<td><strong>17,917,573</strong></td>
<td><strong>160,555,220</strong></td>
<td><strong>55,857,968</strong></td>
<td><strong>20,231,089</strong></td>
</tr>
</tbody>
</table>
MS Excel Business Intelligence
Institutional Roles Categories

- Institutional Officer (1 role)
  - Budget Officers (3 roles)
  - Cash Handling (7 roles)
  - Research (3 roles)
  - Human Resources (3 roles)
  - Academic Categories
    - Deans (1 role)
    - DEO’s (1 role)
    - Faculty Oversight (4 roles)
Institutional Roles & Supervisor Designation

How are Supervisors assigned in Position Management?

1) **By Position** - This is true for P&S, SEIU, Merit, Research Assistants.

2) **Based on assigned Institutional Roles** - This is true for the employees below. This can be overridden by position in Position Management.
Institutional Roles & Supervisor Designation

Supervisor Designation Driven by Institutional Roles for some employees:

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Supervisor assigned based on Institutional Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Officers</td>
<td>President</td>
</tr>
<tr>
<td>Deans</td>
<td>Provost</td>
</tr>
<tr>
<td>DEO</td>
<td>Dean</td>
</tr>
<tr>
<td>Faculty</td>
<td>DEO</td>
</tr>
<tr>
<td>Post Docs</td>
<td>HR Unit Reps</td>
</tr>
<tr>
<td>Residents</td>
<td>HR Unit Reps</td>
</tr>
<tr>
<td>Teaching Assistants</td>
<td>TA Coordinator</td>
</tr>
<tr>
<td>Bi-weekly Students</td>
<td>HR Unit Reps</td>
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</table>
Export Control Basics

GRAINNE MARTIN
DEPUTY GENERAL COUNSEL
OFFICE OF GENERAL COUNSEL
Overview

What are export controls?
How do they apply to the University of Iowa?
Do any exceptions apply?
What happens if we violate export control regulations?
Where to get help?
What other resources are available?
What are export controls?

Two types of export controls in place since the 1940s

- Federal regulatory regime that controls export of physical items (e.g., equipment, software, source code), services, and information to foreign countries and their nationals, wherever located
- Federal economic/trade sanctions programs that prohibit financial, trade, and other transactions with embargoed countries, designated foreign entities, and designated foreign individuals

Purposes

- Protect national security and combat terrorism
- Prevent the proliferation of weapons of mass destruction (chemical, biological, nuclear)
- Protect US economic and trade interests
- Protect and further US foreign policy interests
How do export controls work?

Export restrictions
If a controlled item, materials, information is/are to be shipped/disclosed to a foreign national, either in the US or abroad, and there is not exclusion/exemption available, a license must be issued before you can proceed.

Economic/trade sanctions programs
• If a financial or other transaction involves a foreign national, either here or in the US
  • If the foreign national is a restricted/prohibited party: no license may be available; license requirement may apply; no license may be required but may require evaluation of end-use or end-user
• If a country-specific sanction/embargo applies and no exception or general license is available, a special license must be issued before you can proceed.
Basic terms and concepts

Export
Foreign national/foreign person
Defense article
Defense service
Restricted/prohibited party
What is an export?

An actual shipment or transmission of export controlled items, information, or software outside the US
- Shipment or transmission abroad to anyone (including a US citizen abroad) or to any country or its government
- Examples: email, mail, downloads from websites, conferences, hand-carried items in travel

A release or disclosure of the same to a foreign national in the US ("deemed export")
- Release or disclosure can be in any form, including in writing, verbally, visually
- Examples
  - Disclosures to UI employees or students who are foreign nationals engaged in research on campus
  - Disclosures during lab visits by international visitors
  - Disclosures in non-public meetings and presentations (such as those on campus)
  - Emails/calls to foreign nationals (whether one is aware or not of foreign national status)
  - Carrying controlled data abroad on computer or portable storage device, whether accessed or not
  - Remote access to US server from abroad
Who is a foreign national/foreign person?

- Any person not a US citizen or permanent resident (green card holder)
- Any person not granted political asylum in the US
- Any business or organization not incorporated in the US
- Foreign governments
What is a defense article? Defense service?

Defense article (ITAR)
- Any item or technical data (information about the item) listed on the USML
- Does not include
  - Information in the public domain
  - Information about general scientific, mathematical, or engineering principles commonly taught in schools, colleges, universities

Defense service (ITAR)
- Furnishing technical data or assistance (including training) to foreign nationals, whether in the US or abroad, about how to make, use, repair defense articles
What is a restricted/prohibited party?

Foreign national (individual or entity) who/that appears on one of the lists maintained by Departments of Commerce, State, Treasury

Examples (taken from the “Consolidated Screening List” at http://export.gov/ecr/eg_main_023148.asp)

- Denied Persons List (Commerce, BIS)
- Unverified List (Commerce, BIS)
- Entity List (Commerce, BIS)
- Specially Designated Nationals List (Treasury, OFAC)
- Debarred List (State, DDTC)
- Nonproliferation Sanctions (State, Bureau of International Security and Nonproliferation)
What export control restrictions are most likely to affect the University’s work?

Two of the “export of items, materials, information” variety

• EAR
• ITAR

One of the “economic/trade sanctions” variety

• OFAC
What is the EAR?

- Export Administration Regulations, 15 CFR §§730-774
- Enforced by Department of Commerce (Bureau of Industry and Security [BIS])
- Regulates the export of technologies and technical information that may have both civilian and military uses (“dual use” items)
- Regulated items appear on the Commerce Control List (CCL)
  - Nuclear materials; chemicals, microorganisms, toxins; electronics; computers; telecommunications; lasers and sensors; avionics; marine; propulsion systems
  - EAR 99: designation for low-level technologies and consumer items subject to the EAR but not on the CCL
    - Generally do not require a license unless exporting to an embargoed country, an end-user of concern, or in support of a prohibited end-use
What is ITAR?

- International Traffic in Arms Regulations, 22 CFR §§120-130
- Enforced by Department of State (Directorate of Defense Trade Controls [DDTC])
- Restricts the export of “defense articles” (items and related technical information that are “inherently military in nature”) and “defense services” (furnishing assistance/training on regulated articles and data)
- Regulated items are on the US Munitions List (USML)
  - 21 different categories of items, including such things as weapons, chemicals/biological agents, missiles, military vehicles, military electronics, spacecraft systems, software and software components

ITAR is more restrictive than the EAR, with harsher sanctions for noncompliant
What is OFAC?

• Office of Foreign Assets and Control, part of the Department of Treasury

• Enforces economic/trade sanctions against designated countries, organizations, and individuals (terrorists, international narcotics traffickers, persons engaged in proliferation of weapons of mass destruction)
  • The lists of those designated for sanctions/embargoes may change, depending on our foreign policy and other interests
How do export controls apply to the UI?

- Research
- Human resources/Immigration
- Purchasing
- International travel
- Shipping
- International programs
- IT Services
The questions to ask

What?
• Does your work involve export controlled information or items?

Who?
• Does your work involve foreign nationals?

Where?
• Are there international aspects to your work?

What for?
• Does your work involve sending or sharing something that could be used for a restricted/prohibited purpose?
Do any exceptions apply?

Fundamental research exclusion
• Applies to information (not items) resulting from basic and applied research in science/engineering at accredited US institutions, where the information is ordinarily published/published and generally accessible to public
• Exclusion lost if University accepts restrictions on publication or participation in research

Educational instruction exclusion
• Information conveyed to students in teaching is generally excluded

Publicly available information exclusion

Bona fide full-time employee exclusion
• Not available if employee is not regular full-time
What happens if we violate export control regulations?

Penalties for both University and individuals

- **ITAR**
  - Criminal: Fines up to $1M, imprisonment up to 10 years; for each violation
  - Civil: Fines up to $500K for each violation; revocation of export privileges

- **EAR**
  - Criminal: Fines up to greater of $1M or 5x value of export, imprisonment up to 10 years; for each violation
  - Civil: Fines $10K-$120K for each violation; revocation of export privileges

- **OFAC**
  - Criminal: Fines up to $1M, imprisonment up to 10 years; for each violation
  - Civil: Fines $12K-$55K for each violation

Loss of export privileges could shut down all University export controlled research

Negative impact on federal awards
Recent sanctions at universities

Research universities have become focus for federal export control compliance efforts

• U Tennessee professor convicted in 2011 on 18 counts of ITAR violations for allowing foreign graduate students access to military technical information in a US Air Force defense project; sentenced to four years in prison

• U Michigan Research Fellow arrested in 2014 for sending a medical device to Iran

• 2013 settlement by U Massachusetts Lowell of $100K fine, to be waived if no further violations in two-year probationary period; shipped two EAR 99 instruments to Pakistan entity on the BIS Entity List

• Three NYU School of Medicine researchers charged for providing unpublished data from NIH project on MRI technologies to Chinese companies

• UCLA fined by OFAC for supporting a conference in Iran

• Texas Tech professor convicted of exporting Yersinia pestis (controlled under the EAR) without license to Tanzania; two years prison and $37,400 fine
Where to get help

Division of Sponsored Programs

• Empowered Official: Jennifer Lassner, 335.2123, jennifer-lassner@uiowa.edu
• Export Control Coordinators
  • Patricia Cone-Fisher, 335.3582, patricia-cone-fisher@uiowa.edu
  • Loren LeClair, 335.2120, loren-leclair@uiowa.edu
• General DSP export control contact: export-control@uiowa.edu

Export Control Liaisons in specific units

Office of General Counsel

• Grainne Martin, Deputy General Counsel, 335.2742, grainne-martin@uiowa.edu
Resources

UI export control webpage:  http://dsp.research.uiowa.edu/export-control-home

Department of Commerce, Bureau of Industry and Security (EAR): http://www.bis.doc.gov/

Department of State, Directorate of Defense Trade Controls (ITAR): https://www.pmddtc.state.gov/

Department of Treasury, Office of Foreign Assets Control (OFAC): http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx