



Fundamentals of Financial Services



Session Topics

1. Tools to Manage Financial Risk
2. Accounting Basics & Key Terminology
3. Incoming Funds
4. Outgoing Funds
5. Endowment & Restricted Funds
6. Overview of Reporting
7. Year End Processes



As we have just seen, there are many different reasons all of you interact with us. Let's get started by sharing more information that will help you, starting with some tools that can help you manage financial risk and meet your financial accountabilities....

Annual Administrative Accountability Report

Why: Assurance that financial responsibilities are being fulfilled

- Relates to financial transactions, HR, payroll, records & data, research and capital assets

Who: Administrators with key financial role.

When: Covers fiscal year May 1 – Apr 30



You have many responsibilities while carrying out your financial role. The Annual Administrative Accountability Report is intended to provide assurance that your responsibilities as administrators, as they relate to the management of funds, are being fulfilled.

The report covers many areas including financial transactions related to incoming and outgoing funds; human resources and payroll; records and data; research processes; and capital assets. Some examples of questions asked in the report include:

- Are cheques and cash securely stored at all times until deposited?
- Are purchasing card statements reconciled monthly to receipts and approved by the appropriate supervisor?

Administrators and other individuals with key financial responsibilities are required to complete this Report for each fiscal year, May 1st to April 30th. If your faculty or department has identified you as being required to fill out the survey, you will receive it by email in June.

Responses are then reviewed and used to evaluate current practices and to identify where additional support and/or education may be needed.

When you have completed the report, it would be a good time for you to look at your responses and determine if any of your practices should be modified to meet the requirements of the report. If you have questions while completing the report, you can start by discussing with the Manager of Finance and Administration for your department.

Policies and Procedures - MAPP

Where to find:

- Financial Policies – MAPP Section 2

University Secretariat

ABOUT US ▾ BOARD ▾ SENATE ▾ ADMIN POLICIES ▾ ACADEMIC POLICIES ▾

Key policies

- 1.43 Safe Disclosure Policy
- 2.8 Procurement of Materials and Services
- 2.16 Travel & Expense Reimbursement
- 2.18 Membership Fees
- 3.4 Conflicts of Interest



An important part of understanding your accountabilities and responsibilities, includes understanding the University's policies and procedures.

The Manual of Administrative Policies and Procedures (or MAPP) is located on the University website under the University Secretariat (Governance) – and then can be found under the Admin Policies section. These policies and procedures have been approved by the University's Board of Governors, any changes to MAPP require Board approval.

The Finance Policies can be found in Section 2.

These are also ALL included on the Financial Services website, in the Policies and Procedures section, accessed from a link at the bottom of the page.

Here is a list of policies that may be of particular interest to you. We go into further detail on some of these key policies in other Operational Excellence offerings.

Four Tri-Agency Principles



- Directly related to the funded research
- Not provided by the institution
- Effective and economical
- Not result in personal gain

****Order of Precedence for 'Appropriate Use':***

- Some Tri-Agency programs explicitly allow/disallow specified expenses in their Funding Opportunity detail.
- Any special expense eligibility rules for a funding program **take precedence** over the Guide.



The final tool to manage financial risk that we are going to share right now are the Tri-Agency Funding principals, these principals relate to the use of Fund 2 Research funds.

- Tri-Agency funding is governed by four overarching principles. These principles provide high-level guidance that will allow grant recipients and administrative staff to make expense eligibility determinations.

An expense is deemed to be eligible if it complies with Western's institutional policies and meets each of the following conditions:

1. It is directly related to the funded research.
2. The expense must **not normally be provided** by Western. The intention here is to prevent Tri-Agency funds being used for items that Western typically covers for faculty members.
3. The expense must be an **effective and economical** option.
4. Finally, the expense must **not result in personal gain** and cannot serve an individual's interests or personal advantage that outweighs the benefit to the research activities.

- Please contact Research Finance if you have questions or need assistance with funding agency guidelines. We also offer Operational Excellence sessions specifically related to managing research projects.
- As a wrap up to this topic, the key here is that these tools will help you carry out your role and while not all policies and procedures will apply to you, it is your role to know which ones do and to seek support and clarification if any of them are unclear to you.

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Now that you know where to look for the processes and policies that will help you do your role efficiently and effectively, let's ensure you know the key terms and some accounting basics that are used when it comes to financial tasks at Western.

Revenues and Expenses

Revenues

- Government grants and funding from other agencies
- Student fees/tuition
- Sales and service income
- Income earned on investment
- Donations

Expenses

- Salaries and benefits
- Operating Costs
- Supplies and services
- Scholarships
- Utilities
- Repairs and Maintenance



First, we will look at revenues and expenses.

Revenues

When you are looking at your accounts in Western Financials, you may have revenue accounts. These revenues can originate from a variety of sources as noted in the slide. Most of you do not see actual revenues flow into your department/program but you do see budget allocations for expenses in the Operating Fund for your department/program.

As you become more familiar with the typical revenue that flows into your accounts, please let Financial Services and your analyst in Institutional Planning and Budgeting (IPB) know when new sources of revenue are received - such as a new gov't grant or other new funding. This will allow us to determine if all the revenue belongs in the current fiscal year or if there are any restrictions on those funds, and adjust your budgets accordingly.

Expenses

You all likely deal with expenses regularly, perhaps even daily. Expenses at Western include but are not limited to the following common types:

- Salaries and benefits
- Operating Costs

Supplies and services
Scholarships
Utilities
Repairs and Maintenance

Fund Accounting

- Fund accounting is an accounting system in which activity is recorded in separate and distinct funds.
- Each fund includes activity of a similar nature and like characteristics.
 - Important to record revenue or expenses in the correct fund for accurate reporting.
- Western budgets and manages its resources using 6 different funds.



Next we'll move on to Fund Accounting. At Western, our revenues, expenses and other transactions are recorded using fund accounting.

Fund accounting is an accounting system where activity is recorded in separate and distinct funds **and each fund may have specific regulations or restrictions.**

Each fund includes activity of similar nature and characteristics.

Fund accounting makes it easier to identify which monies are available for specific purposes and makes it easier to restrict expenditures to appropriate purchases.

It is important to record revenue and expenses in the correct Fund to support the appropriate use of revenues and accurate reporting. For example, if you have invoices or expenses to process related to Research funding (Fund 2), you want to ensure you code those to Fund 2 to keep all revenues and expenses together to ensure accurate reporting.

Funds 1-6

- Fund 1 – Operating
- Fund 2 – Research
- Fund 3 – Ancillary
- Fund 4 – Restricted (Special Funds)
- Fund 5 – Endowed
- Fund 6 – Capital



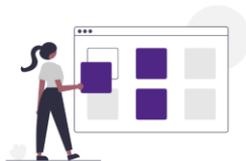
We have 6 different funds at Western with separate budgets that are used to manage resources – you will see our funds listed on this slide. We'll go into a bit more detail on them in a moment.....

Some of these funds may be more familiar to you than others, but it is important to understand the different funds as this will help you understand the availability of funds for particular types of spending or expenses in your area.

It is critical to match up expenses to their funding source when completing day-to-day transactions. If you are completing journal entries or charging expense, please double check which fund you are coding these expenses to, and if you have questions you can reach out to Finance or IPB

Fund 1 - Operating

- **Operating funds** account for academic and administrative activities.
- Revenue sources for this fund include provincial operating grants, student fees and other unrestricted revenue.



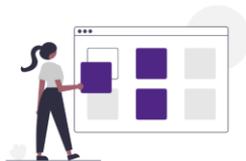
Fund 1 – Operating funds account for academic and administrative costs.

These costs include costs of instruction, student services, administrative services, facilities management and other operating expenses of the University.

Revenue sources for this fund include provincial operating grants, student fees and other unrestricted revenue sources.

Fund 2 - Research

- **Research funds** account for all research activities funded from restricted sources.
- Revenue sources include government, foundations, private industry, donors and internal university sources.

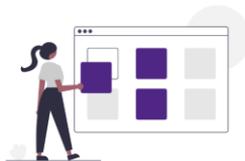


Fund 2 – Research funds account for all research activities funded from restricted sources.

Revenue sources include government grants, foundations, private industry, donors and internal university sources.

Fund 3 - Ancillary

- **Ancillary funds** account for operations supplementary to the primary function of academics and research.
- Revenue sources for this fund include student activity fees and sales producing operations including residences, bookstores, food services and parking.



Fund 3 – Ancillary funds account for all the operations provided as supplementary to the primary function of academics and research.

Revenue sources for this fund include student activity fees and sales producing operations including residences, bookstores, food services and parking.

Fund 4 – Restricted (Expendable)

- **Restricted funds** include projects that have spending available for immediate use based on specific criteria.
- Revenue sources for this fund include donations, government grants, allocation for spending from endowments, fees and conference/workshop registrations.



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Fund 4 – Restricted funds (also known as expendable funds) include projects that have spending available for immediate use based on specific criteria.

Revenue sources for this fund include donations, government grants, allocation for spending from endowments, fees, and conference/workshop registration.

Fund 5 - Endowed

- **Endowed funds** represent capital contributions that are invested and held in perpetuity to generate income and cannot be spent.
- Revenue sources for this fund include donations and government funding.
- Annually, an allocation for spending is moved from the endowment funds to restricted funds for spending. Investments and the allocation are based on university policies.



Fund 5 – Endowed funds represent capital contributions that are invested and held in perpetuity to generate income and cannot be spent.

Revenue sources for this fund include donations and government funding.

Annually, an allocation for spending is moved from the endowment funds to restricted funds for spending. Investments and the allocation are based on university policies. Kim will provide further detail later in the presentation.

Fund 6 - Capital

- **Capital funds** account for grants, donations and other funds made available to or by the university, specifically for capital projects
- Expenditures of a capital nature include new construction and maintenance, modernization and infrastructure projects



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Fund 6 – Capital funds account for grants, donations and other funds made available to or by the university, specifically for capital projects.

Expenditures of a capital nature include new construction and maintenance, modernization and infrastructure projects.

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Now that you know some key terminology we use and basics of accounting at Western, let's discuss the processes related to incoming funds including the Central Cashier, and how transactions get recorded. This will help you understand what you are looking at in Western Financials.

Incoming Funds: Billing (Accounts Receivable)

- Invoices to external customers of Western
- Customer payments – Credit Card, Electronic Funds Transfer (EFT), cheque
- Accounts Receivable processes payments
- Reminder notices sent to customers
- Review invoice status (outstanding or paid)
- Departments can run Billing Invoice reports
- HST – charge or not to charge
 - [Harmonized Sales Tax website](#) or email hst@uwo.ca
- MAPP 2.3 Accounts Receivable



Billing and Receivables resides within Western Financials and is used to invoice external customers for goods or services Western has provided (and report the corresponding revenue).

If invoicing is needed in your unit or department you will need to complete the online Billing Training Video prior to being granted access to the billing module. Contact Financial Services – Financial Systems via email to sign up for this training.

If your unit does not have the need to issue invoices on a regular basis (which is defined as less than 10 invoices a year), you can complete an Invoice Request form and a member of the Accounts Receivable team in Financial Services will complete the invoice on your behalf! The Invoice Request form is also available in Western Financials under the Forms tile.

It is important that you **do not** create invoices using any other software than the Billing and Receivables in Western Financials. Having all of our invoicing done centrally allows us to track funds that are owed to Western and ensure collection.

There may be HST implications for invoicing. It is your responsibility to know if

you need to charge HST or not charge HST on the goods and services being invoiced - check the Financial Services website under Corporate Accounting – Harmonized Sales Tax or contact us at hst@uwo.ca

MAPP 2.3 Accounts Receivable discusses these responsibilities in more depth.

Central Cashier – Deposits & Petty Cash Reimbursements

- Located in the Support Services Building – Suite 6100
- Currently by appointment only. Please email cashier@uwo.ca
- Fillable form for both deposits and petty cash on Central Cashier website <https://www.uwo.ca/finance/treasury/cashier.html>
- Ensure speedcode and account are valid
- Send Fund 2 Research deposits to your Financial Officer in Research Finance
- Cheques and cash must be accompanied by a [Deposit Memo](#)
- Cheques must be made payable to Western University, UWO or The University of Western Ontario
- Send Donations and Sponsorship Deposits to Advancement Operations



The Central Cashier is located in Financial services. They take deposits of cash and cheques, and petty cash reimbursements. The related forms are available on the finance website under Forms > Treasury & Investments > Cashier

Although petty cash reimbursements do not relate to incoming funds, it is still a function of the Central Cashier which is why we have included it in this section.

Petty cash reimbursements record expenses in the general ledger. Please ensure that the speedcode and account are included on the form and **are valid**.

- Cheques and cash **must** be accompanied by a completed Deposit Memo form.
- Note that incomplete / incorrect deposit forms will be returned.
- You will receive a deposit receipt from the cashier via inter-campus mail.
- Please don't send cash in the inter-campus mail, it should only be delivered in person.
- Cheques must be made payable to Western University, UWO or The University of Western Ontario.

As mentioned, this form can be found on the finance website under Forms.

Deposits related to Research projects are to be sent to the appropriate Research Finance - Financial Officer, these are not accepted at the Central Cashier.

Donations and Sponsorships are to be sent to Advancement Operations - they are not accepted at the Central Cashier.

Central Cashier – Deposits & Petty Cash Reimbursements

- Petty cash
 - Attach original receipts, authorization signature and deliver in person to cashier
 - When disbursing amounts in your unit, receipt total should be less than \$100
 - Cannot be used for payments to suppliers or individuals for living allowances, loans, cashing personal cheques, salaries, honoraria, travel or service of any kind



Here are a few things to remember related to Petty Cash:

- The Petty Cash Reimbursement form, found on the Financial Services website, must be completed and delivered in person, with the original receipts, to the Central Cashier.
- It is important to note when you are disbursing amounts in your department/unit, individual purchases (the receipt total) should be less than \$100.
- Petty cash **cannot** be used for payments to suppliers or individuals for living allowances, loans, cashing personal cheques, salaries, honoraria, employee travel or service of any kind.
- The form must be signed by the appropriate approver and in the case of charges to Research Grants/Contracts the Principal Investigator (or delegate) must sign all the original receipts.

Later in this session, Kim will provide more information regarding the deposit process for donations and sponsorships.

Banking

Banking in General Accounting helps you by providing the following services:

- Training, support and advice regarding all banking issues and reconciliation processes
- Reconciling the general ledger records to the bank statements
- Set up of all bank card payment processing including ecommerce transactions
- Administering incoming electronic funds and wire transfers
- Approving all petty cash and cash floats
- Posting all debit card and credit card fees such as discount and transaction fees



We'll now go over Financial Services role as it relates to banking, and your responsibilities.

Banking offers centralized banking functions and provides departments and divisions with support in carrying out their responsibilities. Banking ensures that the policies and procedures surrounding cash management at the University are appropriate. Our Banking group:

- Provides training, support and advice regarding all banking issues and reconciliation processes
- Reconciles cash and cheque deposits
- Sets up all bank card payment processing including internet and ecommerce transactions
- Administers incoming electronic funds and wire transfers
- Approves the petty cash that we discussed on the previous slide
- Posts all debit and credit card fees to the appropriate speed code

Your Role in Banking

Your Responsibilities:

- Deposit cash and cheques on a timely basis
- Record all bank deposits (except those deposited through the cashier) to the general ledger including debit and credit card transactions
- Inform Assistant Accountant, Banking of all incoming wire and EFT payments:
 1. Amount of incoming wire or eft
 2. Date payment is expected
 3. Who the payment is being received from
 4. Account to be deposited to



This slide touches on your role in the banking process

Your Banking responsibilities are to:

- Deposit cash and cheques on a timely basis
- Reconcile and record all bank deposits (except those deposited through the cashier)
 - You must reconcile the total deposits to your accounting records (i.e. daily eCommerce system report) prior to recording deposits
- Lastly, but most importantly – Inform the Assistant Accountant, Banking of all incoming wire and eft payments. :
 1. Amount of incoming wire or eft
 2. Date payment is expected
 3. Who the payment is being received from
 4. Account it should be deposited to

This is critical when you know a wire is coming because if we don't receive this information we don't have a home for the amount in the G/L as the wire detail on the bank statement is not sufficient. We want to ensure you get your money!

Accepting Payment Cards

If you want to accept debit and credit card payments, including ecommerce transactions:

- Step #1 – Check the website for your Role and Responsibilities
<https://commerce.uwo.ca>
- Step #2 – Contact us to apply

Separate banking or payments processing agreements can only be authorized by Financial Services



Accepting Payment Cards

Many areas on campus process debit/credit card payments including ecommerce transactions,

If your department or unit wants to accept these types of payments, please follow these steps:

Step #1 is to look at this website: commerce.uwo.ca.

The Commerce site at Western provides information on implementing and maintaining a system for processing credit and debit card transactions at Western.

You will find information on:

- What you need to know to accept credit and debit cards
- Your responsibilities
- Handling security
- Choosing the appropriate system

Step #2 is to contact us to apply.

Separate banking agreements or payments processing agreements can only be authorized by Financial Services as outlined in the Board of Governors Special

Resolutions – Banking.

Financial Services, with direction from the Bank Card committee, must approve all credit/debit card processing activities at the University. This means any online processing activity outsourced to a third party, swipe terminals, or Point-of-Sale solutions must be approved by Financial Services and the Bank Card committee.

The key takeaway here is that Faculties and Departments **MUST NOT** enter into separate banking or payment processing arrangements on their own.

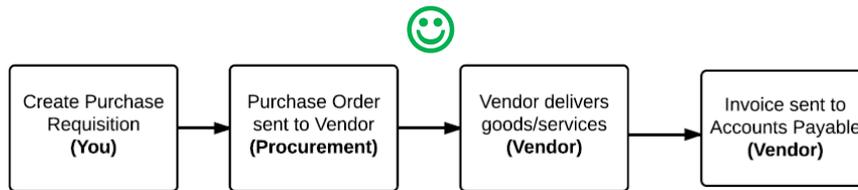
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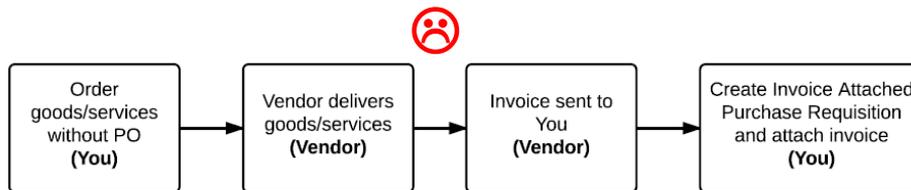


Now that we've talked about incoming funds, why don't we talk about those outgoing funds? I know it doesn't sound super exciting like incoming funds, but it pays the bills.

Outgoing Funds: Accounts Payable



Note: If the vendor sends you an invoice and a PO already exists – send it to apinvoice@uwo.ca



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On the screen we have two scenarios in the Procurement to Payment process.

In the first scenario you've requested to purchase something through Mustang Market, it was approved and the purchase order was sent to the vendor. The vendor should then send invoices directly to "apinvoice@uwo.ca" with the PO# referenced on their invoice. AP will then process the invoice against the PO.

If a vendor inadvertently sends an invoice to you instead of directly to Accounts Payable, please forward immediately to "apinvoice@uwo.ca", ensuring that the PO number is referenced on the invoice.

On an exception basis only you may need to follow the sad face route. In this situation, you've received an invoice from the vendor, but the purchase was not approved in advance of the goods or services being delivered. Because AP can only process an invoice that references a valid PO, you will need to request a PO after the fact using the "Invoice Attached" form in Mustang Market. You will attach your invoice to the requisition and once approved, the invoice will be sent automatically to AP for processing. You do not need to send another copy.

Accounts Payable Responsibilities

- Enter all invoices for payment in accordance with agreed upon terms
- Payment terms and payment method is managed by Vendor Services



Accounts Payable processes invoices in PeopleSoft as we receive them, with priority given to vendors with special payment terms (ie small suppliers, utilities)

The actual payment will be made in accordance with the vendor's payment terms. These payment terms are specific to each vendor and PeopleSoft will automatically select an invoice for payment when it is due.

Methods of Payment

- Cheque (CAD and USD)
- EFT/Direct Deposit (CAD)
- Visa Payables (CAD and USD)
- International Wire Transfer or Draft
- Foreign payments (30+ currencies)



Here are the methods of payment that western offers. Next we will see when these payments are issued.

Accounts Payable

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
CDN Cheque		P			
CDN EFT	P	P	P	P	P
USD Cheque				P	
Visa Payables	P				
Foreign Draft	P			P	
Wire Transfer	P			P	

apquestion@uwo.ca
apinvoice@uwo.ca



Here you can see there is a P on each day of the week that we pay out using that payment method. The important part to note here is to get invoices in asap to be entered and processed and paid when due

Purchase Cards (P-cards)

- Should be used to purchase goods and services of relatively low dollar value
- Should not use to purchase foreign tangible goods
- Card is issued in your name, but it is the property of Western University and is to be used exclusively for University business purchases.

[Western's Scotiabank Purchasing Card \(P-card\) Training](#)



Another method of payment is our Visa purchasing card program. The purpose of Western's Pcard Program is to offer an efficient and cost effective method to purchase and pay for goods and services of relatively low dollar value.

More information is available in the Procurement Basics Operational Excellence

Payment Requisitions

Payment requisitions can be used when funds need to be sent to an individual or organization but the request doesn't fall under any other business process, such as Procurement or HR.

Payment Requisitions



Payment requisitions can be used when funds need to be sent to an individual or organization but the request doesn't fall under any other business process, like procurement or HR.

Travel & Expense Reimbursement

The most economical means of **reasonable** and **appropriate** travel and expenses related to University business will be reimbursed.

Subject to University policy and procedures, Broader Public Sector rules, and funding source guidelines and restrictions.

When in doubt, speak to your department leader or email reimburse@uwo.ca

[Travel Booking & Expense Claims Video Tutorial](#)



Western reimburses the most economical means of **reasonable** and **appropriate** travel and expenses related to University business will be reimbursed.

When in doubt, speak to your department leader or email reimburse@uwo.ca for clarification before incurring the expense.

We have included a link to a learning module on Booking Travel and Submitting expense claims and also invite you to attend our workshop on this process, if it is part of your role.

Reimbursement Methods

Faculty/Staff Expense Reports are paid by EFT to the bank account listed in MyHR (or by cheque if you do not have a bank account).

Guest Expense Claims will be paid as indicated on the form.

Faculty/Staff/Grad Expenses



Guest/Undergrad Expenses



0 Active Expense Reports



Faculty/Staff/Grad Expense forms are paid by EFT. Guests and undergrad students are paid as indicated on the form, depending on where the claimant is located and the reimbursement currency.

There is an upcoming operational excellence session on Travel and Expense Reimbursement, so stay tuned for that.

Professional Expense Reimbursement (PER)

- Professional expenses related to your work at Western or professional development
- PER eligibility and details differ by employee group and are outlined in your collective agreement or memorandum



[How to Submit a Professional Expense Reimbursement](#)



For those who are eligible, Professional Expense Reimbursements (PER) can be used to pay for eligible professional expenses that relate to work at Western for which you have not already been reimbursed.

Some common examples of expenses claimed include:

- Conference expenses including travel and accommodation;
- The business use portion of Internet charges;
- The business use portion of your monthly cell phone plan;
- Computer and software purchases;
- Professional membership fees.

To assist in completing the PER online, there is an online training module available on the Financial Services website, which we have linked to here.

Harmonized Sales Tax (HST)

- HST is 13% in Ontario
 - 8% provincial
 - 5% federal
- 3.41% rate net of rebates
 - The charge to your GL account may not match the invoice because we got a rebate

www.uwo.ca/finance/accounting/hst.html



When HST is applicable on the purchase of goods or services, Western can claim a rebate on the HST paid as a public service body. Therefore, the cost to you is only 3.41% HST instead of 13%. I will show you visually on the next slide.

Harmonized Sales Tax (HST)

Purchase Amount Before Taxes (A)		100.00
HST (13% - Ontario)		
Federal Component (5%)	5.00	
Provincial Component (8%)	8.00	
Total Tax Amount (B)		<u>13.00</u>
Total Amount After Taxes (A) + (B) = (C)		113.00
University Rebate		
Federal Rebate (67%)	(3.35)	
Provincial Rebate (78%)	(6.24)	
Total Rebate (D)		<u>(9.59)</u>
Cost to Department (C) - (D)		103.41



If you purchased something for \$100, and paid 13% HST, after rebates, the cost to you is only \$103.41

We receive a rebate of 67% of the federal component and 78% of the provincial portion, and this is deducted off the \$113.00, which gives you your \$103.41 hitting your GL account.

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Now we will look at Endowed and Restricted Fund and how they are used at Western....

Endowed & Restricted Funds: Restricted Projects - Fund 4

- A restricted project holds funds that are spent within a finite period of time.
- The use of funds is determined by terms of reference, donor agreements or government program documents.
- All donations and sponsorships are deposited by Advancement Operations for reporting and receipting purposes.
- Spending must be compliant with original terms of reference.
- A pledge is not a guarantee of funding. Donor circumstances can change.
- All deficits must be cleared by yearend.



Restricted projects hold money that is meant to be spent within a specific period of time. The majority of these projects are created as a result of the University's fundraising efforts. The use of money in these projects is typically determined by terms of reference, government program documents, donor and sponsorship agreements. Allowable spending is also outlined in these documents which staff reference for compliance and audit purposes. If you are unclear on the allowable expenditures in your projects, contact Endowment and Restricted Funds staff.

Advancement Operations processes donations and sends pledge reminders to donors who in turn send their payment back to Advancement for processing. All donations and sponsorships are deposited by Advancement Operations in order to issue the appropriate charitable or business receipt. If you receive a donation or sponsorship directly in your area, send it along with all back-up documentation, to Advancement Operations. Cheques should not be sent to the Central Cashier for deposit.

Many donor agreements include pledge schedules for the donor. While it is anticipated that donors will fulfill their pledge payments, and most do, there can be unforeseen circumstances that result in a donor not being able to make all of

their pledge payments. A pledge is not a guarantee of funding; therefore, it is important that spending is based on cash received in the general ledger and not future pledges. Any project deficits must be cleared by the department before yearend.

Continuing Education Projects Fund 4

- Continuing Education projects include a broad area of initiatives including non-credit courses, conferences, day camps, seminars, workshops, etc.
- New projects are initiated by filling out the Continuing Education Application Form on the Financial Services website.
- Registration fees, book sales and ticket sales for events are subject to HST which must be segregated on the Deposit Memo.
- All third party payment processing must be approved by the Bank Card Committee.
- These types of projects are subject to overhead as they have an incremental cost to the University. Overhead is determined by IPB and is currently either 6.5% of monthly expenses or 15% of monthly revenue.



Continuing Education projects are a unique subset of expendable projects. There are a broad range of activities captured in this area including University non-credit courses, community services programs, conferences, workshops, seminars, fundraising events, day camps and fee for service projects. These events contribute to the University's role within the community and are financed primarily by registration fees, sponsorships, user fees and ticket sales.

If you have any of these types of activities happening in your faculty or department, you are required to request a new project by using the Continuing Education Application Form on the Financial Services website. The form requires a detailed description of the event, a budget and budget unit head or Dean approval.

It is important to note is that in most cases, registration fees and ticket sales are subject to HST. Before an event, please reach out to Endowment and Restricted Fund staff to discuss any tax implications. Faculties and departments are responsible for depositing registration fees, ticket sales and HST through the Central Cashier.

The University is responsible for the federal and provincial legislation processing of credit cards and rules and regulations related to the handling of Bank Cards and Cardholder Information as imposed by Banks and other third parties. There is a considerable amount risk associated with processing credit/debit cards. Therefore, faculties and departments cannot set-up their own accounts with PayPal or other third party payment entities for collecting University registration fees. Faculties and departments must have all credit/debit card processing platforms approved by the Bank Card Committee prior to any use of the platforms.

Because these types of projects have an incremental cost to the University outside of the regular teaching and research on campus, overhead is charged. The overhead rates are determined by Institutional Planning and Budgeting and may be based on monthly revenue or expenses depending on the faculty or initiative. The overhead rates are currently 6.5% of monthly expenses or 15% of monthly revenue.

Endowment Projects - Fund 5

An endowment provides a permanent legacy of support for today and into the future.

\$100,000 endowed donation received in Year 1 to support a \$4,000 award

	Year 1	Year 2
Investment Returns	5.00%	4.00%
Endowment - Fund 5		
Balance Forward	-	105,000
Donation	100,000	-
Investment Returns	5,000	4,032
Allocation for Spending	-	(4,200)
Ending Balance	<u>105,000</u>	<u>104,832</u>
Expendable - Fund 4		
Balance Forward	-	-
Allocation for Spending	-	4,200
Expenditures	-	(4,000)
Ending Balance	<u>-</u>	<u>200</u>

Allocated at April 30th

Transferred May 31st

Policy 2.11 Investment Payout Policy http://www.uwo.ca/univsec/pdf/policies_procedures/section2/mapp211.pdf



Similar to the Restricted projects in fund 4, Endowed projects are established based on terms agreed to and approved by donors and the University.

An endowment provides a stable revenue stream to the university in perpetuity. The amount to be endowed is housed in fund 5 and added to the pool of endowed funds that are invested by Western's Investment Committee in a portfolio geared toward long term growth. Investment returns are allocated to the endowments once a year at April 30th based on the gains or losses in the fiscal year.

In May of each year, a portion of the investment returns from prior years are allocated for spending and transferred to fund 4 to be while the remaining investment returns stay in Fund 5 to help grow the endowment to provide intergenerational equity.

In this example, \$100,000 has been received in Year 1 to support a \$4,000 student award. The investment returns earned during the year where 5% and endowed balance at the end of year 1 was \$105,000. In Year 2 the allocation for spending was calculated as 4% of the Year 1 ending endowed balance ($105,000 \times 4\%$) and equals \$4,200 which is transferred from the endowment to the expendable account for spending. The remaining investment returns from

Year 1 stay in the endowment to increase it's value. Spending happens in the fund 4 portion of the endowment and in this example, the award value was \$4,000. The \$200 left in the expendable account will be used to support future awards.

The calculation for the allocation for spending beyond Year 2 is based on an average endowed balance and can be found in MAPP 2.11 - Investment Payout Policy.

Endowment and Restricted Projects

- Printing Reports
 - Restricted and Endowed reports are available for printing to assist in managing your projects
 - Statements can be run from your desktop as needed
 - Instructions to print statements can be found at http://www.uwo.ca/finance/forms/docs/corporate_accounting/Special%20Funds%20Project%20Reporting%20-%20November%202014.pdf



There are 2 different reports that are available for you to run to support the management of your projects. The Endowment Report and the Restricted Report. We'll have a look at those in the next few slides.

For both of these reports, you have the option of viewing all of your projects or just a specific group of projects in your department. For example, you can print all of your student aid projects without printing any other projects in your department. This can be helpful for the individuals that look after student aid in your department so they can see a list of student aid projects, what the current balance of the project is and if the award has been given out.

Instructions to print these statements is on the Endowment and Restricted section of the website under 'Printing Financial Reports'.

Let's have a look at what the reports look like....

Endowment Summary Report

Report ID: UFSSP103
Query Name: UFSSP103_CC

The University of Western Ontario
Endowed Funds – Funds 4 & 5
As of April 30, YYYY (Period 12, Fiscal YYYY)
Month End Status: FINAL

Reports ran mid-month will indicate that the Reporting Period status is 'IN PROGRESS' instead of 'FINAL'.

Page: 1 of 1
Run Date: YYYY-01-17
Run Time: 10:35 AM

Department:

Fund 4 - Expendable							Fund 5 - Endowed			
Project ID	Project Description	A Balance Forward	B Revenue	C Expense	D Encum- brance	A-B-C-D Funds Available (/Overspent)	A Balance Forward	B Revenue	C Expense	A-B-C Balance
Faculty/Departmental										
71S310		4,953.52	1,604.74	500.00	-	6,058.26	44,873.29	3,833.81	-	48,707.10
71S830		5,621.55	2,912.95	3,439.18	-	5,095.32	82,065.64	7,011.40	-	89,077.04
Total - Faculty/Departmental		10,575.07	4,517.69	3,939.18	0.00	11,153.58	126,938.93	10,845.21	0.00	137,784.14
Student Aid										
77L010		1,366.41	485.44	250.00	-	1,801.85	13,607.63	1,162.59	-	14,770.22
77S300		9,207.13	4,130.36	2,900.00	-	10,437.49	115,903.01	9,902.36	-	125,805.37
77T090		20,834.25	12,618.30	5,000.00	-	28,450.55	354,982.66	30,323.50	-	385,311.16
870015		1,844.93	5.76	700.00	-	950.69	20,714.35	2,881.85	-	23,596.20
870164		2,417.81	0.30	1,100.00	-	1,326.11	34,620.65	4,351.09	-	39,170.54
870251		5,410.82	25.45	-	-	5,436.27	25,063.41	3,131.72	-	28,195.13
880110		7,734.42	25.35	5,600.00	-	2,159.77	153,571.25	48,449.33	-	202,000.98
Total - Student Aid		48,615.77	17,286.96	15,550.00	0.00	50,367.73	718,669.16	100,208.04	0.00	818,877.20
Dept Total for		59,190.84	21,814.65	19,489.18	0.00	61,516.31	845,608.09	111,053.25	0.00	956,661.34

These funds are available for spending.

These funds are invested and cannot be spent

Every May an allocation for spending moves money from Fund 5 to Fund 4 for spending.



These reports can be run directly from your desktop at any point in time.

This is an example of the Endowment **summary** report. This report shows all of the endowments in a department. Here we see the fund 5 portion of the endowment that is invested and can't be spent and here is the fund 4 portion that can be spent. The report was ran after month end close so you will see the month end status listed as 'FINAL' at the top of the page.

Endowment Detail Report

Report ID: UFSSP103 Query Name: UFSSP103_CC	The University of Western Ontario Endowed Funds – Funds 4 & 5 As of April 30, YYYY (Period 12, FiscalYYYY) Month End Status: FINAL	Page: 3 of 8 Run Date: YYYY-01-17 Run Time: 10:56 AM
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77S300 -		Fund 4 - Expendable					Fund 5 - Endowed		
		Previous Month Balance	Current Month Activity	Current Month Balance	Current Month Encumbrances	Funds (Available) / Overspent	Previous Month Balance	Current Month Activity	Current Month Balance
340000	Balance Forward	(9,207.13)	-	(9,207.13)	-	(9,207.13)	(59,000.00)	-	(59,000.00)
340100	Bal. Fwd - Investment	-	-	-	-	-	(50,903.01)	-	(50,903.01)
533100	Rev. - Invest. Income (993)	(55.85)	(3.26)	(59.11)	-	(59.11)	-	-	-
533300	Rev. - Invest. Returns (993)	(4,071.25)	-	(4,071.25)	-	(4,071.25)	-	-	-
630000	Student Awards	1,500.00	1,400.00	2,900.00	-	2,900.00	4,071.25	(13,973.61)	(9,902.36)
		(11,834.23)	1,396.74	(10,437.49)	0.00	(10,437.49)	(111,831.75)	(13,973.61)	(125,805.37)

Expendable Fund Current Month Activity									
Journal ID	Date	Source	Operator ID	Line Description	Journal Reference	PO / Voucher / Invoice Number	Vendor / Customer Number	Account	Amount
0002	YYY-04-30	INT	LROSS	UWO Interest Allocations	INTEREST			533100	(3.26)
0002	YYY-04-06	SF	PSPER					630000	1,400.00
Fund 4 journal entries for the month									
									1,396.74

Endowed Fund Current Month Activity									
Journal ID	Date	Source	Operator ID	Line Description	Journal Reference	PO / Voucher / Invoice Number	Vendor / Customer Number	Account	Amount
0002	YYY-04-30	ONL	DSTECHLY	returns on opening balance	FISCAL 201			533200	(13,973.61)
Fund 5 journal entries for the month									
									(13,973.61)



There are different layers to the reports if you need more detail.

This is an example of a **Endowment Detailed** report where you can see the actual account balances within a project as well as any journal entries that have been posted to the project during the month.

This is helpful to get a quick overview on the project to see monthly activity or if you want to send a report to individual in your department that needs more detail on a specific project. (Explain flow of transactions if time permits.)

Restricted Summary Report

Report ID: UFSP101
Query Name: UFSSP101_CC

The University of Western Ontario
Special Funds – Funds 4 Reports
As of January 31, YYYY (Period 9, Fiscal YYYY)
Reporting Period Status is IN PROGRESS

'IN PROGRESS' indicates the report was run during the month prior to close.

Department:	A Balance Forward	B Revenue	C Expense	D Encumbrance	A+B-C-D Funds Available / (Overspent)
Continuing Education					
400303	(33,912.39)	60,780.58	88,743.02		(91,304.29)
400304	(5,779.32)	79,168.77	67,509.78		(8,744.45)
400305	(778.10)	9,450.73	1,950.47		6,722.16
400309	2,099.06	163,486.47	142,156.93	21,039.98	2,388.62
Total - Continuing Education	(38,370.75)	312,886.55	300,360.20	65,093.56	(90,937.96)
Faculty/Departmental					
830149	1,535.04	54,374.39	29,533.90	0.00	26,375.53
Total - Faculty/Departmental	1,535.04	54,374.39	29,533.90	0.00	26,375.53
Student Aid					
67M111	7,792.54	-	-	-	7,792.54
67M112	7,792.55	-	-	-	7,792.55
Total - Student Aid	15,585.09	0.00	0.00	0.00	15,585.09
Total for	(21,250.62)	367,260.94	329,894.10	65,093.56	(48,977.34)



This is an example of a **Restricted summary** report that can be run to have a quick review of project balances and potential issues. This is the key report that you should be running on a monthly basis. Why? Because this report indicates any projects in a deficit balance as well as projects with a large surplus balance. It is important for you to address both issues. You need to know why a project is in a deficit and how you will clear that before year end. You also need to know why there is a significant build up in unspent funds. These are important sources of funds for your department that may alleviate spending in your operating budget. Your department should be creating a spending plan for each of your projects so that all funding is utilized.

It is important to note that donor's receive reports on how their donations were spent so it is crucial that we don't go back to a donor and report that there was no spending during the year. When that happens, it decreases the ability to attract donations to your department in the future.

Note the status on the report is **'IN PROGRESS'** because the month had not closed yet. You can also run a Restricted detail report that looks similar to the Endowment detail report but it doesn't include any endowment information.

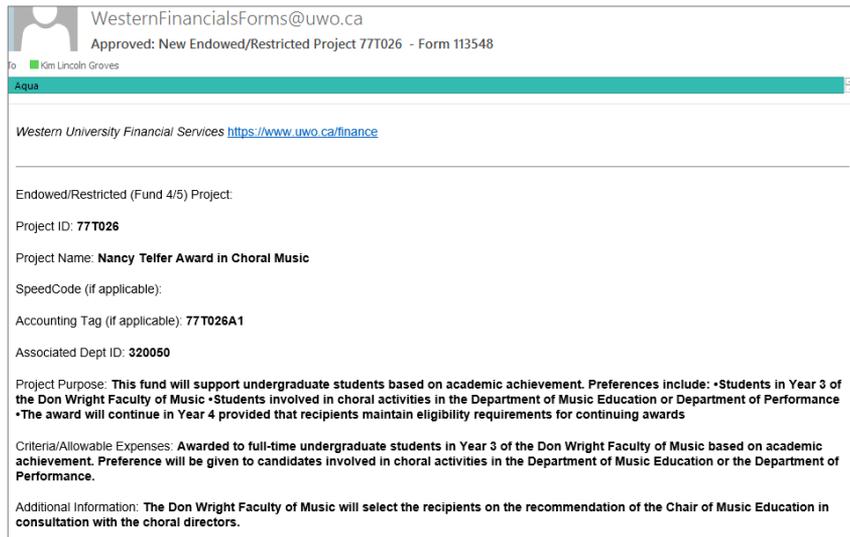
New Project Set-up

The screenshot shows a web form titled "Request: New Endowed/Restricted Project" within the "Chartfields" section of the "Forms" tile. The form includes a header with a back arrow and the title. Below the header is a paragraph of introductory text explaining the purpose of Endowment and Restricted Funds. The form is divided into sections: "General Information" and "Project Type". Under "Project Type", there are three sub-sections: "Endowed", "Expendable", and "Term Endowment", each with a brief description. The form contains several input fields: a dropdown menu for "Project Type", a text box for "Project Name", a text box with a search icon for "Department ID", a date picker for "Start Date" (set to 01/18/2024), a text box with a search icon for "User ID of Individual Responsible for Managing the GL", and a text box with a search icon for "User ID of Project Approver (Dean, Chair, Budget Unit Head)". At the bottom of the form, there is a section labeled "Project Details".



We've recently completed a new on-line form for the set-up of new Endowment and Restricted Fund projects. It can be found in PeopleSoft Financials under the Chartfield section of the Forms tile. The form includes instructions and definitions to assist with filling out the form and also includes workflow. Above is a screenshot of the top portion of the form. You will notice that there is a line item that indicates the 'User ID of the Individual Responsible for Managing in the GL'. This would be the person who will be reviewing monthly balances and processing expenses against the project. Once the form is completed, it will be sent to the Dean, Chair or Budget Unit head indicated on the form for approval. From there the form comes to Endowment and Restricted Funds to review and set-up a new projects and a speedcode if applicable.

New Project Set-up



WesternFinancialsForms@uwo.ca
Approved: New Endowed/Restricted Project 77T026 - Form 113548

to Kim Lincoln Groves

Aqua

Western University Financial Services <https://www.uwo.ca/finance>

Endowed/Restricted (Fund 4/5) Project:

Project ID: **77T026**

Project Name: **Nancy Telfer Award in Choral Music**

SpeedCode (if applicable):

Accounting Tag (if applicable): **77T026A1**

Associated Dept ID: **320050**

Project Purpose: **This fund will support undergraduate students based on academic achievement. Preferences include: •Students in Year 3 of the Don Wright Faculty of Music •Students involved in choral activities in the Department of Music Education or Department of Performance •The award will continue in Year 4 provided that recipients maintain eligibility requirements for continuing awards**

Criteria/Allowable Expenses: **Awarded to full-time undergraduate students in Year 3 of the Don Wright Faculty of Music based on academic achievement. Preference will be given to candidates involved in choral activities in the Department of Music Education or the Department of Performance.**

Additional Information: **The Don Wright Faculty of Music will select the recipients on the recommendation of the Chair of Music Education in consultation with the choral directors.**



This is an example of an email that is sent to the originator of the form and the individual responsible for managing the project in the GL after the project has been set-up. It provides all of the information required to manage the project and has a form number reference allowing you to go back and see additional information captured on the form and attachments.

Session Topics

1. Tools to Manage Financial Risk
2. Accounting Basics & Key Terminology
3. Incoming Funds
4. Outgoing Funds
5. Endowment & Restricted Funds
- 6. Overview of Reporting**
7. Year End Processes



Ok, now we are going to close out by reviewing reporting, and some year end processes

Internal Reporting

- Various internal reporting tools exist to facilitate the reconciliation process
 - General Ledger (G/L) Inquiry
 - Monthly research statements
 - nVision reports
 - Endowment & restricted statements
- Accounts should be reconciled regularly to ensure that the General Ledger accurately reflects the transactions authorized for processing.



We have internal and external reporting at Western.

Internal reporting helps you carry out the financial accountabilities of your role.

Now that we have a basic understanding of funds, and the knowledge you gained from the pre-learning about Western Financials ... we want to discuss the reconciliation of your accounts. Remember we are all human and we do make mistakes on occasion – reconciliations can help to discover errors so they can be corrected in a timely manner.

So, it is important to reconcile your accounts regularly to ensure that the transactions and journal entries that have been recorded in the General Ledger by you, and others, accurately reflect what was authorized for processing. There are various internal reporting tools that exist within Western Financials to facilitate the reconciliation process which include:

- G/L inquiry
- nVision reports
- Monthly research statements and
- Endowment and restricted statements

We have specific in-depth Operational Excellence workshops on reading and using each one of these reports. If you feel these tools may be helpful to you

and want to learn more, I suggest you enroll in the Operational Excellence sessions.

If you have questions about your accounts or require support with reconciling transactions, you can reach out to financial services at any time. As discussed earlier, if your department has eCommerce activity, this activity will need to be monitored and reconciled regularly.

External Reporting

- External Reporting
 - External Funding Agencies
 - Statutory
 - Audited Financial Statements



We'll now briefly touch on the various external reporting that is done by Financial Services

In order to comply with Funding Agency requirements, financial reporting is prepared to summarize the revenues and expenses for a defined period.

- External agencies that provide funding to Western often require periodic reporting.
- Statutory reporting is submitted to government bodies to meet mandatory reporting requirements.
- Audited Financial Statements are prepared for various users including rating agencies and lending institutions who require these statements.

Session Topics

1. Tools to Manage Financial Risk
2. Accounting Basics & Key Terminology
3. Incoming Funds
4. Outgoing Funds
5. Endowment & Restricted Funds
6. Overview of Reporting
- 7. Year End Processes**



Our final topic is Year End Processes

Year End – What You’ll See in the GL

Accruals

- Record a revenue or expense that has occurred, but has not yet been entered in the accounting records at the end of the accounting period or year.
- **Posted by Financial Services & IPB**
- Finance posts an accrual for the last full week of weekly payroll in April (Fund 1, 3 & 4)
- Accruals are reversed in May of the next fiscal year as the actual entries will be posted.



At year end, significant accruals are recorded in the general ledger.

Accruals record a revenue or expense that has occurred, but has not yet been entered in the accounting records as of the end of the accounting period or year.

These revenue or expense accruals are posted at the department or corporate level by Financial Services and Institutional Planning & Budgeting.

Accruals are not to be posted by departments/units. Please contact your financial analyst in IPB if you have any questions about accruals.

Generally, at year end, Financial Services posts an accrual for the last full week of weekly payroll in April (for Funds 1, 3 & 4). Another example is accounts payable invoices that are received after year end, but are dated prior to April 30th. You will see these expenses in your G/L accounts at year end and you will also see the accruals reversed in May of the next fiscal year as the actual entries will then be posted.

Year End – Your Role

- Fiscal year
 - May 1st to April 30
- Transaction dates
 - Transactions occurring before year end must be dated April 30th or earlier to be recorded in the appropriate fiscal/budget year
 - Deadlines exist to ensure recording of revenues and expenses in the appropriate fiscal/budget year
 - Outlined on year-end schedule
- Year end deadline schedule
 - Financial Services website - Homepage



As we have discussed, Western's fiscal year and budget year run from May 1st – April 30th.

At year end, in your department/unit you need to ensure that all transactions occurring before year-end are dated April 30 or earlier in the G/L in order to be included in the appropriate budget year.

Please ensure that you are aware of the year end processing deadlines for Accounts Payable, travel reimbursement, procurement, Central Cashier etc. to ensure transactions are captured in the G/L by year end.

In early April, Finance provides a schedule of these and other Financial Services year-end deadlines which is posted on the Financial Services website homepage.

Year End - What You'll See in the GL

- Closing of accounts
 - Funds 1, 3, 4, 5 & 6 revenue and expense accounts are closed (brought to zero)
 - The net amount is a surplus or deficit
 - Surplus or deficit is closed to net assets



At year-end the revenue and expense accounts for Funds 1, 3, 4, 5, & 6 are closed, which means these accounts are brought to zero.

At the start of the new fiscal year, your revenue and expense accounts will have a zero balance.

Based on our discussion about funds, you might notice that one fund is missing in this process....which is Fund 2

Year End

- Research projects – Fund 2
 - Align with the funding agency’s fiscal year and not with Western’s
 - Projects funded by the Federal or Provincial governments require financial reporting for the period ending March 31st each year
 - Research projects can start and end in any month
 - Accounting data from May 1 – April 30 is included in the year end compilation for the corporate financial statements.



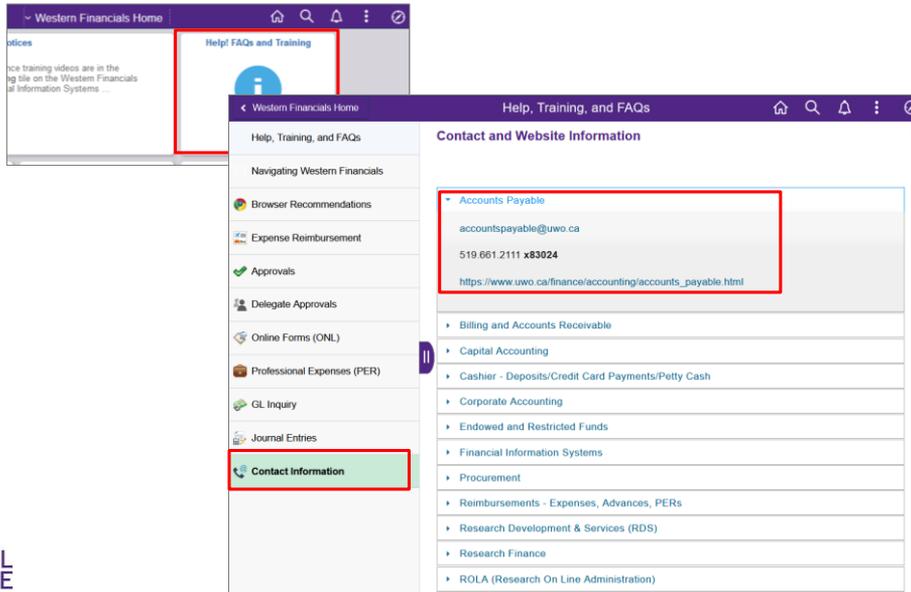
Fund 2 – Research, is excluded from the close process at April 30th.

This occurs as generally for research projects, the Budget Period aligns with the funding agency’s Fiscal Year – e.g. government granting agencies and ministries have a fiscal year of April 1 to March 31.

Research Finance’s peak period is March 31st due to the volume of government funded projects requiring financial reporting. It should be noted that research projects can start and end in any month of the year depending on the agency requirements.

Research projects revenue and expense accounts are not closed at April 30th but the transactions that occur between May 1 – April 30th are still included in the compilation for the corporate financial statements.

General Contacts



Using our website you'll find a lot of information. It is the best place to start your search for answers, but we know that you may not find answers to every question you have. So when you have questions you can't find answers to, go to the Western Financials home page, select the Help FAQ and Training tile,

and then select contact information from the menu.

This is where you can find the contact information for all of the departments in Financial Services. Reach out to us before you proceed so we can provide direction, as it's easier for everyone to provide timely support than have to correct something after the fact.

Here is a list of general email addresses for various areas within Financial Services.

When you have a question, you can use a general email address to ensure you reach someone who is in the office, emailing a specific person is fine to but if they are away the response may be delayed.

Resources

Travel:

- Workshop: Travel & Expense Claims: Guidelines & Process
- Self-Directed learning: [Travel Booking & Expense Claims Video Tutorial](#)

Endowed

- Live, Virtual Q&A: Endowed & Restricted Funds

Procurement (P-Card)

- [Procurement Basics Learning Modules](#)
- [Western's Scotiabank Purchasing \(P-card\) Training](#)

For details:

Financial Services Training and Reference website:
https://uwo.ca/finance/training_reference/index.
Operational Excellence website:
uwo.ca/hr/learning/staff/operational.html



www.uwo.ca/finance



We have referenced a few training resources and support, already.... here is a more detailed list to support you.

You can also go to the main page of our website and select each of the units listed across the top to learn more about how each can support you.

Contact Information

Name / Department	Contact Information
Laura Atkins, Assistant Controller	laura.atkins@uwo.ca
Ashely De Jeu, Manager, Accounts Payable & Reimbursements	asmit483@uwo.ca
Kim Lincoln Groves, Financial Officer, Endowed & Restricted Funds	kgroves@uwo.ca



If you have questions or need help in the future, please contact Financial Services, they'd be happy to assist you.