

Financial Services

FINANCIAL ADMINISTRATORS' FORUM

April 22, 2010

Cristiane Tinmouth
Controller



ORDER OF THE FORUM

- Change in Fiscal Year End
- Position Funding Control
- A Golden Moment
- Development and Alumni Relations
- Mission of Internal Audit
- Banner Student Aid for Canada (BSAC)
- Executive Update
- Closing Comments



Financial Services

Change in Fiscal Year End

Cristiane Tinmouth
Controller



Change in Fiscal Year End

- By MELS mandate received February 12, 2010, the fiscal year of Quebec universities will end on April 30th starting with fiscal year 2010/11
- An 11-month transition year (June 1, 2010 to April 30, 2011) creates additional challenges
- Q1 will likely be the short two month "quarter" in Fiscal 2010/11



Change in Fiscal Year End

- Matching principle
 - For an accounting period, the costs incurred in that period should be matched against the revenue generated in the same period
 - Fundamental concept of accrual basis accounting – beyond CASH BASIS
 - Ensures financial statements reflect the results of operations accurately



Revenues

- Revenue recognition
 - Income is recorded at the time it is earned
 - Upon performing service
 - Upon delivery of goods
 - If income is received but is unearned, it is deferred to liability until service or goods are rendered



Expenditures

- Any expenditures expected in May that relates to April revenues should be accrued in FY 2010/11
- Expenses relating to May 2011 revenue should be deferred to FY 2011/12
- Try to align maintenance contracts May-April, otherwise record prepaid for 1 month of expenses



Operating Budgets

- 1A's:
 - No distributed budget exercise
 - Will receive 12 months of Permanent Budget
 - Negative Temporary Budget equal to 1/12
 - Look at seasonality of your operations
 - Alert Office of the Budget if you have extraordinary expenses in a given month that may skew the calculation



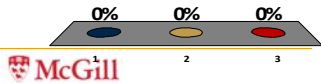
Operating Budgets

- 1B's (self-financing):
 - Budget development exercise gives opportunity to reflect expectations of 11 months
 - Look at seasonality of your operations to plan
 - Any revenue received before but earned after April 30th should be deferred
 - Any expenditure incurred before but linked to revenue earned after April 30th should be deferred
 - Any expenditures expected in May that relates to April revenues should be accrued



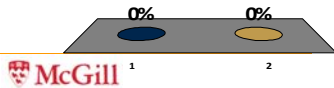
Test Question: When did MELS mandate the change to the new fiscal year-end of April 30th, starting with fiscal year 2010/11?

1. January 12, 2010
- ✓ 2. February 12, 2010
3. March 12, 2010



Expenditures expected in May 2011 that relate to April 2011 revenues should be:

- ✓ 1. Accrued in FY 2010/11
2. Recorded in FY 2011/12



Income from Endowments

- Distribution rate for FY 2011 will remain at \$14.60
- Will only receive 11 months of income
- If expect shortfall with 11 months of expenses:
 - Can you decapitalize past unused income?
 - Can you work with DAR to revisit restrictions?
 - Can you postpone or reduce commitments (e.g. reduce award value in student aid)?



Direct Donations

- If recurring donations only received in May:
 - Can you work with DAR to adjust timing of receipt on a permanent basis?
 - Can you postpone or reduce commitments (e.g. reduce number or value of student awards)?



Encumbrances

- Standing Orders to April 30th
- Salary & benefit encumbrances will be automatically re-calculated to April 30th (where applicable)



Other Considerations

- Yearly comparatives, multi-year statistics
 - Consider purpose and possibly compensate
- Your local systems:
 - Is May 31st or June 1st hard-coded?
 - Are there any calculations/projections that divide or multiply by 12 months?
 - Are there processes that will have to be 'converted' within the new time frame?
- Resource availability – y/e schedule will shift next year to be one month earlier



Planned Communications

Knowledge Base article #12420

- Will evolve as more information is known
<http://knowledgebase.mcgill.ca/fskb/easylink/article.html?id=12420>

Topic will be covered at:

- Year-End Information Session scheduled for
Thursday, April 29, 2010, 9:30-11:00 am



Change in Fiscal Year End

QUESTIONS



Office of the Budget

Position Funding Control

Jeffrey Ives
Director, Office of the Budget



Office of the Budget

- The need for funding control on salaries
- Position funding control: scope and process



The Need for Funding Control on Salaries

- Current hiring without adequate budget or funds
- After the fact validation
- Significant and recurring over-expenditures



Position Funding Control – Scope

- Funding control
 - new position
 - replacement incumbent
 - special salary adjustment or payment
- On-going and one-time appointments
- Administrative and support positions



Position Funding Control – Scope

- Upfront control
- Funding sources covered:
 - unrestricted funds:
 - 1A, 1B, 1C, 1D, 1E
 - endowment spendable income funds
 - capital projects / plant funds



Position Funding Control – Process

- **Human Resources – Faculty/Unit:**
 - validate position/posting request with hiring manager
 - work with Financial Officer to earmark funding in advance
 - submit requisitions to HR – Total Compensation
- **Human Resources – Total Compensation:**
 - appropriate hiring salary of incumbent (within established guidelines)
 - staffing regulations respected – Staffing Policy and Collective Agreement
 - advise Office of the Budget of every new posting and position match/rematch



Position Funding Control – Process

- Office of the Budget will re-direct forms
- Budget / Financial Services will validate for available funding promptly
 - 1A and 1B funds:
 - permanent budget required for on-going positions
 - temporary budget adequate for one-time positions
 - All other funds:
 - balance of fund
 - annual revenue
 - fund is a going concern
 - benefit costs and annual salary policy increases must be factored in



Position Funding Control – Process

- In case of discrepancies Budget / Financial Services will contact Financial Officer

- If funding deemed insufficient
 - request hold on posting and advise unit
 - request posting be cancelled and advise unit



Contacts

- Faculty or unit HR advisor
- Faculty or unit Financial Officer
- Office of the Budget administrator (1A and 1B funds)
- Fund administrator:
 - Unrestricted Accounting (1C, 1D and 1E funds)
 - Endowment Accounting
 - Capital Projects Accounting




Positions Funding Control

QUESTIONS



A GOLDEN MOMENT

Peter Smith
Head Coach, Martlet Hockey
Department of Athletics







Boot Camp - May 18th to June 17th



Dawson Creek & Tumbler Ridge, BC



Practice Begins



- On-Ice:
 - Skills
 - Systems
 - Habits

- Off-ice:
 - Fitness training
 - Mental training
 - Nutrition



The Schedule



- Midget Games
- Canada Cup
- 4 Nations Cup
- USA Series
- Olympics

LUCTOR ET EMERGO



*"Struggle
and
Emerge"*

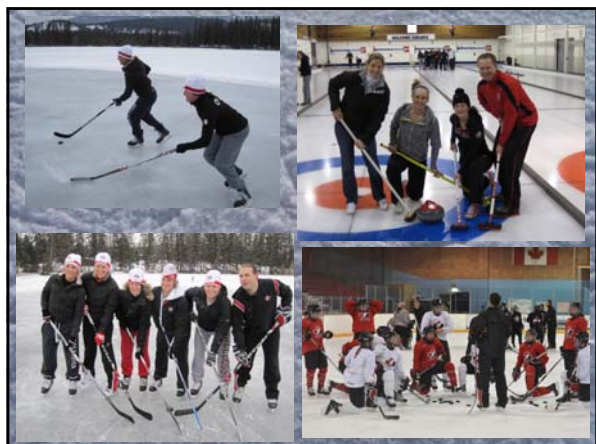
**On any Given Day
PROUD CANADIANS**



The Final Prep

Jasper, AB















The Opening Ceremonies



The Puck Drops



The Support



Gold Medal Game



February 25, 2010

GOLDEN!





The Closing Ceremonies





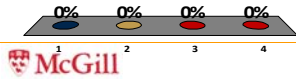
Development and Alumni Relations

Lori Yersh
Managing Director
Strategy and Donor Engagement



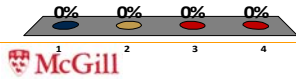
Category "Know your alumni": McGill has approximately how many living graduates?

- 1. 95,000
- 2. 155,000
- ✓ 3. 215,000
- 4. 275,000



Category "Know your donations": DAR processes yearly approximately what volume of donations?

- 1. 20,000
- 2. 25,000
- 3. 30,000
- ✓ 4. 35,000



Development & Alumni Relations

- 1. Meet the goal set for the campaign – raising \$ 750M by December 31, 2012
- 2. Maintain an inflow of \$ 100M per year thereafter



Sources

(02-28-10)

	Achievement in millions	
Alumni	\$303	56%
Other Individuals	131	24%
INDIVIDUALS	\$434	80%
FOUNDATIONS & CORPORATIONS	104	20%
Total	\$538	100%



Regions

(02-28-10)

	Achievement in millions	
Quebec	\$264	49%
Ontario	174	33%
Other Canada	28	5%
CANADA	\$466	87%
USA	50	9%
EUROPE	16	3%
Other International	6	1%
Total	\$538	100%



Fiscal Year Results

(for the period ending May 31st, in millions)

Program	FY 08-09	FY 07-08	Variance	
Major Gifts	\$62.4	\$83.0	-\$20.6	-25%
Annual Fund	10.1	9.3	+0.8	+9%
Planned Gifts	7.1	7.1	--	--
Other	2.0	1.4	+.6	+43%
	\$81.6	\$100.8	-\$19.2	-19%



Development & Alumni Relations

- How is DAR structured?



Development & Alumni Relations

- Friend Raising:
 - Alumni Relations (Branch support, activities, ...)
 - Student Program
 - Parents Program



Development & Alumni Relations

- Fundraising:
 - Annual Giving
 - Special Gifts: \$ 25K - \$ 100K
 - Major Gifts: \$ 100K - \$ 999K
 - Primary Gifts: \$ 1M+
 - Planned Gifts
 - Donor relations – stewardship



Development & Alumni Relations

■ Communications:

- McGill News
- AOC – Alumni Online Community
- Social Media support



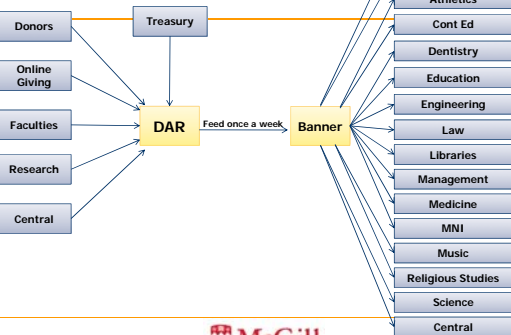
Development & Alumni Relations

■ Advancement Services:

- IT
- Human Resources
- Research
- Finance, including donation and records services



Zoom in on the flow of donations



Development & Alumni Relations

- Important to remember:
 - To get a tax receipt: Donations have to transit via DAR



Development & Alumni Relations

- Important to remember:
 - We collectively have a fiduciary duty to our donors to use the donations for the intended purpose



Development & Alumni Relations

- 3 things to help us better serve you and the donors



Development & Alumni Relations

1. Is this a donation or not? If you are not sure – please call us



Development & Alumni Relations

2. Get the cheques to DAR asap



Development & Alumni Relations

3. Work closely with your Development officer



Development & Alumni Relations

Final words:

- DAR maybe the official fundraising arm for the University – but in the end, we are all partners in making this happen!



Development & Alumni Relations

■ Coming in May:

- Campus Community Campaign launch

<http://www.mcgill.ca/campuscommunity/>



Development & Alumni Relations

<http://www.mcgill.ca/campaign/about/library>

CAMPAIGN McGill HISTORY IN THE MAKING Give Now

ABOUT THE CAMPAIGN GOALS AND PRIORITIES SUPPORT THE CAMPAIGN HISTORY MAKERS NEWS VOLUNTEERS

Join us IN MAKING HISTORY Learn about our history makers > Contribute to Campaign McGill >

CAMPAIGN Progress 750K 500K 250K VIEW THE CAMPAIGN VIDEO

Development & Alumni Relations

QUESTIONS



Financial Services

BREAK



Mission of Internal Audit

Henry Tin
Audit Manager, Internal Audit



What is Internal Audit?

- Internal Audit is an independent unit which performs objective consulting activities designed to add value by improving the University's operations
- We help the University to accomplish its strategic goals by taking a systematic approach to evaluate and improve internal controls



Internal Audit Reporting Structure

An independent unit

Reports:

- Administratively to the Principal
- Functionally to the Chair of the Audit Committee



What we do?

1. Assurance Services (Field audits)
2. Continuous Audits
3. Investigative Services (Special audits)



Role & Responsibilities of IA

1. Unlimited scope – all aspects of university operations
 - Provides independent and objective written evaluation of University controls, processes, and operations
2. Support members of the University in the effective discharge of their responsibilities



Assurance Services: Field Audits

Audit of faculties & administrative units

Purpose & function:

1. Assessment of work processes and controls
2. Identify opportunities for internal control improvements
3. Work with faculties / units to agree on realistic recommendations to mitigate risks identified



Field Audits – How we work:

1. Advance notification of an upcoming audit
2. Information gathering phase:
 - Interviews
 - questionnaires
 - transactional analysis
3. Validate areas of weakness identified



Field Audits – How we work:

4. In the case of control or operational weaknesses
 - realistic recommendations sought via consultation with faculty / unit
5. Issue written internal audit report
 - Includes the faculty / unit's responses and comments
6. Follow up on recommendations within the agreed upon time frame



Continuous Audit

Continuous Audits – inception 2005/06

- Audit of transaction streams (e.g. PCards, Expense Reports, POPS, Revenues, Purchase Orders, etc.) across the University
- Use of statistical sampling and risk profiles for sample selection

Purpose & function: How we work

1. Test for compliance with University procedures and policies
2. Report findings to originator, central unit(s) and senior administration of the University



Financial Services: Continuous Audits

Controls & Compliance (C&C)

- ✓ Inception of function 2008/09
- ✓ Use of statistical sampling & risk profiles
- ✓ Similar purpose & function as IA
- ✓ Currently only Expense Reports and PCards within scope of C&C
- ✓ IA regularly reviews findings documented by C&C



Investigative Services

Special Audits – Purpose & function:

1. To investigate potential cases of misuse of University assets and/or funds (e.g. cash collected and not recorded)
2. Employee tips → Safe Disclosure Policy protects your confidentiality!
<http://www.mcgill.ca/files/secretariat/SafeDisclosure-Policyon.pdf>

How we work:

1. In depth analysis to confirm reported inappropriate activity
2. Written report on relevant findings to appropriate level of management



Internal Audit: University Resource

1. Available as a resource for the University to:
 - a. Provide advice on financial and operational controls
 - b. Provide guidance on compliance
2. Work with central administration to address control issues related to information systems, policies, and processes



FAQs

1. What role does IA have in university management?

- None. Internal Audit is independent of management. This allows us to be independent from the activities that we audit.



FAQs

2. Why is it important for Internal Audit to be independent?

- This ensures that Internal Audit is impartial in the work that we carry out.

We have no intrinsic bias.



FAQs

3. Is it Internal Audit's job to identify fraud?

- No. IA attempts to minimize the risk of fraud by identifying potential weaknesses in internal controls, which might enable fraud to be committed.
- If fraud is detected in the course of our work, a full investigation will result.



FAQs

4. How does Internal Audit decide what work to do?

- Field Audits are selected based on a formal risk-based annual planning process
- Our assessment is performed to identify the areas/systems/processes within the University which have higher inherent risks



FAQs

5. Who is responsible for deciding what action is taken on audit reports?

- Normally, the unit head decides the most appropriate action to take with respect to recommendations



FAQs

6. Can I request an audit?

- IA will evaluate requests made for ad hoc audits. However, before undertaking an additional audit, commitments already made in the annual audit plan must be considered.
- Requests for IA services are normally made through the VPs, Deans, Directors, Chairs, or other senior administrators.



FAQs


7. Does Internal Audit assess the ability of employees?

- No. Internal Audit reviews processes, not people.



Mission of Internal Audit


QUESTIONS



Banner Student Aid (BSAC)

Robyn Wiltshire
Director, Office of Deputy Provost
(Student Life & Learning)

Cara Piperni
Director, Finance Infrastructure & Support
Financial Services



BSAC Award Processing –
the Strategic Perspective

To maximize aid available to students via proper
planning, communication, automation, reporting
and services:

BSAC is the authoritative source, the University
tool to accomplish this.



BSAC Project – Executive Committee

- Morton J. Mendelson, Deputy Provost (Student Life and Learning): Executive Sponsor
- Martin Kreiswirth, Associate Provost (Graduate Education) and Dean, Graduate and Postdoctoral Studies (GPS)
- Albert Caponi, Assistant Vice-Principal (Financial Services)
- Lynne B. Gervais, Associate Vice-Principal (Human Resources)
- Danielle Levasseur, Interim CIO
- Robyn Wiltshire, Director, Office of the Deputy Provost (Student Life and Learning)
- Sue Reali, Director, Information Systems Resources (ISR)
- Evelina Balut, SIS Portfolio Manager, ISR



Milestones

- BSAC Fund Management module
 - Module developed by a consortium of 5 Canadian Universities
 - Since Fall 2008, McGill Scholarships & Student Aid Office process all awards administered by them using BSAC
 - Since that time, students can see all award information, including payment schedule, in Minerva



Milestones

- As of June 2009, GPS process graduate awards using BSAC
- Minerva Award Processing Form was introduced
 - Faculties/departments submit award payment requests via Minerva
- As of February 2010, future-dated payments in BSAC are automatically encumbered in FIS
- As of March 2010, Minerva reports are now available to FIS users



Next Steps

- ALL award payments currently processed via other mechanisms will be consolidated in BSAC
- Applies to need and merit-based awards, not employment income
- Longer term objective – BSAC will harvest information to package offers and for reporting

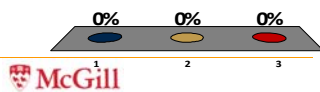


BSAC Award Processing – the Finance Perspective

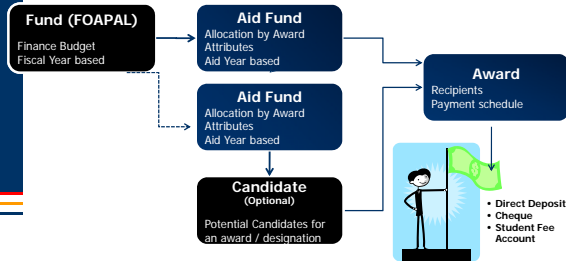


How much does the University spend on student aid and awards?

1. Under \$29 million
2. \$30-\$69 million
- ✓ 3. Over \$70 million

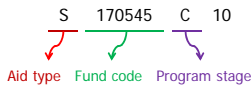


BSAC Funds Management Structure



BSAC Terms

- ▶ **Aid Fund:** Serves to associate specific aid properties and a FOAPAL (if applicable) to each award.



- **Disbursement Schedule:** Allows for multiple pre-established payments to be released on specific dates

- ▶ **Memos:** Future-dated disbursements



Payments directly to student

- As direct deposit (encouraged – students can maintain their own banking info via Minerva) or cheque
- Accounts Payable invoice created in real time and posted within 3 minutes
 - I document (e.g. I0901234)
 - Vendor invoice field carries BSAC info (e.g. GPSOFELW0013812)
- To look up details in Finance
 - Minerva: View document (type=invoice)
 - Banner: FOIDDOCH



Payments towards student fees

- Accounts Receivable entry to student fee account with real time insertion into TSADETL/Web Account Summary
- Posted to Finance as part of the daily A/R feed to Finance with F document number (e.g. F0901234)
 - Document reference number carries the A/R receipt # (if more than one payment is represented on a sequence, then you will only see it on BSAC reports)
- To look up details in Finance
 - Minerva: View document (type=Journal Voucher)
 - Banner: FGIDOCR



Future-dated disbursements

If payment date is within the current fiscal year:

- An encumbrance is dynamically posted as an E document (e.g. E0901234)
- The encumbrance is **adjusted** (e.g. amount changed) or **liquidated** (e.g. payment becomes due) as a document starting with J (e.g. J0901234).
- To look up details in Finance
 - Minerva: View document (type=Encumbrance)
 - Banner: FGIENC using original enc doc



Future-dated disbursements

If payment date is beyond the current fiscal year:

- No encumbrance
- On the 1st day of the fiscal year within which the memos are to be disbursed (e.g. June 1st for 2010), original encumbrances are batch loaded



Example: today is August 1st

- Payment schedule set on August 1st:
 - Pay immediate \$400 to student fees
 - Pay immediate \$600 as direct deposit
 - Pay \$1000 on Oct 1st
 - Pay \$1000 on July 1st

Exp \$	Enc \$	Future\$	BSAC Ref	Posted	Pay Date
400	0	0	458185	Aug 1	Aug 1
600	0	0	I0901234	Aug 1	Aug 1
0	1000	0	E0008900	Aug 1	Oct 1
0	0	1000		Aug 1	July 1



Example: today is October 1st

- Payment schedule set on August 1st:
 - Pay \$1000 on Oct 1st (was processed)
 - Pay \$1000 on July 1st

Exp \$	Enc \$	Future\$	BSAC Ref	Posted	Pay Date
400	0	0	465789	Aug 1	Aug 1
600	0	0	I0003456	Aug 1	Aug 1
0	1000	0	E0008900	Aug 1	Mar 1
0	-1000	0	J0901234	Oct 1	Oct 1
1000	0	0	I0901235	Oct 1	Oct 1
0	0	1000		Aug 1	July 1



Example: today is June 1st

- Payment schedule set on August 1st (last year)
 - Pay \$1000 on July 1st

Exp \$	Enc \$	Future\$	BSAC Ref	Posted	Pay Date
0	1000	0	E0901239	June 1	July 1

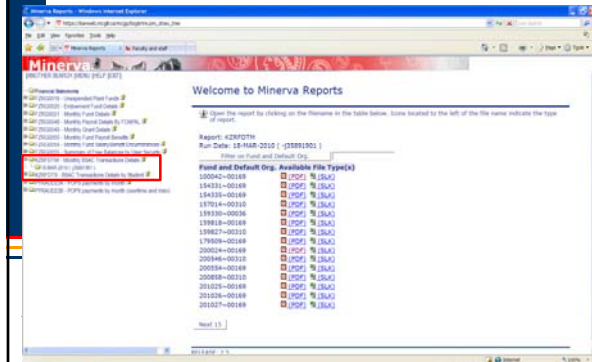


Simplified ACCOUNT Codes

- Currently 35 award/stipend ACCOUNT categories
 - Identifies award type, student characteristics such as Canadian/Foreign and Ungrad/Grad/PhD
 - Tri-Council reporting requirements
- Not accurately used:
 - Terms not consistent
 - Originator of payments may not know status or academic level of student
- New ACCOUNT: 600200 for all student aid/awards



New Minerva Reports




Banner Student Aid (BSAC)

Knowledge Base Article #11940
<http://knowledgebase.mcgill.ca/fskb/>




Banner Student Aid (BSAC)

QUESTIONS



Executive Update

Albert Caponi
Assistant Vice-Principal (Financial Services)



Financial Services

CLOSING COMMENTS



Financial Services

Year-End Info Session

April 29, 2010
9:30 – 11:00
Stewart Biology Building, STBIO N2/2

Year-End Memo

<http://www.mcgill.ca/financialservices/yearend/>



Financial Services

Annual Meeting of Pension Plan Members

May 4, 2010 at Noon
Stephen Leacock Building, Room 132

Pension Plan Annual Report & Financial Statements for year ended Dec. 31, 2009

http://www.mcgill.ca/files/pensions/2009_Pension_Plan_Annual_Report.pdf



