

# INSTITUTE FOR ACADEMIC LEADERSHIP

## Effective Fiscal Management

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*Money cannot buy happiness, but it makes misery more bearable*

# Basic Principles

*Integrity is doing the right thing even when it hurts and no one is watching*

1. Regardless of the funding source, all money in your department is legally the property of the university/state.
  
2. The department chair has fiduciary responsibility for all money that moves into and out of the department.

# Basic Principles

3. State laws as well as university finance and accounting policies & procedures must be followed.
  
4. Money is your most fungible resource in that it allows you to acquire faculty, staff, time, infrastructure, equipment, etc., in order to advance your unit's mission and goals.

# Common Types of Accounts

1. Educational & General (E&G)
2. Foundation
3. Contracts & Grants
4. Student Fees
5. Auxiliary/ Agency

Each type of account or department has its own funding source, expenditure restrictions, and policies.

# Educational & General (E&G)

Source: State appropriations, tuition, lottery funds

1. Salaries/Benefits
2. OPS (Other Personnel Services)
3. Operating Expenses (OE)

## OE Allowed Uses

Photocopying  
Travel  
Equipment  
Telephone/Fax  
Postage, office supplies  
Facilities maintenance

## OE Non-allowed Uses

Food (except travel related)  
Alcohol  
Entertainment  
Flowers  
Hotel (except travel related)

Generally must be spent in fiscal year distributed

# Foundation Accounts

- Charitable gifts
  - “Unrestricted” Foundation accounts can be used for virtually any expenditure that can reasonably support the mission and goals of the department.

# Contracts & Grants

- Sponsored projects/contracts and grants – must meet general and specific requirements as set forth by the contractor/grantor.
- Legally the funds belong to the university, not the Principal Investigator (PI); you have a fiduciary responsibility to ensure the funds are used appropriately.
- A portion of the Indirect Costs recovery (overhead) may be distributed to the department and available to support other faculty research.

# Student Fees

- **Materials & Supplies (M&S) Fees:** assessed per student per course to pay for materials & supplies consumed during the course that are not practical to require students to purchase individually
  - Sheet music for ensembles
  - Course-related photocopying, including exams
  - Laboratory supplies for science lab
  - Food for culinary class

# Student Fees

- ❑ **Equipment/Facilities Fees:** assessed according to declared major; used to purchase and maintain durable equipment for student use in that major
  - Student computer labs
  - Computer software
  - Equipment maintenance & repair (student use only)
  - Durable equipment & furniture

# Student Fees

- ❑ Generally must be spent in semester or year collected
- ❑ Allowed uses according to original approved course fee application form
- ❑ Meticulous accounting/stewardship required

# Auxiliary/Agency Accounts

- Source: generated (earned) revenue from departmental business-related activities
  - Admission to music, theatre, or art events
  - Revenue generated by on-campus workshops or conferences
  - Revenue generated off-campus by student or faculty groups
- Can be carried forward to next fiscal year
- Expenditure should be related to or in support of activity that generated the income.

# Transferring Money vs. Transferring Charges

- Money can be transferred between like types of accounts (E&G to E&G) but not between different types of accounts; e.g., student fees to E&G or vice versa.
  - You discover you have a surplus (or deficit) in your OPS account. Transfer money to (or from) your OE account.

# Transferring Money vs. Transferring Charges

- Charges can be transferred between different types of accounts providing the charge is an allowable expenditure in the type of account to which you are transferring.
  - You need to buy course materials before the semester begins but your M&S fees account will not be funded until students pay their fees/tuition. Buy the materials from your OE account. Once your M&S fees account is funded transfer the charges from OE to M&S.
  - You anticipate a large surplus in your OE account at the end of the fiscal year. Transfer some charges from an auxiliary or agency account to the OE account.

# Fiscal Management

- Be attentive
  - Stay informed about state and university fiscal developments
  - Monitor your departmental accounts
  - Keep faculty/staff informed

# Fiscal Management

- Track budgets carefully, especially at the end of the fiscal year
  - Learn how to run and read expenditure reports
  - Encumbrances – make sure they are released when payment is made
  - Keep your own estimates of revenue from student fees & compare them to what you receive
- Use transfer of charges between accounts to smooth out deficits and surpluses
- Have a plan for using surplus E&G funds at end of FY (e.g., office supplies, equipment)

# Fiscal Management

- Plan for contingencies
  - Have at least some idea of how you may respond to certain scenarios
  - Keep your response options open
- Prioritize
  - If everything is a priority then nothing is a priority
  - If possible, engage faculty/staff in setting priorities/values

# Fiscal Management

Spend all of your E&G and student fees money, but get good value for it.

Auxiliary/ Agency & Foundation money can be carried forward to next FY.

- *At every level, true values and priorities are revealed by how fiscal resources are allocated.*