Fiscal Services

FY 14 Annual Report
Fiscal Services is a team of accountants, analysts, buyers, cashiers, customer service representatives, technicians and warehousers who support and maintain the financial infrastructure at the university. We seek to safeguard the university’s assets and reputation by ensuring compliance with fiscal regulations and other requirements of the Commonwealth and the federal government. In addition, we seek to provide the university community with excellent customer service through timely, reliable and efficient financial policies, procedures, and guidance. Our departments include:

**Student Accounts Office**, including the Cashier’s Office and Account and Loan Management. The mission of the Student Accounts Office is to provide excellent service for our students, staff and faculty; while maintaining internal controls that ensure financial transactions are accurately processed and proper records are maintained.

**Purchasing and Accounts Payable**, including the Travel Office, P-card administration and Central Receiving. The Purchasing Office procures all goods and services, determining the most appropriate and effective method of acquisition for each purchase request. Purchasing supports eVA (state-mandated e-procurement system) purchasing and problem resolution. Accounts Payable processes all payments for: goods and services; student refunds, reimbursements and scholarships; and employee reimbursements. Central Receiving delivers goods in a timely and efficient manner, provides courier service and manages Mason’s surplus property program.

**Controller’s Office** coordinates with university units involved in fiscal processes, establishing and monitoring the university’s internal control framework over significant fiscal processes and providing guidance to academic and administrative units related to administrative policies and procedures, working closely with other central administrative units.

**Finance Administrative Systems Team (FAST)** supports Fiscal Services and its customers by automating processes, improving existing systems and developing controls and reports that make the financial operations of the University more accurate and efficient. FAST applies a combination of functional and technical resources to analyze day-to-day functional needs and general technology solutions.

**General Accounting**, including Equipment Inventory and International Tax, ensures the integrity of the university’s official financial records; maintains the general ledger and daily interfaces with the Commonwealth Accounting and Reporting System (CARS); produces the annual financial statements; maintains the fixed assets database; manages the federal Facilities and Administrative cost proposal and State indirect cost study; files all tax returns; determines tax status for foreign visitors and analyzes payments to
foreign visitors and vendors; and, manages state and local banking transactions and reconciliations.

**Fiscal Training and Communication** provides training on the universities fiscal policies and procedures; develops resources to guide the university community with fiscal responsibilities; and, manages the Travel Request System (TRS).

While much of our work is behind the scenes, process and transaction oriented, we work hard to provide quality, efficient service to the university community and are keenly aware that the work we do is integral to making George Mason a university for the world. The following pages view Fiscal Services accomplishments through the lens of the Mason brand, indicating how we support the strategic priorities of the university.

**Mason is making its mark** as a great university of a new and necessary kind—evolving every day to meet changing needs and deliver an education of relevance.

In a complex and dynamic organization, the back office functions have to evolve and grow to support the changes in educational delivery and the increase in enrollments. Fiscal Services constantly changes processes and procedures to meet the needs of a diverse and growing student body.

The repurposing of the Mason Inn from a hotel and conference center to the Mason Global Center provided much needed student housing and additional dining options. Central Receiving was essential in enabling the university to meet the compressed timetable for the conversion. A significant amount of expensive athletic equipment and heavy-duty kitchen appliances was repurposed in other parts of the university. Several smaller items were made available to departments across campus. In addition, over 11,000 items were auctioned over a seven-day period. The structure of the auction contract was beneficial in that the university did not pay a fee to the auction house, and a modest fee was returned to the university. Beyond the Mason Inn conversion, the department responsibly recycled or auctioned off over $70,000 worth of other surplus goods.

In preparation for the shift from the Commonwealth Accounting and Reporting System (CARS) to Cardinal (new State accounting system), components of CARS programming were modified to reduce the number of transactions we send to the state. Beginning with FY16, we will be charged by the state for the transactions we send. We estimate that we will send 10,000 fewer transactions per year with the new method.
Mason is driven to serve—helping our students succeed, enriching life in our community, and solving pressing problems.

Serving students, faculty, staff and the community in a customer-friendly and efficient manner is a guiding principal for Fiscal Services. Examples of improvements to policies and procedures to increase customer service and improve efficiency are abundant.

In cooperation with the Training department, International Tax created a new International Tax Class to provide departments with the basic training in Accounts Payable procedures related to foreign nationals and foreign entities. At the beginning of Fall semester the International Tax Office physically relocates to Human Resources to enable new international students and staff to process all onboarding paperwork in one place, with appropriate resources readily available.

International Tax significantly improved reconciliation processes with the Student Accounts Office, resulting in better reporting and monitoring of payments and reimbursements made to foreign students. Tax worked with the ARMICS (Internal Controls) team to create the first International Tax Risk Control Matrix and successfully completed the process and transaction-level assessment conducted by the ARMICS team. These internal controls tools seek to ensure that risks are properly identified and appropriately mitigated.

Fiscal Policy and Communications maintains the Fiscal Services website, an important tool in providing guidance and resources on fiscal policies and procedures. In FY14, the website underwent a major restructuring. Countless hours were spent listening to constituents describe how they were using the site to get the information they need. The new site is in a format similar to the university’s main page. Changes have been well received; users appreciate the ease of navigation and new features such as the forms table.

Since the roll-out of the Post-9/11 GI Bill, the Director of Student Accounts has taken a leadership role in a national effort to streamline the associated payment processes. The Third Party Billing arm of the Student Accounts Office (SAO) worked with the Registrar’s Office and the Office of Military Services to streamline Veterans’ payment processes, resulting in no Treasury Offsets, a program whereby the federal government can intercept payments due as a result of federal indebtedness of the payee (in our case, the student). Our processes have been replicated by schools throughout the country. *U.S. News and World Report* lists Mason in the top forty of Best Colleges for Veterans. The rankings are based on participation in federal initiatives helping veterans and active-duty service members apply for, pay for and complete their degrees. These efforts continue to pay off for our nation’s active and retired service members attending Mason.
Impacting an even wider audience, SAO implemented several new policies to enhance customer service. They implemented Visa payments in TouchNet, our online payment processor. Visa is the credit card with the greatest market share; although eCheck, with no convenience fee, is still recommended, Visa offers one more payment method that was sought by families. Other enhancements include creating special payment plans for MBA students and a three payment plan (a two payment plan already exists) for undergraduates.
**Mason focuses on results**—working for a more just, free, and prosperous world and measuring our success by the impact we achieve.

Mason Korea is the newest Mason campus and the first international one. Staff in the Office of the Controller has been providing accounting support to Mason Korea, LLC., since its inception. The Controller works closely with the Mason Korea (MK) President. She participates in a weekly operations video conference that includes the MK President and Provost Office staff, she conducts business with the MK President through email several times a week and participates on the Board of Managers as the Treasurer. In addition, the Controller and one of her staff meet weekly with Provost Office staff on accounting and budget matters. The Controller worked closely with the MK President to select a bank in Korea and prepare delegated authority for banking and other financial transactions, which were approved by the Board. Staff in General Accounting reviews the bank account online on a regular basis, assisted with establishing MK’s chart of accounts, maintains MK’s books and records, and prepares its financial statements. Using KPMG to review our prepared forms, the Controller’s Office submitted the request for tax-exempt status with the IRS and prepared the annual Form 990.

Cultivating global impact requires Mason faculty, staff and students to travel around the world. This year, Fiscal Policy and Communications worked on several initiatives to improve oversight of international travel and compliance with state and federal regulations. The Director worked with the Office of Research Integrity and Assurance to develop a process for review and approval of international travel to embargoed countries. In addition, she worked with the Provost’s Office and other stakeholders to develop a new policy on International Education Travel. The policy establishes processes for: registering with the Center for Global Education; acknowledging risks; completing international emergency plans; compliance with requirements for travel to comprehensively embargoed countries; ensuring adequate communication plans are in place; and ensuring responsible stewardship. The policy also established a University Travel Advisory Committee to assist with risk mitigation and proper oversight.

Domestic travel is heavily regulated by the state. Mason’s Travel Request System (TRS) is an online tool that assists travelers with obtaining prior approval and appropriate reimbursements. Fiscal Policy and Communications is responsible for managing changes and testing the TRS. Revisions were made this year to eliminate the need for Senior Approving Officials (Deans, Directors, Vice Presidents, etc.) to approve travel authorizations. The approval was moved to the traveler’s first line supervisor, providing more suitable review and quicker turnaround. A TRS workflow group has been established to develop an electronic travel approval process which will create greater transparency and efficiency in travel approvals.
Mason stands apart—distinguished by our innovation, our diversity, our entrepreneurial spirit, and our accessibility.

The FAST team employs innovative, technical solutions to address functional needs. General Accounting and FAST implemented a surplus workflow process to automate the equipment disposal process. Our surplus workflow gives all involved parties the ability to view information as the process is occurring resulting in a more accurate audit trail and searchable database of past submissions. This is just the first step in transferring all of the current equipment-related paperwork to an electronic format. Eliminating paper processes within the department not only encourages green initiatives but continues the university’s vision of innovation.

Accounts Payable continued the success of Paymode, an electronic payment program, keeping pace with the latest innovations in payment processing; enrollments doubled to over 1500 in FY14 the second year of this successful program. The program utilizes a ghost card solution provided by our bank. It eliminates paper from the payment cycle, saves time in the Accounts Payable department, and returns more than $100,000 annually to the university through a rebate paid by the bank.
In addition to our work supporting the strategic goals of the university, Fiscal Services focuses on three main areas: ensuring compliance, increasing efficiency and improving customer service. Efficiency and customer service themes are apparent in the accomplishments already discussed, some critical regulatory requirements are illustrated below.

**Compliance**

**Institutional Performance Measures**
The State Council of Higher Education uses financial measures to annually assess and certify institutional performance. Financial benefits provided to each institution are evaluated in light of the university’s performance on these and other education-related and administrative management measures.

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<th>Performance Measure</th>
<th>Reported Performance</th>
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<tr>
<td>An unqualified audit opinion from the Auditor of Public Accounts</td>
<td>An unqualified opinion was issued.</td>
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<tr>
<td>No significant audit deficiencies attested to by the Auditor of Public Accounts</td>
<td>State Auditor reported no material weaknesses in internal controls over financial reporting and no instances of noncompliance or other matters required to be reported under Governmental Auditing Standards.</td>
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<tr>
<td>Substantial compliance with all financial reporting standards approved by the State Comptroller</td>
<td>State Comptroller’s office reported substantial compliance with the financial reporting directive.</td>
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| Substantial attainment of accounts receivable standards approved by the State Comptroller, including, but not limited to any standards for outstanding receivables and bad debt | a. Past due rate = 6.1%  
b. Perkins Default Rate (as of June 30, 2014) = 13.0%, below the minimum rate necessary for continued participation in the federal program |
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<th><strong>Performance Measure</strong></th>
<th><strong>Reported Performance</strong></th>
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<td>Substantial attainment (90% of payments and dollars in compliance) of accounts payable standards. The standard, Prompt Pay, requires vendors to be paid within 30 days of receipt of invoice or goods or services.</td>
<td>99.56% of payments in compliance; 99.5% of dollars in compliance.</td>
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| Expenditure goals for Small, Women- and Minority-owned businesses as a percentage of discretionary expenditures are met. FY14 goals: MBE – 7.0%; WBE – 7.5% and SBE – 20.0%. | MBE – 8.4%  
WBE – 7.1%  
SBE – 18.4% |
| Complete no less than 75% of all non-exempt purchase transactions through the Commonwealth’s enterprise-wide Internet procurement system (eVA) and make no less than 75% of dollar purchases from vendors and suppliers who are registered with eVA | 92% of total orders processed through eVA; 83% of the total dollars issued to eVA registered vendors |

**Payment Cards**

The Payment Card Industry Data Security Standard (PCI DSS) is a sweeping set of policy and infrastructure requirements for all merchants that wish to use credit cards in their business practice. It requires specialized knowledge in IT, networks, and policy. In FY14, Fiscal Services engaged CampusGuard, a highly regarded PCI DSS compliance consultant and Qualified Security Assessor, to conduct a PCI Readiness Review. The purpose of the review was to assess where the university stood regarding the payment card industry standards and controls and to provide guidance and a strategic direction and framework for achieving compliance with those standards.

As part of the process a PCI Team was assembled from various departments essential to the success of the effort, including: Fiscal Services, ITU, Internal Audit and academic or administrative unit financial managers with critical or high volume merchant activity. The team is assisting with managing toward full compliance with PCI. The engagement included a merchant operations review to identify compliance gaps and a presentation to all campus merchants of PCI standards and compliance, increasing awareness of the PCI DSS standard requirements. A final report and roadmap containing the consultant’s findings and recommendations was issued in late May. Several initiatives from that report have been started; the process is lengthy and is expected to continue into FY16.
FISAP and Perkins Loans
Each year, colleges and universities are required to submit a Fiscal Operations Report and Application to Participate (FISAP), to apply for Campus-Based Program funding from the federal government. This year, Fiscal Services assisted the Office of Student Financial Aid with the submission which requires reporting on Campus-Based Program expenditures for the prior year. Specifically, Fiscal Services ensured numbers reported in the FISAP, Banner activity, and Campus Partners reports, our third party processor of Perkins loans, reconciled. In addition, with the assistance of ALM, our Fiscal Analyst researched and cleared stale dated items in the Perkins loan account reconciliation and provided recommendations for new procedures to ensure the timely reconciliation of the Perkins loan fund.

JLARC
The Joint Legislative Audit and Review Commission (JLARC) is the oversight agency of the Virginia General Assembly, established to evaluate the operations and performance of State agencies and programs. JLARC has been scrutinizing several operational areas in higher ed, including procurement. In response to a JLARC request, the Purchasing Office made a strong case for the efficiency of our operations, citing several examples where cost containment has been achieved. Office supplies, janitorial services, vending machines, campus dining services, banking, parking services, campus bookstore, card access systems, enterprise software (Banner, Microstrategy), utilities, campus shuttles, electronics recycling and air filters are examples of goods and services requiring departmental staff use an institution-wide contract which offers lower than average list prices and saves staff time by eliminating the RFP process.

The response also highlighted the increased savings, reduced labor costs and overall organizational efficiency achieved through the hiring of a data analyst. The data analyst helped identify that University-wide purchasing of air filters was made using spot-market pricing. Based on this identification, Mason performed an IFB that resulted in a term contract being awarded to the non-incumbent vendor that had lower costs. The awarded contract resulted in pricing that is estimated at a savings of approximately $60,000 a year. The Data Analyst has also directly reduced labor costs from his work automating a quarterly report reducing a task to eight hours from eighty; replacing manual contract administrator forms with an entirely new system that substantially improved the process; and, building a database that enables our P-card team to more easily consolidate and access information on our cardholders.

System Security
FAST updated the annual Banner security review process, whereby Fiscal departments review and approve the security relevant to their area. Information was presented in a more
consolidated and straightforward way, and was provided electronically. A similar process was employed for the annual review of individual with access to all financial information residing in Banner. Implementation was successful as all reviews were returned in a timely manner.

FAST continued an ongoing effort to develop security roles and profiles by unit to streamline security, remove duplication of objects in classes, identify security by job function and ease implementation of Ellucian business profiles. The new security roles and profiles were implemented for the Student Accounts Office in FY14. Another security enhancement was the implementation of tab level security for all Banner Security Offers. Tab level security provides the ability to apply security rules to control access to selected forms within Banner.

**Accolades**

Elena Cirmizi, International Tax Manager, received an Outstanding Achievement Award. Less than two months after Elena was hired as International Tax Coordinator, her supervisor left the University and Elena was responsible for managing the international tax function alone. She was promoted to International Tax Manager within a few months. Since then, Elena has established a reputation throughout the University as the international tax expert. She developed guidelines and instructions to help international visitors and department administrators understand the requirements of complex international tax laws. Elena’s efforts to ensure tax compliance directly support our international students and faculty, and the mission of University.

The Fiscal Services team appreciates the collaborative effort of our partners throughout the university in being responsible stewards of our resources. We welcome your thoughts and ideas to help us support the Mason strategic plan.