

Policy 3-7 Rev. 3
Date: June 1, 2008

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Subject: AUTHORIZATIONS AND APPROVALS REQUIRED FOR FINANCIAL TRANSACTIONS

I. PURPOSE

To establish university policy with respect to authorization and approval of financial transactions.

II. REFERENCES

- A. Policy and Procedures 1-5, Processing Official Documents
- B. Policy and Procedures 1-12, University Institutional Data Management Policy
- C. Policy and Procedures 1-15, Information Resources Policy
- D. Policy and Procedures 3-4, Banking Policy
- E. Policy and Procedures 3-10, Travel Policy
- F. Policy and Procedures 4-2, Requisition Preparation and Processing
- G. Policy and Procedures 4-4, Restricted Purchases and Special Procurement
- H. Policy and Procedures 4-6, Lease or Rental of Property for University Use

III. DEFINITIONS

- A. Financial transactions – All receipts, disbursements and transfers that are ultimately recorded in a University activity/project, regardless of funding source. Transaction data and supporting documents may be maintained in electronic and/or hard copy form. Examples of such documentation might include authorizations and requests relating to university bank accounts, payrolls, requisitions and purchase orders, travel payment requests and expense reimbursements, petty cash reimbursement requests, journal entries, fund transfers, campus orders, and other similar documents and transactions.
- B. Account Executive or Principal Investigator – A faculty or administrative person who is designated to bear primary responsibility for maintaining financial accountability and control for funds under his/her jurisdiction. For all projects (sponsored agreements), this individual is recognized as the principal investigator. For all other financial activities, this individual is called the account executive.

The account executive or principal investigator has authority to expend University funds to

accomplish assigned responsibilities, and is accountable for all transactions in his/her activities/projects. This includes ensuring that transactions are:

- Reasonable and necessary
- Consistent with established University policies and practices
- Consistent with any applicable laws and government regulations
- Consistent with sponsor or donor restrictions

Expenditures that are solely for personal benefit or purposes other than those that benefit the university are prohibited.

- C. Authorized Alternate -An individual to whom financial stewardship is delegated from official offices of the account executive, principal investigator, ORG head, department chair, director, dean, vice president, or president to act in his/her behalf in matters requiring approval of university financial transactions as outlined in this policy. An Authorized Alternate may act on behalf of the responsible person in his/her planned or occasional absence, as a "proxy," or may receive a more permanent delegation of authority for one or many particular financial functions.

D. Satellite Processing Units – Departments that are granted authority to independently input transactions into the University financial system.

IV. POLICY

General

- A. All University financial transactions require authorization by the account executive or principal investigator responsible person, an ORG head, a supervisory officer above the account executive or principal investigator responsible person (department chair head, dean, director, etc.), or an authorized alternate. Transactions submitted to central administrative departments without appropriate authorization may be returned to the initiating department and not processed. Such transactions may be resubmitted when the authorization is obtained. Validation of transactions requiring account executives, principal investigators or authorized alternates signatures may require submittal of a signature authorization form. Signature Authorization Forms are available through the “employee” tab of the Campus Information System, under the heading Financials & Business Services/Forms.
- B. Financial transactions wherein an individual requests payment to himself or herself for services rendered or for reimbursement of expenses (including petty cash) will require the approval of the next higher ORG head or authorized alternate. Payment or reimbursements to the president shall be reviewed by the University's internal auditor, who will summarize and provide a periodic report to the Audit Committee of the University's Board of Trustees in a format approved by the Audit Committee.
- C. Facsimile signatures on documents supporting financial transactions are not acceptable on financial documents except where such signatures are affixed under controlled conditions, and are authorized by the Vice President for Administrative Services or his/her designee.

D. Designations of authorized alternates shall be submitted in writing either on the Signature Authorization Form or when appropriate in a memo on business letterhead addressed to Financial & Business Services (see item IV A, above). Memos of authority delegation should contain effective dates where appropriate. Revised/updated forms must be submitted within one month when changes occur due to hiring, termination, or reassignment. Electronic systems and tools will become available where authorized alternate designation will become specific to function and will be managed by effective dating. Administrative offices will rely on tools of electronic designations for validation purposes, but will have to continue to rely upon paper designations until electronic systems are implemented.

E. While an authorized alternate may be designated, the following conditions apply:

1. The account executive or principal investigator remains accountable for the activity/project.
2. The authorized alternate shall sign his/her own name or use his/her own identity and not the name or identity of the account executive or principal investigator or any other person.
3. Authorization and approval authority may not be delegated for certain transactions and documents (i.e. PAR reports, establishment of bank accounts, etc.).

F. A key element in the University's system for maintaining control is review and approval of the monthly accounting statements. The statements should be reviewed and approved by a person with supervisory responsibility for the individual(s) who initiate transactions. The account executive or principal investigator should not seek to delegate this function, and may do so only when there is no practical alternative. If review and approval authority must be delegated, it is imperative that the account executive or principal investigator remain sufficiently involved to be knowledgeable about financial matters and exert meaningful oversight.

Approval must be evidenced by the signature of the person who completes the review, along with the date. Approval should ordinarily be completed within one month of receipt of the management reports. Approval indicates agreement that:

1. Transactions are accurate, or that necessary corrections are in process.
2. Expenditures are reasonable, necessary, and are for legitimate University business.
3. Expenditures and other charges are allowable and consistent with donor or sponsor restrictions.
4. Supporting documentation exists and is retained by the department for possible review by internal or external auditors. _

G. Requests for exceptions to this policy shall be made in writing by the president or the cognizant vice president when, in his/her judgment, special circumstances or emergency conditions make strict compliance impracticable. Any policy exception request under this paragraph shall be submitted to the Office of the Vice President for Administrative Services or his/her designee for final approval, where compliance issues exceed matters of routine policy.

H. When a satellite processing unit independently inputs financial transactions into the

University system, the satellite department retains the supporting documentation. The satellite department must adhere to this policy, making certain appropriate business processes, which are consistent with University policy, are in effect for documenting, approving, and recording financial transactions.

V. RULES, PROCEDURES, GUIDELINES, FORMS & OTHER RELATED RESOURCES

VI. QUESTIONS REGARDING THIS POLICY

- The Office of the Associate Vice President for Financial and Business Services is responsible for answering questions regarding the application of this policy.

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Editorially revised: 6/01/08

OUTDATED