

Policy 3-003: Authorizations and Approvals Required for Financial Transactions

I. Purpose and Scope

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

II. 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 responsible person is recognized as the Principal Investigator (PI). For all other financial activities, this individual is called the Account Executive (AE).

The AE or PI 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:

1. Reasonable and necessary
2. Consistent with established University Regulations

3. Consistent with any applicable laws and government regulations
4. Consistent with sponsor or donor restrictions.

Expenditures made or payment methods used for the sole purpose of personal benefit, or other purposes that do not benefit the university are prohibited.

- C. Authorized Alternate - An individual to whom financial stewardship is delegated from official offices of the AE, PI, 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 delegations 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.

III. Policy

General

- A. All University financial transactions require authorization by the AE or PI 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 AEs, PIs and authorized alternate require responsible persons to capture signatures and manage appropriate designations using the Granting Financial Authority (GFA) application. GFA is available through the "employee"

tab of the Campus Information System, under the heading Financial & Business Services/Processing.

- 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 Chief Administrative Officer or his/her designee.
- D. Designations of authorized alternates shall be made and verified using GFA whenever possible. Delegation to alternates for roles or responsibilities not defined within GFA may be made in a memo on business letterhead addressed to the Chief Administrative Officer. Memos of authority delegation should contain effective dates where appropriate. Revisions or updates of AE, PI or alternate designations must be made within one month when changes occur due to hiring, termination, or reassignment.
- E. While an authorized alternate may be designated, the following conditions apply:
 - 1. The AE or PI 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 AE or PI 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 the AE/PI, or by an approved alternate separate from the individual(s) who initiate transactions. The AE or PI 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 AE or PI remain sufficiently involved to be knowledgeable about financial matters and exert meaningful oversight.

Evidence of Review should ordinarily be completed within one month of receipt of the management reports. Evidence of Review 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 Chief Administrative Officer or his/her designee for final approval.

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.

IV. Rules, Procedures, Guidelines, Forms and other Related Resources

A. Rules

[R3-003A, Electronic Approvals](#); 6/25/2008

[R3-003B, Safeguarding University Resources](#); 9/1/2009

B. Procedures *[reserved]*

C. Guidelines

[G3-003A, Evidence of Review Guideline](#); 2/15/2013

[G3-003B, Management Reports, Failure to Review](#); 6/24/2016

D. Forms *[reserved]*

E. Other Related Resources *[reserved]*

V. References

A. [Policy 3-004](#), Processing Official Documents

B. [Policy 3-010](#), Expenditure of University Funds & Personal Reimbursements

C. [Policy 4-001](#), University Institutional Data Management Policy

D. [Policy 4-002](#), Information Resources Policy

E. [Policy 3-051](#), Banking Policy

F. [Policy 3-030](#), Travel Policy

G. [Policy 3-190](#), Requisition Preparation and Processing

H. [Policy 3-192](#), Restricted Purchases and Special Procurement

I. [Policy 3-110](#), Lease or Rental of Property for University Use

VI. Contacts

Acting as the Policy Owner, the Office of the Associate Vice President of Financial & Business Services is responsible for answering questions regarding the application of this policy. The Chief Administrative Officer has the authority to allow exceptions to this policy.

VII. History

Revision #5; Effective 6/23/2016

Guideline 3-003B added

Revision #4; Effective April 14, 2015

Editorially corrected to remove "foreign travel" from list of transactions where authority cannot be delegated. (section III.E.3.) Approved by IPC July 20, 2010. Change implemented July 21, 2010.

Rule: Safeguarding University Resources linked; September 11, 2009

Editorially changed to update Rules, format, owner and officer; August 14, 2009

Revision #3; Effective July 1, 2008