

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

Revision 3. Effective date: July 21, 2010.

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I. Purpose and Scope

A. Purpose.

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

B. Scope.

[reserved]

II. Definitions

The following definitions apply for the limited purposes of this policy and any associated regulations.

- 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 the faculty's or administrative person's 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 the AE's or PI's 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 their 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 the responsible person's 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

- 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 the individual 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 the Chief Administrative Officer's 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 the authorized alternate's own name or use the authorized alternate's 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 the president's or cognizant vice president's 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 the Chief Administrative Officer's 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.

Parts IV-VII of this Regulation are regulations resource information – the contents of which are not approved by the Academic Senate or Board of Trustees and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per Policy 1-001 and Rule 1-001.

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

- A. Policies/ Rules.
 1. R3-003A: Electronic Approvals
 2. R3-003B: Safeguarding University Resources
- B. Procedures, Guidelines, and Forms.
 1. G3-003A: Evidence of Review
 2. G3-003B: Management Reports, Failure to Review
- C. 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 3-110, Lease or Rental of Property for University Use

VI. Contacts

The designated contact officials for this regulation are

- A. Policy Owner(s) (primary contact person for questions and advice): Associate Vice President of Financial and Business Services
- B. Policy Officer(s): Vice President for Administrative Services

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

VII. History

- A. Current version. Revision 3
 - 1. Effective July 21, 2010.
 - a. Legislative history Revision 3: Removed "foreign travel" from list of transactions where authority cannot be delegated. (section III.E.3.)
 - b. Editorial Revisions
 - i. Editorially revised August 3, 2022 to move to current template.
- B. Previous versions.

1. Revision 2: Effective October 11, 2005

C. Renumbering

1. Renumbered from Policy and Procedures Manual 3-7.