

POLICY

Effective Date: December 7, 2005
Approved On: December 7, 2005

Authority: RCW 28B.35.20; and
Board of Trustees Rules of Operation

See Also: Policies POL-U5351.03 through .12

POL-U5320.03 AUTHORIZING AND DEFINING THE RESPONSIBILITIES OF FINANCIAL MANAGERS

This policy applies to university personnel with financial responsibility for University funds.

Definitions: Financial Authority for the purposes of this policy refers to the authority to receive and expend University funds.

Fund refers to an accounting unit with a separate, self-balancing set of accounts created to ensure appropriate use of resources in accordance with the Fund's purpose.

1. **University President Delegates Financial Authority to Provost and Vice-Presidents or other Designees**
2. **Provost and Vice-Presidents or Designee Authorize Financial Managers for Funds Within Their Division**

- a. A listing of the Financial Managers will be maintained in the University's Finance System.
- b. Annually, the list will be submitted to the Provost and Vice-Presidents.

3. **Financial Manager Is Responsible for Financial Transactions and Fund Balances Within the Fund**

The Financial Manager will ensure the following for any fund for which he or she is responsible:

- a. Revenues and expenditures will be projected for each fiscal year.
- b. All transactions entered on financial reports are appropriate to the fund, and are periodically reviewed for compliance with University and State regulations.
 - i. Purchases must follow the University's established purchasing guidelines. Expenditures must be appropriate based on the type and purpose of the fund.

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- ii. Revenues and cash receipts are reasonable in accordance with expectations.
- c. The fund should not end the fiscal year with a negative fund balance*.

If for any reason the fund ends a fiscal year with a negative fund balance, the Financial Manager will coordinate an action plan with the division Vice President or designee to eliminate the negative fund balance in a timely manner.

4. **Financial Manager is Responsible for Internal Controls**

The Financial Manager will ensure that adequate internal controls are maintained. Internal controls include, but are not limited to the following:

- A. Monitoring financial transactions in the University's accounting system and departmental subsystems by reviewing activity, budget and financial reports on a periodic basis (monthly review is recommended).
- B. Complying with University, State, and Federal financial policies
- C. Conducting analytical reviews (trend analysis of revenue and expense, comparisons of budget to actual, etc.).
- D. Maintaining separation of duties or compensating controls in department operations, including cash receipting and purchasing.

Definition: Separation of duties: One individual does not perform all of the steps in a transaction, from the beginning to the end of the process. For example, one individual does not have responsibility for processing purchases and authorizing payments and monitoring the financial transactions in the University's accounting

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system and departmental subsystems. Maintaining separation of duties is the preferred method as it is generally more effective at minimizing loss and errors.

- i) If separating duties within a department is difficult due to staffing limitations, the Financial Manager may consider collaborating with another department to separate the incompatible functions.
- ii) If separating duties is not feasible, the Financial Manager will establish and document compensating controls. For example, compensating controls may include reviewing the transaction audit trail of the individual processing transactions and periodically pulling and reviewing the supporting documents for a sample selected from the transactions.

5. Financial Manager May Authorize Other Employees to Initiate or Approve Transactions

- a. Financial Managers may delegate to other employees the authority to initiate or to approve financial transactions through established policies and procedures for each type of financial transaction. Examples of financial transactions for which authority to initiate or approve may be delegated includes payroll and time reporting, purchase requisitions, P-Card purchases, Corporate Express/Central Stores orders, and work orders.
- b. This delegation of authority to initiate or approve must be documented on-line or in writing (e.g., a memo to file that identifies the fund and organizations for which the individual employee has authorization, the type of transactions, and amounts, if applicable, that the employee is allowed to approve such as purchasing, travel, equipment purchases, up to \$250, etc.).
- c. The Financial Manager remains responsible for the Fund and must continue to monitor financial transactions executed by employees with delegated authority. The Financial Manager must continually review all funds for which he or she is responsible for compliance with established authorizations and responsibilities as well as University and State regulations.