

POLICY

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Authority: RCW [28B.35.120](#);
BOT Rules of Operation;
SAAM [Chapter 85](#)

Cancels: POL-U5320.03 Authorizing and Defining Responsibilities of Financial Managers

See Also: [FRM-U5230.03A](#) Financial Manager Maintenance Form
[FRM-U5320.03B](#) Budget Authority Authorization Form
[POL-U5300.25](#) Reporting Loss of University Funds or Property
[Internal Control Matrix](#)

POL-U5320.03 AUTHORIZING AND DEFINING FINANCIAL RESPONSIBILITIES

This policy serves to provide guidance and establish controls to assist personnel in being accountable and responsible stewards of University resources. This policy, therefore, applies to all University faculty and staff.

Definitions:

Accountability – for the purpose of financial control, is the delegation of authority to qualified persons to initiate, approve, process, and review financial transactions and the holding of those persons responsible for the validity, correctness, and appropriateness of their actions.

Budget Authority – an individual authorized by a financial manager to perform specific financial duties.

Financial Authority – the authority to receive and expend University funds.

Financial Manager – an employee in a position to which an organization code or fund is assigned; is granted financial authority over the monies allocated to the organization code and/or fund; and is given permission to delegate further to budget authorities.

Fund – 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.

Organization Code – represents a separately identifiable budget unit, such as a college or department, used to track budget responsibility, provide system security and facilitate generation of reports and summarizations.

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1. **University President and Board of Trustees Responsible for Ensuring Sound Financial Management**

The President and Board of Trustees are ultimately responsible for ensuring sound financial management of the organization.

2. **University President Delegates Financial Authority to Provost, Vice Presidents and other Designees**

The Provost, vice presidents and designees may further designate Financial Managers within their division or area of responsibility. For funds that include multiple organization codes with more than one Financial Manager, a vice president will designate one of the financial managers as Lead Financial Manager of that fund.

A listing of designations is maintained in the University's finance system and will be distributed annually by Financial Services to the Provost, vice presidents and designees to validate.

3. **Provost, Vice Presidents and Designees Responsible for Monitoring Financial Operations and Ensuring Appropriate Training**

The Provost, vice presidents and designees are responsible for monitoring the financial operations of their unit(s) no less than semi-annually and ensuring sound practices are developed and implemented.

The Provost and vice presidents will ensure Financial Managers, including themselves:

- a) Participate in Financial Manager overview training,
- b) Conduct regular internal control reviews when initiated and scheduled by the Internal Control Coordinator, and
- c) Take necessary action following an internal control review to meet compliance standards.

4. **Financial Managers Accountable for Financial Management of Delegated Funds**

Financial Managers are accountable for the resources entrusted to them even when they delegate fiscal duties and authority.

Financial Managers must maintain a current understanding of their division/department's financial situation and ensure:

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- a) Contracts and agreements that legally obligate the University for performance or monetary issues are approved in accordance with University policies and procedures, and bargaining unit contracts prior to allowing any services to be provided,
- b) Funds are spent:
 - In accordance with applicable University policies and procedures, state and federal rules, and agency, grant and contract guidelines, and
 - Within available budget and available cash,
- c) Annual projections of revenues and expenditures for each fiscal year are developed and strategies are implemented to maintain fund stability,
- d) Monthly statements are reviewed for accuracy and appropriateness and that issues are promptly and thoroughly investigated,
- e) Internal policies and procedures are:
 - Established and include internal controls in accordance with University guidelines,
 - Are well communicated, followed and regularly reviewed for effectiveness,
 - Vulnerabilities (including known violations) are documented and promptly and thoroughly addressed, and
- f) Performance concerns of employees responsible for the stewardship of financial resources are promptly and adequately addressed.

In the event that a negative fund balance is anticipated to occur, Financial Managers are to coordinate an action plan with the division vice president (or President when applicable) to eliminate negative fund balances in a timely manner.

5. Financial Managers May Delegate Fiscal Duties and Approval Authority

Financial Managers may delegate fiscal duties and approval authority for financial transactions such as, but not limited to, journal vouchers, timesheets, purchases, and work orders. Authority may include management of a specific fund(s), however, the Financial Manager remains accountable for the fund.

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All delegated fiscal duties must be clearly defined in each employee's job description. Authorization to approve financial transactions may only be granted via the *Budget Authority Authorization Form* (FRM-U5320.03).

Financial Managers must review segregation of duties prior to granting duties and authority and ensure each involved employee:

- a) Is provided with and follows relevant policies, procedures, regulations, rules and guidelines,
- b) Participates in all training required by Financial Services in order to perform their fiscal duties in a compliant and efficient manner, and
- c) Has his/her authority or permissions removed when appropriate (such as when changing duties).

6. Employees Must Maintain Compliance

No employee may authorize financial transactions without official designation as a budget authority regardless of their position.

Employees who are delegated fiscal duties must follow all applicable policies and procedures and may only perform those duties and/or financial transactions for which they have been authorized. All actions that deviate from policy and/or procedure must be approved by the Financial Manager to ensure internal controls are maintained.

All employees must respond to issues that arise in the course of their duties that pose a risk to the University by promptly reporting them to their supervisors or their division vice president when appropriate. If there is a known or suspected loss, employees are to follow the *Reporting Loss of University Funds or Property* procedures (PRO-U5950.19A).

7. Director of Financial Services Ensures Guidance and Training

The Director of Financial Services will ensure guidance and tools are made available to support Financial Managers and staff. In order to ensure adequate communication and consistent application of policies, procedures and responsibility expectations, the Vice President for Business and Financial Affairs will determine which trainings and internal control review actions are required.