

TEXAS SOUTHERN UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Fiscal Affairs

NUMBER: 03.07.03

AREA: General Accounting

SUBJECT: Expenditures and Expenditure Authority

I. PURPOSE AND SCOPE

This document establishes guidelines to ensure prudent management of all funds entrusted to Texas Southern University for carrying out its programs and activities. This policy is applicable to all Texas Southern University funds. While budgetary planning and fund allocation will prescribe the purposes for which funds will be expended, this document outlines the principles governing university expenditures, and prescribes guidelines for ensuring appropriate signature authority for all university expenditures. These guidelines are provided to assist all university departments in meeting their obligation of public accountability to the State of Texas, governmental agencies and to other constituencies that have provided funds for the university's use.

II. POLICY STATEMENT

All university expenditures shall be consistent with applicable state and federal laws and regulations; with any restrictions, rules or regulations placed on the use of the funds by donors and granting or contracting agencies; and with prudent management practices. In addition, all expenditures must be reasonable and necessary for carrying out the programs and activities of Texas Southern University within the budget allocations approved by the Senior Administrative Official, and shall be documented in a way that clearly substantiates such reasonableness and necessity.

It is the responsibility of the Chief Financial Officer, through the business management personnel in each college and division, to provide controls that ensure accountability for all university funds. The Senior Administrative Official is responsible for certifying all transactions within their budgetary allocations or delegating authority (not responsibility) to subordinates to certify such transactions. Such delegations are required to be in writing in the format prescribed in this document.

III. DEFINITIONS

- A. Senior Administrative Officials: Personnel charged with the responsibility of ensuring that all transactions of budget allocations in their area are certified in compliance with university policy. Senior Administrative Officials include the President, Vice Presidents, Deans, Directors, Department Chairs, Principal Investigators, and College/Division Administrators.

B. Certify:

1. To approve an expenditure by signing the appropriate document, indicating approval via email, or indicating approval in Banner. The type of approval accepted for each type of transaction is defined by the processing unit that reviews and approves these transactions. Such certification ensures that:
 - a. The expenditure is made for the purpose for which funds were budgeted;
 - b. The expenditure is properly authorized;
 - c. The procurement process was followed and the documents are prepared in accordance with all state, federal and university guidelines;
 - d. The funds required are available; and
 - e. The transaction complies with pertinent rules and regulations required by external funding sources and/or oversight entities.
2. To verify revenue transactions by approving general ledger journals indicating a cash receipt or receivable.
3. To confirm budgetary transactions by approving Budget Journals.
4. To approve any other transactions involving assets, liabilities, fund equity, revenue, or expense through signature, email, or Banner approval.

C. Certifying Signatory: The university employee who is authorized to certify expenditures for a department, project, college or division, and whose signature must appear on any expenditure document or approval indicated by email or in Banner for any transactions initiated by that unit.

D. College/Division Business Administrator: The chief business officer within each college or division.

E. Department Approver: The university employee who is authorized to certify transactions for a college or division that are processed through Banner. The Department Approver's Banner approval has the same meaning and effect as the signature or email approval of a Certifying Signatory.

F. Expenditure and Other Financial Documents: Generally, documents committing or eliciting payment from university funds, which require a certifying signatory's signature or email approval or Banner approval of a Department Approver (Addendum A).

- G. Principal Investigator (PI): The full-time tenure-track faculty, research faculty or full-time permanent staff member with responsibility for directing the technical aspects of a project, carrying out research efforts within the scope authorized by the agency, and authorizing all expenditures of award funds within administrative constraints imposed by the agency, the state and/or the university.
- H. Processing Departments: The university administrative departments responsible for processing transactions. For the purposes of this document, the definition includes any department that reviews and approves documents committing or expending the financial resources of the user department: e.g., the Purchasing Department, the Accounts Payable Department, the Student Billing and Collection Department, the Human Resources Department, the Payroll Department, Contracts Administration, etc.
- I. Sponsored Program or Sponsored Project Accounts: Cost centers (including ATP/ARP) over which the Office of Research Financial Services has stewardship responsibility.
- J. University Funds: All monetary resources available in institutional cost centers - from all funds, all sources - except for funds held by the institution as fiscal agent for individuals or organizations (Agency Funds).

IV. POLICY PROVISIONS

To provide controls that ensure accountability for all university funds, the following principles shall govern:

- A. Senior Administrative Officials (i.e., the President, Vice Presidents, Deans, Directors, Department Chairs, Principal Investigators, and College/Division Business Administrators) within each college and division are assigned the responsibility for ensuring that procurement, expenditure, cash handling and other financial matters are managed in accordance with this, other institutional policies and procedures, and any pertinent rules and regulations required by external funding sources and/or oversight entities.
- B. Only Senior Administrative Officials shall have authority to approve transactions as a certifying signatory or Department Approver for expenditure of university funds from any source, or to delegate such authority. Authority will be delegated only to a very limited number of personnel within each college or division.
- C. In addition, the following expenditure documents must be submitted to the Office of Research Financial Services for approval of:
 - 1. All reallocations (including payroll);
 - 2. Equipment purchases in the last six (6) months of an award;

3. Non-standard consulting service agreements. *Note: Standard consulting agreements still need to be submitted to Office of Research Financial Services for encumbrance of funds;*
 4. Expenditure documents in certain departments in which staff have not attended the required certification seminars; and
 5. Overload Requests on sponsored funds are not allowable and cannot be approved by departments or the Office of Research Financial Services.
- D. Expenditures of funds from centrally controlled, special-purpose cost centers, (e.g. faculty start-up funds), must be approved by the Vice President or other university official controlling that cost center, in addition to the certifying signatory or Department Approver of the initiating unit.
- E. The certifying signatory or Department Approver must review transactions within their area for compliance with all applicable internal and external rules and regulations, and by signature, email approval, or Banner approval must assume responsibility for that compliance.
- F. Certain specialized purchases require additional approval by the department with oversight responsibility for those items (Addendum B).
- G. University departments responsible for procurement, payment or other financial activities shall not approve or process any procurement or expenditure request that has not been approved by the properly authorized employee or employees. It is the responsibility of the university department that initially receives any procurement or expenditure request to verify that the request has been approved by the appropriate certifying signatory, if applicable, and other necessary approvals as outlined in Addendum B. However, requests approved in Banner are assumed to be properly authorized, since only authorized employees are given Department Approver status. It is the responsibility of the department that initiates the procurement or expenditure document to ensure that any additional signatures or email approvals, such as PI or Vice President, are obtained when required.
- H. A procedure is provided herein for submitting lists of names of authorized certifying signatories to the processing departments and maintaining the lists.

V. DOCUMENTATION STANDARDS

- A. Before expenditures are incurred or reimbursement sought against any university funds, there must be evidence that procurement guidelines have been followed that ensure a valid commitment of university funds. Any obligation incurred by a university employee contrary to university guidelines becomes the personal obligation of the employee and not of Texas Southern University.

- B. Requests for expenditures against all university funds shall be fully documented prior to certification for payment in accordance with these guidelines, and with all other state, institutional and governmental agency guidelines.
- C. Every expenditure request must be certified by the signatory or email approval of the properly authorized signatory or by Banner approval of a Department Approver for the type of commitment and the department from which that expenditure is requested. Expenditure commitments made through purchase requisitions are certified at that level. An up-to-date list of authorized signatories and Department Approvers shall be provided through the Finance Division.
- D. Generally, payment or reimbursement for purchases of materials and services requires at the minimum an invoice or receipt from the vendor. Purchases made by purchase requisition also require a receiver or purchase order. Documentation pertinent to each procurement method is specified in the relevant MAPP.
- E. Requests for expenditures not meeting the documentation standards required for that transaction and other institutional guidelines will be rejected by the processing department and returned to the originator with the reason for rejection stated. Unless the problem is resolved in accordance with appropriate guidelines, the payment will not be approved.

VI. PROCESSING AND CERTIFICATION OF EXPENDITURE TRANSACTIONS

Each college and division shall have in place a business management structure that ensures financial transactions are handled in accordance with all relevant Texas Southern University policies, and with standards of good business management and accountability. To ensure this accountability, each college and division must provide a carefully defined and limited system for authorizing business management personnel to certify expenditures.

VII. AUTHORIZED SIGNATURE LISTS

- A. In relation to the internal business/administrative structure, each college and division shall develop and maintain an internal approval (certification) hierarchy in which:
 - 1. Certain expenditure/financial document categories shall be certified only by Senior Administrative Officials; and
 - 2. Certification of all other expenditure/financial documents shall be limited to a restricted number of business staff at the department or project level, as designated by the Senior Administrative Officials.
- B. Developing Authorized Signature Lists:
 - 1. Approximately two (2) months prior to the start of each fiscal year, the Chief Financial Officer's staff will solicit from each College/Division

Business Administrator a list of authorized signatories for their college or division. This list will be limited to a small number of business management signatories.

2. The lists will be forwarded on the Authorized Signature List (ASL) forms provided (Addendum C). Each College/Division Business Administrator will ensure that original signatures are provided and that names are also affixed by typing or printing in the space provided on the form.
3. One copy of each ASL will be maintained within the college or division office, and one original will be provided to the Chief Financial Officer who will scan and distribute copies by email to:
 - a. Accounts Payable Department;
 - b. Budget Office;
 - c. Student Billing and Collection;
 - d. General Accounting Department;
 - e. Office of Research Financial Services;
 - f. Human Resources Department;
 - g. Payroll Department;
 - h. Physical Plant - Architectural, Engineering, Construction;
 - i. Purchasing Department; and
 - j. Telecommunications Department.
4. All documents received by the processing departments will be reviewed against the ASL, and any document submitted without the proper signature or email approval will be returned to the College/Division Business Administrator.

It is the responsibility of the university processing department that initially receives any procurement or expenditure request to verify that the request has an appropriate certifying signature or email approval and other necessary approvals outlined in Addendum B prior to processing the document.

VIII. MAINTENANCE OF AUTHORIZED SIGNATURE LISTS

When any change occurs in signature authorization through change in personnel or responsibilities, the College/Division Business Administrator is responsible for updating the ASL through the Chief Financial Officer.

IX. REVIEW AND RESPONSIBILITY

Responsible party: Executive Director of Business Affairs *BR*

Review: Every three years, on or before January 1

X. APPROVAL

Ami McShan

Chief Financial Officer

John Rudley

President

Date of President's Approval *11/23/09*

Addendum A

**Documents that Require the Approval of a
Certifying Signatory or Department Approver**

- A. Procurement:
 - 1. Purchase requisitions/purchase orders
 - 2. Request for change orders
 - 3. Vouchers

- B. Cash handling:
 - 1. Petty cash reimbursements (Voucher)
 - 2. Cash receipts (Journal)
 - 3. Check cashing or change funds

- C. Travel, contracts, and miscellaneous: **
 - 1. Travel advance requests
 - 2. Travel requests
 - 3. Travel vouchers
 - 4. Contract review documents *
 - 5. Authorized standard agreements *
 - 6. Scholarship award memos/forms

- D. Internal procurement:
 - 1. Service Center Vouchers
 - 2. Work orders - Physical Plant, telephones

- E. Accounting adjustments:
 - 1. Journals
 - 2. Budget Journals

- F. Human Resources/Payroll:
 - 1. Position Requests (creating or reclassifying positions and/or moving funds*)
 - 2. Personnel Action Forms (PAFs)*
 - 3. Payroll reallocations
 - 4. Timesheets for hourly-paid employees

- G. Any other documents that commit or expend university funds

*Require certification of the Senior Administrative Official.

** All Athletics Department expenditure documents under Section C require certification by the Athletics Department business administrator. Such certification means that the expenditures are in compliance with NCAA rules and regulations.

Addendum B

Purchases Requiring Prior Approvals by the Unit Noted

<u>Type of Purchase</u>	<u>Fund Source</u>	<u>Dollar Levels</u>	<u>Approval Required</u>
Advertisements – Non-Employment	All	All	University Advancement
Advertisements – Staff Employment	All	All	Human Resources
Advertisements – Faculty Employment	All	All	Human Resources
Public Relations Services	All	All	University Advancement
Scholarships and Stipends	All	All	Scholarships and Financial Aid
Trade-in Equipment	All	All	Property Manager
Controlled Substances	All	All	Environmental Health and Risk Management
Radioactive/Hazardous Materials	All	All	“ “ “ “
X-Ray Machines	All	All	“ “ “ “
Class 3b and 4 Lasers	All	All	“ “ “ “
Biological Safety Cabinets	All	All	“ “ “ “
Vehicles	All	All	“ “ “ “
Security Systems	All	All	TSU Chief of Police

Addendum C

Texas Southern University

Authorized Signature List for Expenditures and Expenditure Authority

College/Division: _____

#	Signature	Typed Name
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

The signatures indicated above are the only authorized signatures for expenditure purposes as outlined in MAPP 03.07.03 (Expenditures and Expenditure Authority). It is the responsibility of the college/division to update this list as changes occur during the year.

Approval of Dean or Division Vice President

Name and Title

Date