

Fiduciary Responsibility Policy

ROWAN UNIVERSITY POLICY

Title: Fiduciary Responsibility Policy

Subject: Finance

Policy No: FIN:2022:01

Applies: University-Wide

Issuing Authority: President

Responsible Officer: Senior VP for Finance/CFO

Adopted: 2/1/20

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I. PURPOSE

This policy provides guidance regarding the delegation and assignment of authority to review and approve University expenditures. The Fiduciary Responsibility Policy pertains to all employees who are responsible for committing University funds, regardless of the funding source, and defines their responsibilities for encumbering, reviewing and approving the expenditure of University funds and business transactions. This policy provides further guidance regarding the delegation and assignment of authority to review and approve University expenditures. As such, the University relies on the integrity and sound judgment of its employees who have financial management responsibilities.

Rowan University is a public research university, and, as a steward of public funds, must ensure that all financial transactions are reasonable, appropriate and comply with applicable Federal and State regulations, University policies, grant and contract obligations, and donor restrictions. Business transactions conducted through the University need to stand the test of public scrutiny as well as internal and external audits.

University funds are resources that provide financial support to the University's mission and goals. These funds are derived from several sources, including tuition and fees, state appropriations, gifts, endowments, grants and contracts, restricted funds, as well as other sources, and as such, require prudent fiduciary management.

This policy is intended to ensure that all financial transactions are reasonable, appropriate and comply with applicable Federal and State regulations, University policies, grant and contract obligations, and donor restrictions, and that business transactions conducted through the University withstand the test of public scrutiny as well as internal and external audits.

II. ACCOUNTABILITY

Under the direction of the President, the Senior Vice President for Finance/ CFO shall ensure compliance and implementation of this policy.

III. APPLICABILITY

The application of, and adherence to, this policy is the responsibility of the initiator, approver, department head, dean and area vice president who authorize and approve the direct expenditure of University funds. Transactions requesting payment to an employee, or that benefit an employee with approval authority, require approval by the next higher level of authority.

All initiators, approvers and delegates must follow the University's prescribed policy and procedures to assure that expenditures/commitments charged to their funds meet the following criteria:

- Reasonable, necessary, and appropriate as related to the objective sought;
- Compliant with established University policies and practices;
- Consistent with sponsor or donor terms, conditions and restrictions; and
- Aligned with the mission of the University.

Within colleges, administrative divisions, and departments, employees with financial management responsibilities (financial managers) are accountable for the execution or review of all planned expense commitments in accordance with established University policies and procedures.

IV. DEFINITIONS

1. Initiator:

The initiator of the planned expense/commitment has the financial and budgetary responsibility to assess whether the proposed business expense is reasonable, appropriate, and necessary and supports the University's mission and goals. The initiator, by authoring an expense, is certifying that the expense is legitimate and meets the criteria of University business policies. Individuals whose expense results in a fixed asset of the University will ensure communication for need of continued internal tracking and safeguarding of the item/ongoing maintenance of the item. Individuals whose expenses are funded by a sponsored grant or contract must also adhere to specific grant conditions and restrictions, and as necessary, contact the Office of Research to confirm expense eligibility. In addition, individuals whose expenses are funded by a restricted gift must recognize and adhere to specific donor restrictions.

2. Approver:

The approver of the initiated expense /commitment has the financial and budgetary responsibility to verify that the expense is a legitimate business expense of the University and ensure that transactions are in compliance with Federal and State regulations, all University policies, donor restrictions, and that funds are available for the expense/commitment. When resulting in an asset for the University, the approver is required to ensure continued internal tracking and safeguarding of the asset by the proper University/departmental representative. The signature (printed or electronic) of the approver signifies that the approver has verified the request for compliance with all applicable Federal, State and University policies. Only authorized individuals may approve transactions which obligate the University to spend funds, receive services, and/or otherwise commit its resources. Individuals may enter into these transactions only if they have the appropriate level of authority. No approver may authorize a payment to oneself or benefitting oneself, including but not limited to, personnel transactions, employee expenditure reimbursements, credit card transactions, petty cash reimbursements, and travel or entertainment expenditures. This standard of a second level of review for such transactions promotes accountability as well as the appropriate use of University resources. In the case of grant funded research and restricted gifts, approvers must be familiar with the terms and conditions of the award and donor restrictions.

3. Delegated Approver:

An approver may delegate their authority to a qualified managerial employee to foster operational efficiency. Delegating authority to another individual is to be carefully considered, as it does not exempt the original designated approval from any responsibilities.. The original designated approver is responsible to educate and train delegates to ensure there is a clear understanding of what should and should not be approved along with what steps must be conducted if they are unsure on a decision. Written records of any authorization are to be maintained by the approver. At all times, the original designated approver shall remain responsible for all expenditures authorized under the individual's signature or designee's signature.

V. POLICY

1. The Fiduciary Responsibilities policy pertains to all employees who are responsible for committing University funds, regardless of the funding source, and defines their responsibilities for encumbering, reviewing and approving the expenditure of University funds and business transactions.
2. This policy provides further guidance regarding the delegation and assignment of authority to review and approve University expenditures.
3. The University must rely on the integrity and sound judgment of its employees who have financial management responsibilities.
4. Accounting and Contract Review
 - a. The Office of Grant and Contract Accounting is responsible for ensuring that expenses and purchases made through restricted grant and contract funds are appropriate, necessary, reasonable, allowable and are in compliance with Uniform Guidance, 2 CFR 200, purchasing rules, and grant specific conditions. All contracts related to sponsored research must be issued from the Office of Research.
 - b. The Office of General Counsel ("OGC") and/or the Office of Contracts and Procurement must review contractual language for clarity around proposed scope of work and cost of engagement, ensuring that the contractual terms and conditions are compliant with applicable laws and regulations, and that proposed contracting parties have provided necessary documentation to contract with, or perform services for the University. All contracts must meet or exceed standard University contractual terms or conditions. The OGC does not make business decisions, relying upon the thorough review, identification and analysis by the initiator of any proposed contractual obligations prior to submission for legal review. The OGC will, however, determine whether the proposed contract subjects the university to undue legal risk that cannot be appropriately managed.
 - c. The Department of Risk Management shall be consulted when issues of Risk are noted by the Office of General Counsel and/or the Office of Contracts and Procurement, and shall determine whether the level of risk associated with the contractual endeavor can be appropriately managed and insured. This Office is responsible for, and shall be contacted for, any Certificates of Insurance which may need to be provided to, or received from, vendors, suppliers, and contractors. In certain circumstances, a Certificate of Insurance may be a required as part of the contract.
 - d. The Human Resources Division shall be consulted in relevant matters and shall refer to its appropriate policies and procedures, including but not limited to the Salary Voucher Policy as applicable.
 - e. Rowan University subsidiaries' and affiliates' contracts shall be in accordance with the operating rules and guidelines applicable to the subsidiary and/or affiliate. Agreements not referenced herein and governed by separate policies for Rowan University subsidiaries and affiliates shall not be governed by this policy.
5. The Office of Contracting and Procurement has the sole authority to convert purchase requisitions into purchase orders which officially obligates University funds. Prior to generating the purchase order, the Office of Contracting and Procurement ensures that the appropriate Federal and State regulations are followed, and facility, safety and technology requirements meet University standards. Once confirmed, the requisition is converted to a purchase order an official contract between the University and the vendor with clearly defined terms and conditions will be developed.
6. If business transactions are found to be fraudulent or in violation of University business policies, the initiator and the approver of the transaction may be subject to disciplinary actions, including required reimbursement from the employee or legal action, and sanctions up to and including suspension or loss of employment.
7. **Responsibilities:**
 - a. The application of, and adherence to, this policy is the responsibility of the initiator, approver, department head, dean and area vice president who authorize and approve the direct expenditure of University funds. Transactions requesting payment to an employee, or that benefit an employee with approval authority, require approval by the next higher level of authority.
 - b. All initiators, approvers and delegates must follow University's prescribed policies and procedures to assure that expenditures/commitments are in accordance with applicable policies, including this policy.
 - c. Within colleges, administrative divisions, and departments, employees with financial management responsibilities are accountable for the execution or review of all planned expense commitments

in accordance with established University policies and procedures. Employees with financial management responsibilities are required to ensure internal tracking and safeguarding of University assets.

- d. All approvers are responsible for ensuring expenses and purchases are appropriate, necessary, reasonable, allowable, support the mission of the University, and comply with Federal and State regulations and gift restrictions. Contract terms and conditions must be consistent with University Policies.
- e. Failure to comply with this policy may result in denial of reimbursements, denial of the requested expenditure, disciplinary action in accordance with applicable bargaining unit contract or managerial policy, legal action, or seeking of reimbursement from the employee.