

Policy 1101**Guiding Principles for Business and Financial Administration**

Responsible Office	Finance and Administration	Effective Date	7/1/98
Responsible Official	Vice President for Finance and Administration	Last Revision	11/12/98

Policy Sections.....	2
1101.1 Business Operating Structure and Controls.....	2
1101.2 Financial Management.....	3
1101.3 Budgetary Oversight	3
1101.4 Approval Authority for Business Transactions	3
1101.5 Financial, Human Resources and Procurement Systems	3
1101.6 Record Retention	4

Scope

This policy sets forth the fundamental principles for the administration of business and financial activities at Yale and forms the basis for development of more detailed University Financial, Human Resources, Information Technology, and Procurement policies. It covers the basic administrative structure, financial management, budgetary oversight, approval processes, and information systems.

Policy Statement

Yale University has been entrusted with funds to fulfill its mission of education and research, and is committed to conducting its business under the highest ethical standards. All University faculty and staff, under the leadership of its officers, are obligated to ensure that University funds are used for mission-related purposes, and are expected to exercise their responsibilities with integrity, following ethical business practices.

Leadership responsibilities for fiscal control include assurances that the following exist:

- Documented policies and procedures;
- Staff properly trained for assigned duties;
- Mechanisms to ensure compliance with policies.

All financial administrators are responsible for familiarizing themselves with official policies so that they may provide guidance to all University employees. Every University employee is responsible for following stated policy.

Reason for the Policy

In order to promote consistent Financial, Human Resources, Information Technology, and Procurement policies and procedures, this policy presents broad guiding principles for the business and financial administration of the University.

Policy Sections

1101.1 Business Operating Structure and Controls

Institutional Business Offices

The institutional business offices (central offices) are responsible for the business processes falling under their jurisdiction. Accordingly, they establish policies and procedures related to those business processes, train and authorize individuals to carry out transactions in the business process, provide support structures, and conduct quality assurance programs. These offices may also execute or exercise approval authority over high risk or major transactions.

Business Support Centers

In an effort to improve service to schools and departments, and increase efficiency by placing business transactions as close to the source as possible, the University is committed to the establishment of a network of business support centers. These centers will execute a wide variety of business transactions on behalf of the schools and departments that they support, and will be responsible for adhering to University policies and procedures affecting such transactions. These centers will support the departments and schools involved, but will not replace or consolidate the departments and schools themselves.

School and Departmental Administrative/Business Offices

School and departmental administrative/business offices exist for those units not served by a business support center. Such offices provide for the preparation, and in certain cases the execution, of business transactions within their schools and departments under authority delegated to them by their Dean, Director or Chair and as specifically allowed under University policy. School and departmental administrators and/or business managers may, in turn, further delegate certain transaction preparation and/or approval authorities within policy guidelines. All such delegations of authority must be documented within the school or department, and care must be taken to ensure that those transactions requiring preparation and/or approval by an institutional business office are routed accordingly. Those who prepare and approve transactions must be trained for their duties, and must accept an appropriate level of responsibility for compliance with University policy, sponsor or donor restrictions, and federal, state and other regulations.

Internal Control

The University's system of internal control includes policies and procedures designed to promote sound business practices, and to establish clear roles and responsibilities, including attention to the segregation of duties. Departments, business support centers and institutional offices are responsible for assuring a sound business and control environment. In addition, the Office of University Auditing reviews business practices through a program of internal audits.

Compliance

The University is obligated to identify and comply with applicable governmental laws and regulations, and sponsor or donor requirements or restrictions. Governmental regulations include, but are not limited to, those of the Internal Revenue Service and the Treasury Department, OMB circulars A-21, A-110 and A-133, those of the EEOC, OSHA, and other federal and state agencies, and other applicable municipal authorities.

The institutional business offices, with the advice of the Office of the General Counsel, are responsible for identifying applicable governmental regulations, establishing University policies, and training business officers throughout the University. Each business officer is responsible for knowing and adhering to government regulations and University policies.

1101.2 Financial Management

All funds received from any University funding source, such as general appropriations, grants, gifts, etc., must be deposited only in authorized University bank accounts and recorded in the University's financial system.

All assets purchased with University funds, and assets that have been donated, are University property or the property of the granting agency, and should be used only for instructional, research or other University-related purposes.

Any expenditure of University funds must be made by an individual authorized to expend such funds and in accordance with approved University budgets, donor or sponsor restrictions, University policies and applicable laws and government regulations.

Only the institutional finance office, with appropriate institutional and Corporation approval, may borrow funds on behalf of the University.

The Controller is responsible for maintaining the official financial records of the University. An external auditor will audit the financial statements annually and report their findings to the Corporation.

1101.3 Budgetary Oversight

The Provost, as chief budgetary officer for the University, oversees the development of the annual operating and capital budgets and their presentation to the Corporation for approval. The Provost is assisted in this process by the Deputy and Associate Provosts and the Office of Budget and Planning. Individual deans, directors and chairs prepare a budget proposal, which is then reviewed and approved by the Provost.

Deans, directors and chairs must take responsibility for ensuring that funds are expended in a manner consistent with the annual budget as approved by the Corporation.

All individuals who have been delegated the authority to expend funds on behalf of the University must take responsibility for doing so in accordance with the approved operating and capital budgets, and within donor, funding agency, and other such requirements and restrictions.

1101.4 Approval Authority for Business Transactions

The bylaws of the University assign approval authority for each type of transaction to specific officers. In certain instances, an officer has further delegated certain approval authority to specific individuals and some authority to deans, directors and chairs.

Deans, directors and chairs are responsible for identifying and documenting any delegation of their approval authority within their colleges, schools and departments. They are further responsible for ensuring that approval authority is used properly.

No individual may approve a transaction which personally involves him or her, or was initiated by him or her.

1101.5 Financial, Human Resources and Procurement Systems

Yale University uses automated financial, human resources and procurement systems. All supervisors are responsible to ensure that staff members are trained in appropriate use of these systems. Individuals initiating transactions are responsible for obtaining proper authorization.

To ensure the integrity of the University's data, transactions must be recorded accurately, in a timely manner, completely within financial, human resources and procurement system guidelines, and in accordance with applicable external agency rules (including those of federal and other agencies funding University programs, the Internal Revenue Service, and the Connecticut Department of Revenue). Accurate recording includes adequate descriptions of transactions, as well as the correct use of chart of account codes.

1101.6 Record Retention

Financial records must be retained in accordance with the University's record retention policies and associated standards.

Related Information

Policy [1104](#) Signature Authority and Delegation of Approval Authority

Policy [1105](#) Retention of University Financial Records

Policy [1201](#) Budgets and Monitoring

Policy [1503](#) Formulation and Issuance of Financial, Procurement, Human Resources and Administrative Information Systems Policies

Contacts

Subject	Contact	Phone
Interpretation of guidelines	Associate Vice President for Finance	432-1337
Interpretation of guidelines	Associate Vice President for Administration	432-5557

Revision History

The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.
