



# UNIVERSITY OF RICHMOND

## Policy Manual

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<b>Policy #:</b>	FIN-4101	<b>Policy Title:</b>	Use of University Funds and Financial Responsibilities
<b>Effective:</b>	01/01/2025	<b>Responsible Office:</b>	Office of University Controller
<b>Date Approved:</b>	12/11//2024	<b>Approval:</b>	Executive Vice President and Chief Operating Officer
<b>Replaces Policy Dated:</b>	07/01/2019	<b>Responsible University Official:</b>	Senior Associate Vice President and University Controller

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### PURPOSE:

The University has a responsibility to ensure that University funds are used prudently, only for official University business, and in compliance with applicable laws, regulations, policies, and restrictions associated with grants, contracts and restricted funds.

Accordingly, the University must establish and maintain internal controls to ensure the appropriate use of funds and to protect against improper spending and fraud.

The purpose of this policy is to clarify roles and responsibilities of University employees with respect to expenditure of University funds.

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### SCOPE:

This policy applies to the University of Richmond and all its Affiliates. As used in this policy, the term “Affiliates” means organizations or entities in which the University owns a controlling interest or has the right to elect the majority of the entity’s governing board.

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### POLICY STATEMENT:

*FIN-4101.1 – Definitions*

## Appropriate

Appropriate means an expense is suitable or fitting in the eyes of an objective third party and fulfills a valid business purpose.

## Business Purpose

The business purpose establishes that a particular good, service or activity is necessary to fulfill the mission of the University and primarily benefits the University.

## Necessary

An expense is necessary when it is required to achieve a particular business purpose.

## Reasonable Expense

A reasonable expense is ordinary – not lavish or excessive – and reflects a prudent decision to incur the expense on behalf of the University in furtherance of its mission.

## *FIN-4101.2 – Policy*

The primary sources of University revenue are students and their families (e.g., tuition, housing, food) and individuals and philanthropic organizations that have been inspired to give to the University in support of our mission (e.g., current use gifts, endowment support). All members of the University community have a responsibility to exercise good judgment and prudence when spending University funds. University funds may only be spent in support of a legitimate business purpose and in accordance with University policies; expenditures must be reasonable and appropriate.

All employees initiating the expenditure of University funds are responsible for following related University policies, for using University funds prudently and only for a legitimate business purpose

All expenditures of University funds require approval by someone other than the person who initiated the transaction. This is known as segregation of duties. Approval signifies actual knowledge of the transaction, and approvers are expected to question any unusual or unknown items before approving.

Approval of a financial transaction is a verification which signifies that all the following are true:

- that there is a legitimate business purpose for the expense;
- that the expense conforms to University policy and other relevant laws, regulations and grant or donor restrictions;
- that in the professional judgment of the approver, the expense is reasonable; that there is appropriate documentation for the expense.

Reconciliation is a review of transactions associated with a specific Cost Center. Reconciliation signifies that:

- all expenses are charged to the correct Gift, Grant, Project, or Cost Center;
- that expenses and transaction information has been entered accurately.

## *FIN-4101.3-Roles and Responsibilities*

### ***I. Financial Approvers***

*Financial Approvers* are University employees responsible for ensuring that there is a legitimate University business purpose for the expense, that the expense is a prudent use of institutional resources, and that the expenditure complies with applicable laws, regulations and policies. Different types of financial approvers are responsible for evaluating different aspects of financial transactions. All *Financial Approvers* are responsible for timely approval of transactions and should question any unusual or unknown items before approving.

### Cost Center Manager

Cost center managers are employees whose primary responsibilities have to do with the financial management of a specific unit.

Cost center managers are responsible for budget management and budget planning, policy compliance, and financial transaction approvals.

Approval by a cost center manager is an authorization of a specific transaction which signifies that all the following are true:

- there is a legitimate business purpose for the expense;
- the expense conforms to University policy and other relevant laws or regulations (other than those related to grant or in donor restrictions)
- that, in the professional judgment of the approver, the expense is reasonable;
- there is appropriate documentation for the expense;
- that the expense conforms to the spending plan associated with that cost center and that funding is available.

### Supervisors

As it relates to financial approval, Supervisors are responsible for ensuring that the employees they supervise understand and follow University policies related to expenditure of funds when they initiate expenses for travel on behalf of the University. Supervisors are responsible for approving the authorization of travel expenses incurred by employees whom they supervise. Approval by the supervisor is an authorization of a specific transaction which signifies that all the following are true:

- The employee was authorized to travel on University business;
- there is a legitimate business purpose for the travel;
- that, in the professional judgment of the approver, the travel is reasonable;

## Gift Managers

Gift managers are responsible for understanding the restrictions associated with the gifts that they manage and properly charging expenses to restricted sources.

Approval by a gift manager is an authorization of a specific transaction which signifies that all the following are true:

- that the transaction conforms to all policies related to spending from the gift;
- that the expense is for a purpose that is permissible based on the restrictions associated with that gift.

## Grants Managers

Grants Managers, who are typically Principal Investigators on a grant, are responsible for understanding the regulations and restrictions associated with the grant funds that they manage and properly charging expenses to those grant-funded sources.

Approval of financial transactions by a Grants Manager is an authorization of a specific transaction which signifies that all the following are true:

- that the expense should be charged to the grant;
- that the expense is for a purpose that is permissible based on the restrictions associated with that grant;
- that the principal investigator has direct, first-hand knowledge of the transaction.

## Sponsored Programs Managers

Sponsored Programs Managers are responsible for understanding the regulations and restrictions associated with grants that they support.

Approval of financial transactions by a grant manager is an authorization of a specific transaction which signifies that all the following are true:

- that the transaction conforms to all policies and regulations associated with spending from the grant;
- that the expense is for a purpose that is permissible based on the restrictions associated with that grant.

## Student Expense Approver

If the transaction is providing direct payment to a student, the transaction must be approved by a University official authorized to make payments to students and by an authorized Student Expense Approver. (See *FIN-2101* Policy on Provision of Financial Resources to Students]

## ***II. Financial Specialists***

*Financial Specialists* are University employees who are responsible for day-to-day activities related to departmental funds for which they are not an approver. Responsibilities may include allocation and reconciliation, purchasing, as well as trend tracking and record-keeping. Reconciliations and purchase requisitions prepared by a *Financial Specialist* must be reviewed and approved by the *Financial Approver(s)*.

## Procurement Specialist

Procurement specialists are responsible for making purchases on behalf of the University. They are responsible for understanding and following basic purchasing rules and policies, including *FIN-4403 Procurement Policy* and *FIN-4301 University Credit Card Policy*. Procurement specialists are responsible for being aware of the University's vendor contracts, managing purchase requisitions, acknowledging receipt of goods and services, and maintaining required documentation.

## **III. Financial Principals**

*Financial Principals* are University employees who are responsible for the budget of a program, unit, department or division. *Financial Principals* are responsible for the financial health of their area of responsibility, including monitoring budget and expense trends, assessing whether budgets are going to remain in balance by end of fiscal year, and analyzing emerging budget pressures (or opportunities for reallocation). *Financial Principals* are also responsible for ensuring regular reconciliation, and for ensuring that *Financial Initiators* and *Financial Approvers* in their organization understand and follow University policies related to expenditure of funds. These individuals are assigned the Cost Center Manager Level 3 role in Workday.

## **IV. Central Finance**

The Offices of Planning and Budget and the University Controller are responsible for the financial health of the University and compliance with relevant policies, regulations, and audit requirements. Collectively, these offices are responsible for:

- Developing policies that support the University's financial health;
- Establishing efficient financial business processes;
- Collaborating with colleagues across campus to ensure University resources are deployed effectively to advance the mission;
- Providing training and support to employees across the University who have financial responsibilities; and
- Monitoring and following up to ensure policy adherence.

## **RELATED POLICIES:**

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*FIN-4403 Procurement Policy*

*FIN-4408 Contract Management Policy*

*FIN-4301 Purchasing Card Policy*

*FIN-2101 Policy on Provision of Financial Resources to Students*

*FIN-4204 Policy on Business Meals and Entertainment*

## FIN-4101 – Use of University Funds and Financial Responsibilities

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*FIN-15002* Policy on Effective Use of Institutional Funds

*FIN-16001* Policy on Reporting and Investigating Suspected Financial Fraud, Waste, and Abuse

*FIN-1100* Policy on Gifts, Prizes, and Awards

*GOV-1005* Policy on Monetary Support and Cash Donations

*FIN-12001* Delegation of Administrative Approval Authority

### **POLICY BACKGROUND:**

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This policy was reviewed by Academic Deans and President's Cabinet prior to approval on 06/13/2019.

Revised policy was reviewed by Academic Deans and President's Cabinet prior to approval on 12/11/2024.

### **POLICY CONTACTS:**

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Senior Associate Vice President and Controller