SOUTH DAKOTA STATE UNIVERSITY
Policy and Procedure Manual

SUBJECT: Department Responsibilities with University Funds
NUMBER: 5:36

1. Purpose

This policy sets forth the responsibilities of departments at the University when conducting transactions with University funds.

2. Definitions

a. University Funds: for the purposes of this policy, the term “University Funds” refers to funds received by the University from various sources, including, but not limited to: state appropriation, grants, and receipts; federal government grants; sales of University goods and services; private source gifts, contracts, and grants; foundation support, endowment, and investments; interest; rental of real property; royalties; and proceeds from debt.

b. Originator: the person entering the transaction in Banner, or other University designated system, or preparing the Journal Voucher or Cash Deposit.

3. Policy

a. It is the responsibility of every employee, agent, or volunteer of the University to be fiscally responsible and proper stewards of University Funds. Before submitting an expense for payment, the expense and supporting documentation must be reviewed for legality, proper authorization, whether the claim is an appropriate expenditure of University Funds, and whether the claim is being paid from the correct funds.

b. The individual authorizing a financial transaction must review for appropriate payment, as well as sign and date the source document. By signing and dating the financial transaction, the individual is confirming:
   i. they have reviewed the transaction for legality and proper authorization, and where the expense or supporting documentation raises a legal question, have sought and obtained Office of General Counsel advice on the transaction;
   ii. there is a legitimate business purpose for the transaction; and
   iii. the transaction is allowable on that particular University fund.

c. An authorized signature must appear on all invoices for direct pay documents. The individual authorizing and signing for transactions on a grant fund must be the PI responsible for the grant. Journal Vouchers must be reviewed for appropriate payment
and signed by the preparer as well as any additional authorizers determined appropriate by the department and University.

d. When an invoice is entered as a direct pay document in Banner, the Originator is giving their approval that the invoice is in fact an approved expense for their department, being paid from the appropriate fund, organization, account and program (“FOAP”), and is a business-related and legally authorized expense.

   i. If the Originator is not able to verify the appropriateness of the expenditure, the appropriate individual defined in the department’s internal control system must review, and authorize the document for payment prior to entry into Banner, or other University designated system, by the Originator.

   ii. If the business purpose of an expense is not clearly identifiable, an explanation must be included on the invoice or in document text on the direct pay document in Banner, or other University designated system.

e. Each department is responsible for implementing appropriate internal controls to ensure all transactions have been reviewed and properly approved.

f. The V.P. for Finance and Administration, or designee, will ensure that training on internal controls and business systems is available for employees handling University Funds. Departments are responsible for ensuring that training is obtained by employees handling University Funds.

g. Departments are responsible for ensuring that transactions are processed using appropriate and consistent account codes. University Accounts Payable or Accounting Offices will provide information and guidance related to transaction processing.

h. Departments are responsible for accounting for funds they manage. New fund code designations should be requested where needed and fund code designations that are no longer needed should be closed.

i. Inappropriate use of University Funds may result in discipline up to and including termination in accordance with the policies applicable to the status of the employee. Employees are required to report inappropriate use of state funds as described in University Policy 5:7 (Fraud Policy) and may not be retaliated against for rightful participation in whistleblower actions.

j. Questions regarding internal controls for expense transactions should be forwarded to the Accounts Payable Office.

4. Responsible Administrator

   The Vice President for Finance and Administration, or designee, is responsible for the annual and ad hoc review of this policy. The University President is responsible for approval of this policy.

SOURCE: Approved by President on 12/03/2019.