

## Background<sup>1</sup>

The University is required to maintain sound financial records in order to meet its stewardship obligations in accordance with the legal provisions of the State of Ohio, the University's obligations to the many groups who provide funding, and Generally Accepted Accounting Principles. Because the University operates on a decentralized basis, it delegates this stewardship responsibility to its academic and academic support units.

As a major public institution, The Ohio State University is held to a high level of accountability for its business practices. Numerous constituencies (including students, taxpayers, alumni, the State of Ohio and the federal government) have an interest in how the University spends its money. Accordingly, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner. The College of Education and Human Ecology's Internal Controls Structure document addresses this stewardship obligation.

## Philosophy

The College internal control structure is designed to:

- Encourage adherence to policies and procedures
- Assure separation of duties
- Provide approval authority and delegate responsibility to appropriate level
- Provide reasonable assurance that transactions are appropriate, authorized, accurate and documented
- Safeguard assets
- Support the mission of the organization
- Be efficient and effective

## Model

The Dean of the College designates authority and responsibility for financial and human resource activity approvals. Such approval authority must be supported by documented separation of duties, a signature authorization tree, transaction documentation and finally, reconciliation that occurs on a timely basis.

Approval authority is NOT decentralized when "Dean's approval<sup>2</sup>" is required by University and/or College policy.

## Approvals

Each transaction must be approved for

- *Compliance to policies, procedures & fund restrictions and appropriateness of expenditure for business purposes*

Each approver is

- *An A&P staff member who is the Fiscal or HR officer, or a faculty/staff member with an administrative title*
- *Held accountable for transactions approved*
- *Not able to initiate or edit system transactions they approve<sup>3</sup>*
- *Responsible for reviewing documentation and supporting information to verify validity of transaction*
- *Not to sign blank transaction forms*

Approvers:

- Are individuals in designated positions/roles in the College who have a fundamental knowledge of policies and procedures, who understand the business purpose of what they are approving and who have the authority to say "no."
- Are expected to approve transactions before they are expensed

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<sup>1</sup><http://www.busfin.ohio-state.edu/policies/default.aspx>

<sup>2</sup><http://ehe.osu.edu/admin/business/downloads/job-aids-financial/deans-approval-listing-policy.pdf>

<sup>3</sup> HR & GL security and workflow changes are a WIP

- Are to notify the College SFO when temporary transfer of approval authority is requested to continue to facilitate business during absences (e.g, vacation, extended sick leave, travel on University business, etc...)
- May not approve their own transactions; approval must be from one level above
- Are designated as either “Approver 1” or “Approver 2” depending on position (See EHE Signature Authority Document)
- Are the only individuals who are delegated fiscal or HR approval authority from the Dean. The EHE Signature Authority Document specifies the positions delegated approval authority, along with the mapping of that authority to the appropriate organization

\* approval of Dean’s transactions are at OAA per University policy

The College designates two levels of approvers:

“Approver 1” is accountable for reviewing and approving the transaction for compliance, both to policy and fund restrictions and providing an initial review for business purpose eligibility. The School/Department/Administration Fiscal/HR Officer assumes this role.

“Approver 2” is responsible for the final approval of appropriateness for business purpose and is the person with the range of authority in the School/Department/Administration to say “no” to a transaction. The School Director, Department Chair, Associate Dean, or faculty/staff member with an administrative title assumes this role.

“Approver 1” individuals who feel threatened or obligated to approve a document because they have been directed to do so by “Approver 2” should immediately refer such conflicts to the College SFO for resolution. When conflicts arise in Administration, approvals will be appropriately routed to OAA for resolution. The School/Department/Administration HR Officers have a reporting relationship to the SHRP while the corresponding Fiscal Officers have a reporting relationship to the SFO. The SHRP and SFO formally support the respective Fiscal and HR administrative needs through trainings, committee relationships, conflict resolution and auditing functions.

Separation of Duties – which protect employees, prevent & detect intentional and unintentional errors, and assure fiduciary control include that:

- No individual may have control over a transaction from beginning to end
- At least two people are involved in every transaction
- Approvers may not edit or initiate transactions
- Initiators may not reconcile transactions
- A system of checks and balances exist

**Reporting of Violations to OSU Policies related to Financial and HR Resources or to Internal Controls Structure**

School Director/Departmental Chair or Fiscal Officer  
 Dean or College SFO ([Achterberg.1@osu.edu](mailto:Achterberg.1@osu.edu) or [Lindsey.3@osu.edu](mailto:Lindsey.3@osu.edu))  
 OSU Anonymous Reporting Line [www.ohio-state.ethicspoint.com](http://www.ohio-state.ethicspoint.com)

**Guiding Policies:**

University Expenditure Policies: [http://busfin.osu.edu/FileStore/PDFs/411\\_Expenditures.pdf](http://busfin.osu.edu/FileStore/PDFs/411_Expenditures.pdf)  
 OAA Dean’s approval process document dated 6/30/2009 [OAA Dean Approval Process.pdf](#)