

Transaction Approval**Policy**

All financial transactions shall follow appropriate approval procedures. Transaction approvals shall follow, to the extent possible, the formal chain of command illustrated in the University's organization chart.

Purpose

The purpose of this policy is to:

- Ensure complete, accurate and timely managerial review of financial accounting transactions essential to the management of the University.
- Mitigate the risks inherent in delegating approval authority, which include:
 - Over expenditure of University budgets
 - Committing to new fixed costs
 - Making expenditures that are not mission-appropriate
 - Making expenditures not legal for State entities
 - Fraudulent activities
- Provide for the separation of duties

Procedures

Transaction approvals will be facilitated using the University's administrative computing system on-line application, TARGET (Transaction Approval Review Gateway via Electronic Transmission). The Office of Financial Affairs is the TARGET application owner providing centralized administration of the approval function and BASIS desks. The TARGET Administrator, in the Office of Financial Affairs, will have the responsibility of establishing review chains, managing desk assignments, creating emergency proxy and alternate authorizations, and providing user training. Contact information is available on the Financial Affairs web site.

Materiality thresholds established by each BASIS application owner and approved by the Vice Chancellor for Finance and Administration are listed at the end of this policy.

The transaction approval chains will include the Vice Chancellor, Dean, Director or Department Head as Primary Reviewer. Although these personnel are strongly encouraged to personally review transactions, Primary Review responsibility may be delegated to an appropriate employee in consultation with the Office of Financial Affairs. To supplement the normal chain of approval, each Primary Reviewer on a material review chain may designate an Alternate Reviewer. The Alternate Reviewer must have BASIS application access and appropriate reviewer training. The Alternate Reviewer should be in a position appropriate for that responsibility and should also be selected in consultation with the Office of Financial Affairs.

Proxies may be established to allow appropriate persons, other than the Primary Reviewer, to approve transactions below the materiality thresholds. All proxy requests will be routed through the Financial Affairs Office for final approval. Proxies will systematically expire when either the person assigning or receiving the proxy leaves his or her position or ceases to be employed by the University. Proxies must hold a position at pay grade 13 or higher. Exemptions from this guideline include primary reviewers and their proxies whose placement on review chains relates to the central administrative functions, as well as all other non-required reviewers.

A minimum of two persons must be involved in the initiation and review of all TARGET financial transactions. Regardless of who initiates a transaction, no single person may perform all review steps unless there is only one required review step.

Temporary emergency Alternate Reviewers and proxies may be established by the TARGET administrator upon receipt of a signed request form submitted by an appropriate administrator.

In accordance with the University of Arkansas Code of Computing Practices Section III(C)(4), system passwords should not be shared.

Materiality thresholds are as follows:

Business Affairs:

Requisitions - \$10,000

UPAYS – (Direct Payments) - \$500

Human Resources:

New Hires - \$35,000

Promotions/Position Changes - \$35,000

Salary increases resulting in salary levels of \$35,000 and above

Financial Affairs:

Internal Invoices - \$25,000

Funds Transfers - \$25,000

Expenditures - \$25,000

Journal Entries – All transactions are material

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July 1, 2000