

Fiduciary Responsibilities Policy

Effective: December 8, 2017

I. Policy Statement

The Fiduciary Responsibilities policy pertains to all employees who are responsible for committing University funds, regardless of the funding source, and defines their responsibilities for encumbering, reviewing and approving the expenditure of University funds and business transactions. This policy provides further guidance regarding the delegation and assignment of authority to review and approve University expenditures. As such, the University relies on the integrity and sound judgment of its employees who have financial management responsibilities.

Guiding Principle:

New Jersey Institute of Technology is a public research university, and, as stewards of public funds, must ensure that all financial transactions are reasonable, appropriate and comply with applicable Federal and State regulations, University policies, grant and contract obligations, and donor restrictions. Business transactions conducted through the University need to stand the test of public scrutiny as well as internal and external audits.

General Consideration:

University funds are resources that provide financial support to the University's mission and goals. These funds are derived from several sources, including tuition and fees, state appropriations, gifts, endowments, grants and contracts, restricted funds, as well as other sources, and as such, require prudent fiduciary management.

II. Roles and Responsibilities

The application of, and adherence to, this policy is the responsibility of the initiator, approver, department head, dean and area vice president who authorize and approve the direct expenditure of University funds. Transactions requesting payment to an employee, or that benefit an employee with approval authority, require approval by the next higher level of authority.

All initiators, approvers and delegates must follow University's prescribed [policies and procedures](#) to assure that expenditures/commitments charged to their funds meet the following criteria:

- Reasonable, necessary, and appropriate to the objective sought;
- Compliant with established University policies and practices
- Consistent with sponsor or donor terms, conditions and restrictions
- In alignment with the mission of the University

Within colleges, administrative divisions, and departments, employees with financial management responsibilities (financial managers) are accountable for the execution or review of all planned expense commitments in accordance with established University policies and procedures.

Initiators: The initiator of the planned expense/commitment has the financial and budgetary responsibility to assess whether the proposed business expense is reasonable, appropriate, and necessary and in support of the University's mission and goals. The initiator, by authoring an expense, is certifying the expense is legitimate and meets the criteria of University business policies. Individuals whose expenses are funded by a sponsored grant or contract must also adhere to specific grant conditions and restrictions, and as necessary, contact the Office of Research to confirm expense eligibility. In addition, individuals whose expenses are funded by a restricted gift must recognize and adhere to specific donor restrictions.

Approvers: The approver of the initiated expense/commitment has the financial and budgetary responsibility to verify that the expense is a legitimate business expense of the University and ensure that transactions are in compliance with Federal and State regulations, all University policies, donor restrictions, and that funds are available for the expense/commitment. The signature (printed or electronic) of the approver signifies that the approver has verified the request for compliance with all applicable Federal, State and University policies. Only authorized individuals may approve transactions which obligate the University to spend funds, receive services, and/or otherwise commit its resources. Individuals may enter into these transactions only if they have the appropriate level of authority. No approver may authorize a payment to oneself or benefitting oneself, including but not limited to, personnel transactions, employee expenditure reimbursements, credit card transactions, petty cash reimbursements, and travel or entertainment expenditures. This standard of 'two sets of eyes' reviewing transactions promotes accountability as well as the appropriate use of University resources. In the case of grant funded research and restricted gifts, approvers must be familiar with the terms and conditions of the award and donor restrictions.

Delegated Approvers: An approver may delegate their authority to other qualified employees to foster operational efficiency. Delegating authority to another individual should be carefully considered, as it does not exempt any responsibilities from the original designated approver. The original designated approver is responsible to educate and train delegates to ensure there is a clear understanding of what should and should not be approved along with what steps must be conducted if they are unsure on a decision. Written records of any authorization should be maintained.

III. Hierarchical Financial Approvals

All approvers are responsible for ensuring expenses and purchases within their respective thresholds are appropriate, necessary, reasonable, allowable, support the mission of the University, and comply with Federal and State regulations and gift restrictions. Contract terms and conditions must be consistent with University Policies.

Dollar value authority is as follows:

- The Banner Finance Index Manager (including the PI for grant-sponsored funding) is the primary person assigned as the "Financial Manager" on record in Banner Finance and is responsible for all expenses/commitments recorded in their index. At this level, expenses up to \$5,000 require no additional hierarchical financial approvals.
- For University unrestricted operating funds (not including restricted grant and contract funds), expenses/commitments exceeding \$5,000 require an additional financial approval, generally at the

division-head level (e.g., Dean, AVP, etc.)

- When the expense/commitment reaches \$15,000 or above, the appropriate Vice President/Sr. Vice Provost approval is required, regardless of funding source.
- Planned expenses/commitments greater than \$50,000 or above require the appropriate Vice President to provide written justification to the President prior to obtaining Presidential approval.
- Planned expenses/commitments greater than \$1,000,000 require a Board of Trustees Resolution describing the purpose of the expense/commitment.

IV. Compliance Review

General Accounting: The office of General Accounting is responsible for ensuring that expenses/commitments made with unrestricted University funds are allocated to appropriate account codes. For fixed asset or equipment purchases, the office of General Accounting also reviews for compliance with University Purchasing policies.

Grant and Contract Accounting: The Office of Grant and Contract Accounting is responsible for ensuring that expenses and purchases made through restricted grant and contract funds are appropriate, necessary, reasonable, allowable and are in compliance with Uniform Guidance, 2 CFR 200, purchasing rules, and grant specific conditions. All contracts related to sponsored research must be issued from the Office of Research.

Environmental Health and Safety: When required and based on specific purchases, the Office of Environmental Health and Safety is responsible for ensuring that chemicals and hazardous materials are documented and meet proper safety standards before authorizing purchases.

Information Services and Technology: When required and based on specific purchases, the Office of Information Services and Technology is responsible for ensuring that servers, computers, printers, software and software licenses meet University supported specifications and standards. Additionally, the Office of Information Services and Technology is responsible for reviewing any contractual covenants that warrant the capabilities of NJIT cybersecurity.

Office of General Counsel: The Office of General Counsel (“OGC”) must review contractual language for clarity around proposed scope of work, cost of engagement, ensuring that the contractual terms and conditions are compliant with applicable laws and regulations, and that proposed contracting parties have provided necessary documentation to contract with, or perform services for the University. All contracts must meet or exceed standard University contractual terms or conditions. The OGC does not make business decisions, relying upon the thorough review, identification and analysis by the Initiator of any proposed contractual obligations prior to submission for legal review. The OGC will, however, determine whether the proposed contract subjects the university to undue legal risk that cannot be appropriately managed.

Risk Management: The Department of Risk Management shall be consulted when issues of Risk are noted by the office of General Counsel and/or the Purchasing Department, and shall determine whether the level of risk associated with the contractual endeavor can be appropriately managed and insured. This office is responsible for, and shall be contacted for, any Certificates of Insurance which may need

to be provided to, or received from, vendors, suppliers, and contractors. In certain circumstances, a Certificate of Insurance may be a required as part of the contract.

Purchasing Department: The Purchasing Department has the authority to convert Purchase Requisitions into Purchase Orders. The Purchase Order is the official contract between the University and the vendor with clearly defined terms and conditions obligating University funds.

V. Internal Control Review

A random sampling of business related expenses and purchases, for internal control purposes, will be selected and reviewed to ensure:

- Proper supporting documentation
- Appropriate approval
- Compliance with all NJIT business policies as well as Federal and State regulations and donor restrictions.

If an expense is determined to be in violation of University business policies, the initiator and approver may be subject to disciplinary actions including personal reimbursement and/or other legal action up to and including termination.

EFFECTIVE DATE OF POLICY

This policy takes effect upon adoption, and supersedes and revokes any former reasonable accommodation policies and procedures.

REVIEW:



Holly C. Stern, Esq. Date
General Counsel
Vice President for Legal Affairs
Acting Vice President for Human Resources

APPROVAL:



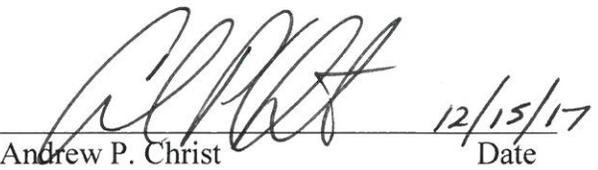
Joel S. Bloom Date
President



Fadi P. Deek Date
Provost & Senior Executive Vice President



Edward J. Bishof, Sr. Date
Senior Vice President for Finance &
Chief Financial Officer



Andrew P. Christ Date
Vice President for Real Estate
Development & Capital Operations



Kenneth Alexo, Jr. Date
Vice President Development & Alumni Relations



Donald H. Sebastian Date
Senior Vice President for Technology &
Business Development President & CEO of
NJII