FIN-048

Safeguarding and Stewardship of University Financial Records

Effective Date Friday, May 6, 2016

Status Final

Last Revised Thursday, October 16, 2025

Policy Type University

Contact Office Controller (Office of the University)

Oversight Executive
Vice President and Chief Financial Officer

Applies To
Academic Division, the Medical Center, the College at Wise, and University-Associated Organizations.

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Reason for Policy

This policy establishes the University's standards on financial reporting and defines the responsibilities of University, Medical Center, and College at Wise personnel related to accounting standards. To provide our external constituents with reliable and accurate financial statements, the University must follow generally accepted accounting principles (GAAP) and comply with related federal, state, and local regulations. (Note: The policy also applies to component units (University-Associated Organizations) which follow requirements established by the Financial Accounting Standards Board.)

The University must also provide management information required for financial planning, coordination, and control, as well as financial reporting required to respond to external entities that provide financial support for the University to establish that the University is exercising fiscal stewardship over those funds.

Definition of Terms

Component Units

Description

A University-Associated Organization that has been determined to be significant enough under Governmental Accounting Standards Board (GASB) guidance that it must be included in the University's financial statements.

Financial Accounting Standards Board (FASB)

Description

The independent organization that establishes standards of accounting and financial reporting for non-governmental entities (e.g., private industry, non-profit organizations). This includes University-Associated Organizations.

Generally Accepted Accounting Principles (GAAP)

Description

Widely accepted set of rules, conventions, standards, and procedures for reporting financial information.

Governmental Accounting Standards Board (GASB)

Description

The independent organization that establishes standards of accounting and financial reporting for U.S. state and local governments, including public institutions of higher education.

Official Purchase

Description

All purchases of goods, services, and travel expenses made with University funds which are necessary, reasonable, and directly related to the goals and mission of the University.

University Finance System

Description

The integrated modules and associated sub-systems used to process the University's transactions that collectively serve as the University's official system of financial record. This includes but is not limited to: General Ledger, Grants, Gifts, Endowments, Student Information System (SIS), Human Resources, Payroll, Travel, Expense, and Banking and Settlement.

University Funds

Description

All funds appropriated, generated, awarded, donated, or otherwise received by the University regardless of their source. The term University Funds does not include Agency Funds that the University maintains for legally separate external student organizations or other entities.

Policy Statement

As an agency of the Commonwealth of Virginia, the primary GAAP guidance for the University is issued by the Governmental Accounting Standards Board (GASB). The University must provide financial reporting consistent with generally accepted accounting principles for higher education and hospitals, which may include other standards in addition to GASB.

All University-Associated Organizations that use the University's finance system must follow the standards for their industry. University-Associated Organizations follow the standards issued by the Financial Accounting Standards Board (FASB). Under GASB standards, the financial activity and position of University-Associated Organizations determined to be "significant" qualify as component units and must be included in the University's financial statements.

Proper stewardship of University Funds is the responsibility of all University employees. University funds may only be used for official purchases in accordance with University policy FIN-038: Receiving Goods and Services and Timely Disbursements of University Funds. Items purchased with University funds are the property of the institution and must be cared for appropriately and in accordance with the aforementioned policy. Each University fund transaction must be processed promptly, accurately, and reported in the University's finance system.

1. **Responsibilities:**
   Those individuals who transact in the University finance system of record for financial accounting, reporting, or transactional activity are responsible for timely and accurate completion of those duties. That may include review, approvals, account reconciliations, trainings, or other monitoring activities in the finance system as well as participation in internal control and audit activities including requests for documentation and attestation in support of the Commonwealth's *Agency Risk Management and Internal Control Standards*.

   The ***Office of the University Controller*** is responsible for:
   - Establishing University financial accounting policies and procedures.
   - Managing the financial data contained in the University finance system with appropriate controls and audit trails.
   - Authorizing certain staff/employees to approve changes, additions, and deletions to key financial values in the University finance system of record.
   - Creating all audited financial statements and other external institutional level financial reports for the University.

   The ***Chief Financial Officer for the Health System*** is responsible for:
   - Establishing Medical Center financial accounting policies and procedures that are not in conflict with University policies.
   - Ensuring compliance with University policies and procedures.
   - Processing transactions promptly, accurately, and reported in an accounting information system with appropriate controls and audit trails.
   - Providing the Office of the University Controller with Medical Center financial statements recast in the required GASB format and any supporting materials needed by the Office of the University Controller or Auditor of Public Accounts in accordance with a pre-established timetable.

   Vice Presidents, Chancellor at Wise, Deans, and Unit Heads are responsible for ensuring that their units comply with University policies.
   Unit employees with financial duties are responsible for processing transactions timely and accurately in the University finance system.

2. **Compliance with Policy:**
   Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

Direct questions about this policy to the Office of the University Controller.

Related Information

FIN-038: Receiving Goods and Services and Timely Disbursements of University Funds

Major Category Finance and Business Operations

Next Scheduled Review Monday, October 16, 2028

Revision History

Updated titles and minor edits 10/16/25; Confirmed 9/2/25; Minor revision Section 1 8/10/22; Updated 6/30/22; University-Related Foundation changed to UAO 5/10/22; Updated 5/3/18.

Supercedes Policy Text

II.A.1, Financial Accounting Policy - General; II.A.2, Financial Accounting Policy - University; II.B.1, University Accounting System.

Approved By Policy Review Committee

Approved Date Friday, May 6, 2016