

Northeastern University

BUSINESS AND FINANCIAL AFFAIRS

Effective Date: 2002

Date Revised: December 16, 2015

Supersedes: Policy on Budget Reconciliation

Related Policies:
Code of Ethical Conduct

Policy on Asset Disposition

Policy on Costs for Sponsored Agreements

Policy on Professional Standards and Business Conduct

Policy on Research Grant Closeout Balance

Cash Management

Responsible Office/Department:
University Controller

Keywords: Budget; Reconciliation; Revenues; Expenses

Policy On Use Of University Funds

I. Purpose and Scope

The purpose of this policy is to establish standards for the use and monitoring of University funds. Funds must be spent in accordance with University policy and procedures and must be used solely for university business purposes.

This policy also reflects Northeastern's commitment to compliance with applicable regulations, including cost principles, and provides guidance for the appropriate budgeting and expenditure of costs on sponsored projects.

Budgeting provides a mechanism for the University to manage and align its strategic goals and objectives with financial resources. Employees with budgetary responsibility are expected to monitor revenues and expenses and to conform their budgets with approved budget plans. Account reconciliations provide controls which may prevent or detect errors or improper charges. This policy applies to faculty, staff and others who have oversight of, access to and/or use university funds.

II. Definitions

For purposes of this policy,

Reconciliation means the process of comparing information that exists in two systems or locations, analyzing differences and making corrections so that the information is accurate, complete and consistent in both locations.

Deficit occurs when expenses exceed the authorized budget or available funding.

Funds available for use by the university include, but are not limited to, operating and designated funds, sponsored research funds, restricted and endowment funds, loan funds and capital/plant funds.

Faculty Discretionary Funds are institutional funds available to enhance university teaching, scholarly or service capabilities. These funds include, but are not limited to, start-up funding supplied to new faculty; research support funds allocated by colleges and/or departments to continuing faculty; research or instructional grants made from institutional sources; and overhead return funds. Equipment or materials purchased with these funds are the property of the university, and will remain within the university if a faculty member separates from the university.

III. Policy

University funds must be spent in accordance with university policy and procedures, applicable laws and regulations and/or donor intentions. Individuals who expend university funds are responsible for compliance with this policy. Only those persons with authorization or permission may spend university funds.

Employees with spending authority are expected to review and reconcile budgets on a periodic and timely basis (no less than quarterly; monthly is strongly encouraged) to verify that all revenues and expenses charged to the accounts are authorized, accurate, properly documented and appropriate. It is expected that deficits will be addressed and funded throughout the year with final resolution no later than the close of the fiscal year. Departments are responsible for covering all deficit balance for all fund types within the department.

Unit heads are responsible for making adjustments in their budgets so that account balances will cover remaining expenses and encumbrances for the fiscal year.

Unit heads and others with budgetary responsibility and/or spending authority are expected to properly monitor budgets and other resources under their control. Unit heads remain accountable for funds within their units even if they have delegated budget and accounting responsibility to others. Violations or misuse of funds may be subject to appropriate disciplinary action up to and including termination.

IV. Additional Information

Failure to comply with this policy may result in disciplinary action, up to and including separation from the University. Additionally, a person who uses funds in violation of this policy or other applicable university procedure will be obligated to repay such funds to the university.

V. Contact Information

Controller's Office/Accounting: (617) 373-2111