ADMINISTRATIVE PRACTICE LETTER

SUBJECT: RESPONSIBILITY AND AUTHORITY FOR GENERAL LEDGER ACTIVITY

Purpose of Guidelines

This document sets forth expectations regarding responsibility for general ledger activity to ensure appropriate financial management and control. Proper oversight helps to ensure funds are used in compliance with regulations and University policy and reduces the likelihood of errors and irregularities. Appropriate oversight is necessary for sound financial management by ensuring budgets are monitored and transactions are posted properly for financial statement and other reporting purposes.

Responsibility and Authority for Financial Transactions

The employee recorded in MaineStreet Financials as the department, program, or project “Manager” must approve all transactions charged to the applicable department, program, or project unless he or she delegates approval to another employee or employees. The manager at the lowest level of the hierarchy is responsible; meaning a department manager is responsible for general ledger activity unless there is a program, in which case the program manager would be responsible, unless there is a project, then that manager would be responsible. Approval of transactions may occur either proactively, as when supplies are ordered, or after-the-fact, as when the financial manager verifies an interdepartmental charge. Approval must also comply with requirements set forth in APL IV-C Signature Authority.

In addition, financial manager responsibilities include ensuring general ledger activity is reviewed timely to help ensure transactions are appropriate, posted to the proper chartfield combination, and any necessary corrections made timely. Timely is considered to be at least monthly. Campuses and the System Office should have procedures in place to keep the MaineStreet “Manager” field current.

Delegation of Authority

A department “Manager” may delegate authority and responsibility for approving transactions to another appropriate employee. This authority must be delegated using appropriate mechanisms established by the campus or system chief financial officer, as applicable.

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1The “Manager” name may be found using the MaineStreet Financials GL Inquiry page. Once the applicable “Department”, “Program” or “Project” is selected, “Manager” may be found by clicking “Attribute Values.” Alternatively, “Manager” may be found by following this path in MaineStreet Financials: Set Up Financials/Supply Chain, Common Definitions, Design ChartFields, Define Values, ChartField Values. Then, follow the link for the applicable ChartField value of “Department”, “Program Code”, or “Project” and either enter a specific “Department”, “Program Code”, or “Project” number or simply click enter to return all results.
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The documentation of delegation of authority may vary depending on the systems involved and other factors. Authority for approving transactions is incorporated in many systems and procedures (e.g., eProcurement, journal entries, banking, purchasing card) using financial management tools and other documented methods.

Separation of Duties

When assigning authorities, care should be taken to ensure at least two employees are looking at every financial transaction. No one employee should have the ability to initiate, approve, record, review, and physically control the result of a transaction. When these functions cannot be separated due to limited staff resources, a secondary review must be performed by an individual who has authority or responsibility related to the transaction.

Related Documents

APL IV-C Signature Authority
APL VII-A.2 Purchasing Procedures
APL IV-I Use of University Funds

APPROVED:

Official copy on file at the University of Maine System Office of Finance and Administration.

Vice Chancellor for Finance and Administration