

SECTION 9. FINANCIAL MANAGEMENT

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9.1 OVERVIEW

As the chief financial and operating officer (CFO and COO) for a CDM Section, the Section Administrator (SA) has extensive responsibilities in the realm of financial management. This section covers most of the key financial management topics, such as authorities, budgeting, expenditures, and financial reporting. Several other parts of this manual complement this section, as follows:

- Section 3: Patient Care Administration, which covers SA responsibilities in areas such as medical services agreements, affiliate relationships, revenue cycles, and billing compliance
- Section 10: Procurement, which addresses procurement procedures, restrictions, and special authorizations
- Section 11: Travel, which covers travel advances and travel expense reporting, among other subjects

Key Links

- [Finance Division Help Center](#)
- [Finance Division Forms Library](#)
- [Finance Division list of acronyms](#)
followed by short descriptors
- [Finance Division Training](#)
- [CU Applications / Financial Systems](#)
- [CUMC Finance Office](#)
- [CU Effort Reporting](#)
- [Effort Reporting certification website](#)
- [Administrative Policy Library](#)
- [Sponsored Projects Handbook](#)
- [OMB Circular A-133](#) for federal auditing requirements of sponsored projects

9.2 COLUMBIA UNIVERSITY'S FINANCE STRUCTURE

9.2.1 The University's Finance Division

The Finance Division at Columbia University is headed by the Executive Vice President for Finance and comprised of the following offices:

- [Office of the Executive Vice President for Finance](#)
- [Finance Human Resources and Training](#)

Key Links

- [CU Finance Division](#)
- [CU Finance Office Locations](#)
- [CU Finance Organizational Charts](#)
- [CU Finance Help Center](#)
- [CUMC Finance Office](#)
- [CUMC Controller's Office](#)
- [CUMC Budget and Financial Planning Office](#)
- [CUMC Finance contact list](#)

- Enterprise Resource Planning
- [Office of the Controller](#)
 - Payroll
 - Financial Reporting and Operations
 - Sponsored Projects Finance
 - Research Policy and Indirect Costs
 - Columbia Innovation Enterprise
 - Finance Technology
 - Unclaimed Property
 - Tax
- [Office of the Treasurer](#)
 - Treasury Operations
 - Risk Management
 - Capital Planning
- [Office of Management and Budget](#)
- [Procurement Services](#)
 - Purchasing Office
 - Accounts Payable
- [Office of Internal Audit](#)
- [Investment Management Company](#)

For more information:

- See the [Finance Division office locations webpage](#).
- See the latest [Finance Division organizational charts](#).
- Contact the Finance Division's useful [Help Center](#) online.

9.2.2 CUMC's Finance Office

While CDM Section Administrators need to be familiar with the University's Finance Division, their primary interaction is with the staff in the CDM Business.

The CUMC Finance Office provides financial planning and guidance, policies and controls, and administrative infrastructure for the University's Medical Center, including CDM. It is directed by the CUMC Senior Vice President & Chief Financial Officer and has staffing and functions as follows:

- [CUMC Controller's Office](#)
 - Financial Reporting and Analyses (internal and external)
 - Finance Liaison with the CUMC schools and the University's Office of the Controller
 - Payroll Services for CUMC employees
 - Internal Controls
- [CUMC Budget and Financial Planning Office](#)

- Budget, including the AIM HI Budget Structure
- Financial Analysis
- Management Reporting
- Capital Planning
- Business Plan Modeling and Cost Benefit Analysis Support
- CUMC Financial Planning Calendar

See the [CUMC Finance Office contact list](#) for names and contact details.

9.2.3 CDM Business Office

The CDM Business Office is headed by an Associate Dean and has a Financial Manager and Business Manager. This office is the first point of contact on all financial and administrative matters.

9.3 KEY RESOURCES AND POLICIES

9.3.1 Must-Read Policies for SAs

Following are the financial policies with which SAs must be thoroughly familiar. All may be accessed through the University's [Administrative Policy Library](#).

General Policies

- *Administrative Code of Conduct*
- *Business Expense Policy*
- *Conflict of Interest*
- *Departmental Authorization Function (DAF) Policy*
- *Management and Accounting for Moveable Capital Equipment*
- *Petty Cash Policy, including human study subject payments*
- *Procurement Mechanisms Policy*
- *Project Administration – Audits*
- *Purchasing Card Policy*
- *Sole/Single Source Justification Policy*
- *Travel Expense Policy*

Key Links

[Administrative Policy Library](#)
[Finance Division Forms Library](#)
[Sponsored Projects Handbook](#)
[CU Effort Reporting](#)

[Customer Service/Help Center](#) of the Finance Division
[CUMC Finance Office](#)

[Finance Division Training](#)
[SPA Department Assignments](#)
[Finance Division organizational charts](#)
[CTO contact information](#)

In addition, SAs should be familiar with the *Request for Policy Exception or Adjustment* (see the [Finance Division Forms Library](#)).

Policies Specific to Sponsored Projects

- *Charging Administrative and Clerical Salaries to Federal Grants and Contracts*
- *Charging Office Supplies and Other Administrative Expenses to Federal Grants*
- *Compliance With Federal Cost Accounting Standards*
- *Cost Sharing*
- *Effort Reporting*
- *Financial Reporting and Closeout of Sponsored Projects*
- *Participant Support Costs*
- *Project Administration – Audits*
- *Responsibilities of Principal Investigators for Fiscal Oversight of Grants and Contracts*
- *Sponsored Project Cost Transfers*
- *Treatment of Program Income on Sponsored Accounts*
- *Unallowable Costs*

9.3.2 Other Key Finance Resources for SAs

Sponsored Projects Handbook: The [Sponsored Projects Handbook](#) covers fully the topic of financial management of sponsored projects. See [Section 9.4.2](#) and [Section 9.4.3](#) for details on the SA's responsibilities in this realm.

CU Finance Division Website: Through the [Finance Gateway](#) online, SAs have access to a tremendous wealth of resources for carrying out their financial management responsibilities. Especially useful for those new to the University is the Finance Division's [Customer Service/Help Center](#).

CUMC Finance Office Website: The [CUMC Finance Office's website](#) provides practical information about the office's functions and detailed contact information.

9.3.3 Whom to Go to with Specific Issues

SAs are encouraged to contact the following offices with questions, issues, or required approvals relevant to each one's sphere of responsibilities:

- CDM Office of Research Administration
- CDM Finance, including the Associate Dean of Finance, Financial Manager, and Business Manager. The CDM Business Office is in direct contact with:
 -
 - CUMC Human Resources ([CUMC Human Resources directory](#))
 - CUMC Faculty Affairs ([Office of Faculty Affairs staff](#))
 - CUMC Budget and Financial Planning Office ([CUMC Finance Office contact list](#))
 - CUMC Controller's Office ([CUMC Finance Office contact list](#))
 - CUMC Payroll

- Central University Offices:
 - Sponsored Projects Administration (SPA) ([SPA Department Assignments](#))
 - Procurement Services ([Finance Division organizational charts](#) and [CU Finance offices' contact information](#))
 - Office of the Controller ([Finance Division organizational charts](#) and [CU Finance offices' contact information](#))
 - Sponsored Projects Finance (SPF)
 - Research Policy and Indirect Costs
 - Financial Reporting and Operations
 - Columbia Innovation Enterprise
 - Finance Technology
 - Unclaimed Property
 - Clinical Trials Office (CTO) ([CTO contact information](#))
 - Office of the Treasurer ([Finance Division organizational charts](#) and [CU Finance offices' contact information](#))
 - Internal Audit ([Finance Division organizational charts](#) and [CU Finance offices' contact information](#))

9.3.4 Whom to Go to for Approvals

SAs often manage approvals required from within the University as well as from funding agencies. Following are among those in-house approvals most frequently sought:

- Transactions over \$10,000 require the approval of the Associate Dean of Finance for CDM, or the Financial Manager in the CDM Business Office
- Supplemental approvals must be obtained from the Associate Dean of Finance..
- To enter into service or vendor agreements or contracts, prior review and approval is required in many cases from University entities such as CU Procurement Services and CU Office of the General Counsel.
- Vendor agreements involving in kind gifts of equipment or supplies must be approved by the Director of Development or the Associate Dean of Finance.
- Timesheets for hourly employees must be approved by their supervisors.
- For clinical trials, the CTO must approve any carryover of unexpended funds from an expired project to a new one (if sponsor regulations permit).
- Approval must be obtained from Sponsored Projects Administration for equipment requisitions totaling more than \$10,000, if the requisition is on a federally funded project. SPA/CTO approval is also required if rebudgeting from other categories is involved.
- For new endowed funds with gifts valued at more than \$50,000, approval must be obtained first from the CDM Associate Dean working with the CDM Director of Development. The proposed gift will also be reviewed by Executive Vice President for Health and Biomedical Sciences, Dean of the Faculties of Health Sciences and Medicine and then from the Executive Vice President for Alumni and Development.

9.4 SA RESPONSIBILITIES

9.4.1 General Financial Management Responsibilities

Key Links[Sponsored Projects Handbook](#)[Sponsored Projects Finance](#)[SPA Department Assignments](#)[Administrative Policy Library](#)[OMB Circular A-133](#)

The Section Administrator is the chief financial and operating officer (CFO and COO) for a department, center, or institute. In the realm of financial management, he/she has the following responsibilities:

- Manage the department's financial planning and accounting practices, as well as its relationship with CDM, CUMC, and New York-Presbyterian Hospital (NYP) and other affiliated institutions
- Manage income and expense reporting and control systems, report generation, and bank and University financial accounting systems' (FAS) monitoring and reconciliation procedures of departmental accounts
- Develop business plans for new and proposed programs
- Develop departmental revenue and expense forecasting models to aid in short and long-term budgeting, resource management, and project analyses; explain variances in actual to budgeted performance, presenting alternatives for achieving the goals or negotiating changes in the goals with CDM management
- Develop and manage revenue/expense and cost reporting and control systems
- Ensure that the section's annual budget is submitted on time and is within CUMC guidelines; ensure that the budget is adhered to during the fiscal year; work with the CDM Business Office to explain and address variances to the approved budget
- Manage accounts receivable and payable on a quarterly basis for financial reporting

9.4.2 Financial Management of Sponsored Projects

Among the DAs' most important responsibilities related to sponsored projects are:

- ✓ Support and monitor sponsored projects' financial activities to assure compliance with University, P&S, and funding agency regulations
- ✓ Generate financial reports for principal investigators (PIs) in department with active grants and contracts, including clinical trials
- ✓ Monitor on a timely basis each individual award and sponsored project account in order to ensure that all expenditures charged to sponsored projects are allowable under the award, allocable under the terms of the award agreement, and have a valid business purpose

- ✓ Ensure that faculty and PIs monitor both their own effort and that of their staff at least quarterly to identify prospective changes in effort allocations as well as any necessary retroactive cost transfer
- ✓ Maintain fiscally sound accounts of sponsored projects, ensuring any overdrafts are promptly handled

See Section 5.5 and Section 5.6 for details on the roles and responsibilities of PIs vs. DAs.

The topic of financial management of sponsored projects is covered thoroughly in the [Sponsored Projects Handbook](#). It notes the complexities associated with managing sponsored project accounts, and stresses critical University financial practices and the importance of adhering to sound financial management of sponsor funds in order to preserve the public trust. It notes that managing these funds properly is essential to eliminate cases of fraud, institutional mismanagement, and poor individual management of awards.

The [Sponsored Projects Handbook](#) covers the following key topics of financial management of sponsored projects:

- Setting up new accounts for awards
- Charging expenditures to sponsored projects
- Assuring compliance with effort reporting and other University policies
- University systems and reports available to assist in monitoring expenditures
- Accounting for U.S. government and non-U.S.-government costs
- Ongoing review of accounts
- Monitoring and reviewing charges
- Monitoring and reviewing project status

For information supplemental to that provided in the handbook, DAs may:

- Consult the [Sponsored Projects Finance \(SPF\) website](#)
- Contact their assigned SPF Project Manager
- Consult the [Sponsored Projects Administration \(SPA\) website](#)
- Contact their assigned SPA Project Officer or assigned SPA Financial Analyst (see [SPA Department Assignments](#))

9.4.3 Financial Management of Subrecipients

As stated in the [Sponsored Projects Handbook](#), federal government funding agencies require that institutions working on subawards under Columbia University prime awards follow all of the rules and regulations that would apply to prime awards at their own institutions. Further, the responsibility for monitoring compliance with those regulations devolves to Columbia University as holder of the prime award. Accordingly, the University policy on *Sponsored Project Subawards*, available in the [Administrative](#)

[Policy Library](#), provides a comprehensive description of the procedures that must be followed to assure compliance.

The policy mandates two kinds of monitoring: (1) making sure that the subrecipient institution complies with the auditing requirements of [OMB Circular A-133](#), and (2) making sure that the subrecipient unit at that institution is managing the subaward correctly. The CU Research Policy and Indirect Costs department within the CU Office of the Controller takes care of collecting A-133 reports from subrecipient institutions, but it is the PI's responsibility to carry out the second part of the policy, principally by:

- Routinely gathering and reviewing technical performance reports
- Routinely reviewing invoices and expenses relative to budget
- Conducting periodic on-site visits, when necessary
- Initiating audits, when necessary

Following the execution of a subaward agreement, the PI and the SA should jointly determine the frequency and scope of departmental monitoring procedures based on: (1) the risk mitigation strategy, if any, for the subaward, and (2) any procedures established by the CU Subaward Monitoring Committee, which assists SPA and the CTO in risk analysis and post-subaward monitoring. See the [Sponsored Projects Handbook](#) for more information on performance monitoring, site visits, and review of invoices.

9.4.4 Financial Management of Off-Site Projects

While headquartered in New York City, CDM Sections and centers may have sponsored projects through which they *directly* carry out programs and projects in other locations. These range from one-person part-time research operations to large operations with offices, laboratories, and other infrastructure.

The arrangements for financial management of such operations vary from project to project, depending on the associated financial risk. In the case of projects that the University is directly implementing in international sites, primarily in resource-poor countries, it may be useful to consult the Mailman School of Public Health's [International Projects Manual](#) and adapt it to CDM needs.

Although the PI may delegate responsibility for day-to-day financial management of a grant or contract to others within the department or unit and to a Country or Project Director, the PI must exercise appropriate oversight to ensure that charges to each grant/contract are reasonable and necessary, allowable under the terms and conditions of the award, properly allocated to and among multiple awards and funding sources, and limited to the funds awarded for the project.

9.5 INTERNAL CONTROLS

9.5.1 Overall Duties

Following are some key points for SAs to keep in mind with respect to internal controls:

- ✓ Establish, properly document, regularly review, and improve internal controls
- ✓ Ensure clear and documented segregation of duties so that no one person has complete control over all aspects of a financial transaction; where separation of duties is not feasible, maximize individual accountability and management supervision and review
- ✓ Ensure assigned staff take the time and effort to properly charge each expense to the appropriate corresponding funding source and sub-code
- ✓ If the documentation provided in support of an expense is not adequate proof of payment for one reason or another, have on file an approved *Request for Policy Exception or Adjustment* (see the [Finance Division Forms Library](#))
- ✓ Have the petty cash custodian perform a monthly reconciliation between the authorized amount of the fund and cash and receipts on hand

9.5.2 Weekly and Monthly Reviews

To ensure funds are spent appropriately, SAs must conduct regular reviews of expenditures and other charges to their departmental accounts and take appropriate action:

- ✓ Review weekly, bi-weekly, and monthly payroll transactions
- ✓ Review and update salary allocations to sponsored projects
- ✓ Review assignment of charges to sponsored projects to ensure they are appropriate
- ✓ Review expense sub-coding for p-card transactions
- ✓ Review the travel advance report
- ✓ Review open encumbrances
- ✓ Identify and correct overdrafts
- ✓ Resolve cases of payroll suspense in conjunction with CDM Business Office
- ✓ Review and resolve unreconciled differences on expired sponsored projects so that they can be closed out and removed from the accounting system
- ✓ Conduct monthly budget monitoring and analysis of budget variances
- ✓ Share relevant reports with the chair/director and PIs

9.6 FISCAL YEAR

CDM Sections typically have several fiscal years under which they operate:

- Columbia University's fiscal year is from July 1st through June 30th.
- Affiliated institutions may have a different fiscal year. NYP's fiscal year is January 1st through December 31st.
- The federal government's fiscal year is from October 1st through September 30th.

- Fiscal years of sponsored projects vary according to the project and the funding agency's practices.

9.7 THE UNIVERSITY LEDGER SYSTEM

Following is a broad overview of the University ledger system. For details, see the link for “FAS Accounts Explained (Chart of Accounts)” on the [Finance Training Resources webpage](#).

Key Links

[Finance Training Resources](#)

The Columbia University Financial Accounting System (FAS) is comprised of two account ledgers types in which to capture revenue and expenditure information. They are general ledgers (GLs) and subsidiary ledgers (SLs).

9.7.1 General Ledgers

The University uses fund accounting and, as such, its Financial Accounting System (FAS) has a different definition of *general ledger* as well as *accounts* than most typical systems. At Columbia, general ledgers are the primary FAS accounts that reflect the total *fund balance* for a certain activity such as a faculty practice, an endowment, or a restricted or unrestricted fund. Internal fund transfers from GL to GL accounts are identified by a designated FAS sub-code group (see [FAS sub-codes](#)). The unused fund balances carry forward from year to year, and the change in the fund balance is the revenues minus expenses for the year.

Since each GL account has its own fund balance, as well as cash and other balance sheet accounts, each account at Columbia is a kind of mini-balance sheet. It is the sum of these mini-balance sheets that makes up Columbia's overall balance sheet.

9.7.2 Subledgers

In FAS, a general ledger account has at least one *subledger account* attached to it. A general ledger can have many subledgers attached to it, but a subledger can only be attached to one general ledger.

Subledger accounts keep track of detailed revenues and expenses, which roll up to the general ledger. They are a series of account statements (e.g., account summary, expenditure detail, payroll summary, payroll detail, and open commitment) that reflect expenditure budget and spending, internal revenue transfers, and encumbrances organized by a series of sub-codes that define specific spending type and ledger type.

9.7.3 FAS Sub-Codes

FAS sub-codes are the last four digits of a FAS account sub-ledger account string. They define the specific type of GL and SL revenue and expenditure transactions being performed. They represent natural accounts such as tuition revenue, salary expense, and software purchases. Note that there is a separate set of sub-codes for GL and SL transactions. For the sake of uniformity, the CDM Business Office has a list of subcodes required for certain types of purchases. These can be obtained by contacting the Business Manager in the CDM Business Office.

9.7.4 FAS Account Strings

General Ledger Account: The general ledger account string is a 10-digit string in this form **012345-XXXX** as follows:

- 0 at the front indicates that it is a general ledger account.
- The next 1-3 digits describe the fund range.
- The remaining digits indicate a specific fund (e.g., “The Smith Endowment”).
- The last four digits (XXXX) represent the account control, which indicates whether it is an asset, liability, fund balance, or change in fund balance and which one it is (e.g., cash).

Subledger Account: The subledger account string is a 10-digit string in this form **123456-XXXX** as follows:

- The numbers at the front indicate the subledger range (the same as the ranges described for the general ledger above).
- The remaining digits describe the specific activity (e.g., “The Smith Endowment Spending Account”).
- The last four digits (XXXX) represent the sub-code (e.g., salary expense, tuition revenue).

9.7.5 Useful Listings of Departmental Account Numbers

A *summary chart of University account ranges* for both general and subsidiary ledgers may be found in the middle of the CU document “Chart of Accounts Explained.” This document may be accessed through the link for “FAS Accounts Explained (Chart of Accounts)” on the [Finance Training Resources website](#).

Another good reference is the *Departmental Information Report*, which lists the department number, department name, division administrator, and other relevant information. It may be found via the following sequence:

- [My.Columbia portal](#)

- FinSys
- Financial Front End (FFE)
- Reports

A third reference is the [Sponsored Projects Handbook](#), which has an explanation of account numbering for sponsored projects in the “Account Setup” section.

9.8 FINANCIAL SYSTEMS (APPLICATIONS)

Columbia University uses several applications to meet its financial management needs, many of which are described on the Finance Division’s webpage for [Applications: Financial Systems](#). Information about these and others may be found at the links provided below.

Key Links

[Applications: Financial Systems](#)
[Finance Division acronyms](#)
[Finance Division Training](#)
[My.Columbia portal](#)

- [Advance](#): Columbia University Alumni & Development System, used to maintain an historical record of gifts to the University, issue receipts acknowledging each payment, house gift documentation, and track philanthropic gift income
- [AP/CAR](#): Accounts Payable Controlled Analytical Review, used for processing payments to vendors (including CU travel and business expense reimbursements)
- [DARTS](#): Departmental Advance Reporting and Tracking System, used for generating financial reports from FAS data
- [ECRT](#): Effort Certification and Reporting Technology
- [LDS](#): Labor Distribution System, used by the Payroll Department to track and process employee labor and salary data
- VFFE (also called FoxPro FFE version): Financial Front End (FFE) modules that have not been moved to the My.Columbia Portal; include modules for Account Creates, account attribute changes, journal entries, purchasing requisitions, EZPO liquidations, FFE time entry, and various reports
- [My.Columbia Portal](#) (my.columbia.edu), an online central location for Columbia's faculty and staff to find needed information and resources, under the DWR tab:
 - [DWR](#): Data Warehouse Reports, section of My.Columbia portal that houses various reporting mechanisms including financial management reports, also called consolidated operating budget (COB) reports, and various other report functions depending upon the user’s system access (e.g., if the user has AP/CAR access, then AP/CAR reports will be available)
- [My.Columbia Portal](#) (my.columbia.edu), an online central location for Columbia's faculty and staff to find needed information and resources, under the FinSys tab:
 - [Budgeting Tool](#), an FFE module used to enter or revise budgets after they have been developed (also Budget Revisions Tool for non-grant project budgets)
 - Cash, an FFE module used to log and track cash and check deposits

- Change Order, an FFE module used to make changes to purchase orders
- Inter Departmental Invoicing (IDI), an FFE module (web version) used to invoice internal CU departments for services rendered
- Vendor Create, used to request that a new vendor be added to the AP/CAR master vendor file
- [WebSAF](#): Web Salary Accounting Form, an FFE module used to convey SAF information to Payroll (note that paper SAFs are also in use – see [Section 9.15.6](#)); also includes [Add-Comp](#), a sub-module of WebSAF that conveys requests for additional compensation payments for monthly paid employees
- CAPS: Computer Augmented Purchasing System, used by the Purchasing Office for online entry, control, distribution, and retrieval of purchase order information; online inquiry is available to SAs through the WebPur function under the FinSys tab of [My.Columbia portal](#).

Useful Reference: The Finance Division has a useful [list of acronyms](#) followed by short descriptors.

The Human Resources and Training Office of the Finance Division offers a series of training programs to help managers, supervisors, and administrators gain a better understanding of University financial and accounting policies. Among their offerings are training in the use of various financial systems such as AP/CAR, FFE, FAS, and the Budgeting Tool. See <http://finance.columbia.edu/hr/training/> for details.

9.9 AUTHORITIES

9.9.1 DAF Authority

Departmental Authorization Function (DAF) authority is a critical component of the University's control system. It assigns levels of authority to University employees to approve key transactions on the University's behalf. DAF authority is assigned for many transactions, including approval of purchase requisitions, invoice payments, salary accounting forms, journal entries, and purchasing card (p-card) transactions.

Key Links

Finance Division Forms Library
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Supplemental Approval webpage

DAF/Financial Front End (FFE) Administrators are the only individuals authorized (by the Office of the Controller) to delegate DAF authority and approve the creation, modification, or deletion of DAF authority within the departments for which they have been designated. A DAF/FFE Administrator may be a senior officer such as a Dean or Vice President, or a senior financial officer such as an Associate Dean or Assistant Vice President.

DAF signature authority is usually limited to a few signers in each department (generally no more than five). DAF/FFE Administrators should assign appropriate DAF authorization to employees of their unit considering (1) what is necessary within the

scope of the employee's responsibilities, and (2) what the overall needs of the department are.

DAF authority levels can be determined at the departmental level or the division (management unit) level. Additionally, DAF authority can be distinguished between final approval and preliminary approval levels. The SA, working with the CDM Financial Manager is expected to assign DAF authority consistently among personnel in the section.

For those who need access to the Financial Front End (FFE) system and/or who need DAF authority, the [Combined DAF/FFE Application Form](#) must be completed and submitted. The link to the form and accompanying instructions may be found at the [Finance Division Forms Library](#). Further information is available at the Office of the Controller's website on the [combined DAF/FFE application](#). All applications must be submitted to the CDM Financial Manager.

For a list of DAF/FFE Administrators by department, see the "More Reports" section in FinSys, accessed through the [My.Columbia portal](#).

9.9.2 DAF Authority Limits

All DAF authority except "unlimited DAF authority" is subject to limitations on the type or size of transactions that may be authorized. University employees may only be assigned the following DAF limits for purchase requisitions, invoice payments, and p-card transactions. It is not permitted for a DAF to split the purchase of merchandise in order to circumvent these transaction limits.

Limitation thresholds

- Up to \$500
- Up to \$2,500
- Up to \$10,000
- Up to \$30,000
- Up to \$100,000
- Up to \$500,000
- Unlimited (only designated to certain officers at the Executive Vice President level and above)

Transactions over \$10,000 require the approval of a Vice President, Dean, or their designee. This authority has been delegated to the Associate Vice Dean of Finance for P&S and the Director of Accounting in the P&S Office of Budget and Accounting.

9.9.3 Other Authorities

Contracts and Service Agreements: Department chairs and administrators and their employees are typically not authorized to sign contracts and service agreements, regardless of the dollar limit. Contract authority is **not** the same as DAF authority. The authority to sign legally binding documents, whether service agreements and contracts with vendors, grant agreements, lease agreements, or other, lies with University entities such as the CU Finance Division and CU Office of the General Counsel. For further information, see Section 12: Legal Matters.

Petty Cash: The authority to approve petty cash expenditures lies with the custodian, who is the person in charge of the petty cash.

Subawards: The authority to sign a subaward document committing the University to providing a grant or contract to another entity lies with Sponsored Projects Administration. SAs should work with CDM Research Administration if unclear on the process for implementing a subaward. The authority to release funds to a subawardee lies with the PI.

P-Cards: The authority to have and use a purchasing card (p-card) is governed by the University's internal DAF policy via the DAF system (see [Section 9.9.1](#)). (A p-card is a credit card issued to authorized University personnel, for small dollar purchases (typically under \$2,500 per transaction) of goods and services for use by the University. P-cards can only be used by the individual named on the card. For further information, see Section 10.6.4.)

9.9.4 Supplemental Approval

Supplemental approval provides certain senior officers within a school, department, center, or institute with the ability to approve specific common policy exceptions. It must be obtained from the Associate Dean of Finance, after review by the Financial Manager, when required by University policy, e.g., for first class travel, lodging or meals exceeding thresholds, travel by employees' spouses, reimbursement of late submissions, and exception requests.

Individuals with supplemental approval authority are in all instances ultimately responsible for the approval decision. When approving transactions, they are responsible for verifying:

- The business need for the exception
- The propriety of the exception in compliance with the policies on supplemental approval, travel expense, and business expense

For details, see the Finance Division's [supplemental approval webpage](#), which has the policy and links to a useful training manual and training PowerPoint presentation.

All policy exceptions not listed as eligible for supplemental approval, or any requests for exception of amounts that exceed the thresholds allowable for supplemental approval, require a formal written exception request approved by a senior departmental officer and submitted for documentation and evaluation to Accounts Payable. For further information, see Section 11.7.

9.10 BUDGETS

9.10.1 The Budgeting Tool

Section Administrators use the University's Budgeting Tool to enter budgets they have developed for both the current year and future periods. With the web-based Budgeting Tool, SAs enter data at the detailed account level for either a general ledger (GL) or a subsidiary ledger (SL) account, and that data is stored in FinSys. (See [Section 9.7](#) on the University's ledger system.) Current year budget information for direct activity (both GL and SL) is transferred nightly to FAS. Current year transfer details and future year direct activity and transfer details are stored in FinSys.

Key Links

[CU Office of Management and Budget Using the Budgeting Tool](#)
[Sponsored Projects Handbook](#)

The Budgeting Tool serves to automate the consolidation of data and provide a framework for ongoing business analysis and for budget approval. Information in the Budgeting Tool can be downloaded into Excel spreadsheets and a department's developed budget can be uploaded from Excel spreadsheets into the Budgeting Tool. SAs are encouraged to utilize this function to analyze the budget information and develop the upcoming fiscal year's budget, as the Budgeting Tool itself does not have this analytical function.

The *Budgeting Tool Manual* and an associated *Budgeting Tool Hands-On Training Guide* are available through a link at the [Using the Budgeting Tool webpage](#). It covers the chart of accounts, direct budget activity, allocations, transfers, approving an account, and budget reports. Its appendices have the consolidated operating budget (COB) line definitions and the listing of sub-codes used by the University.

9.10.2 Budget Cycle

Columbia University's budgeting process for P&S units generally follows this cycle:

- In December, the CDM Dean's Office distributes budget parameters and instructions to all CDM Section
- In early January, the CDM Sections are required to update their outlook for the current year in the Budgeting Tool
- From early to mid-February, the CUMC Business Office closes off the Budgeting Tool and reviews the current year estimate with departments and schools

- In mid-February, the Budgeting Tool is opened for development of the current budget year. CDM Business Office meets with sections to review their budgets
- By early March, all CDM sections have submitted proposed future budgets via the Budgeting Tool
- By Mid March the CDM Budget is due to CUMC
- During March and early April, the CUMC Finance Office, , hold meetings with departments and schools to review their budget submission
- In mid-April, the CDM Business Office approves sections' budgets, pending Board approval
- In June, the University administration presents the proposed fiscal year budget at a meeting of the Board of Trustees for their approval
- Following Board approval, business units are notified of their budgets for the new fiscal year

9.10.3 Budget Development

The steps and schedule for budget preparation may be found on the home page of the [Office of Management and Budget](#) (OMB). Some tips for budget development include:

- ✓ Use a financial model to develop a budget, then enter it using the University's Budgeting Tool (see [Section 9.10.1](#))
- ✓ See Section 5.7 for important information on developing grant/contract budgets
- ✓ The CDM Business office uses the Payroll Module in the Budgeting Tool, to budget all personnel expenses carefully, ensuring appropriate funding sources are assigned and taking into account cost-of-living increases, promotional salary increases, new recruitment as well as vacancy factors, and overall departmental caps on salary expenditures
- ✓ Remember to include in the budget all the items of cost associated with the acquisition of equipment, such as shipping and installation costs; also consult with appropriate parties for budgeting and acquisition of large equipment
- ✓ Remember to budget for conferences, education credit, and subscriptions, memberships, and dues (see Section 7.27)
- ✓ See the *Budgeting Tool User Manual* (link at the [Using the Budgeting Tool webpage](#)) for step-by-step instructions on adding a sub-code (for SL accounts only) or control code (for GL accounts only) to an SL or GL account
- ✓ Make sure no accounts are projected to be in overdraft at year end, or prepare transfers to assign remaining deficits to other departmental sources
- ✓ Plan ahead and meet the deadlines!

For further guidance and to understand what the CUMC Budget and Financial Planning Office examines when reviewing department accounts, see the How-To Guide for Budget Review, a link for which may be found on the [Using the Budgeting Tool webpage](#).

Before beginning the budgeting process for either SL or GL accounts, SAs should be familiar with the types of accounts or actions that cannot be budgeted. These include

frozen or deleted accounts and GL grant accounts. For the full listing, see the *Budgeting Tool User Manual* (link at the [Using the Budgeting Tool webpage](#)).

9.10.4 Quarterly Budget Updates

SAs are required to prepare quarterly updates of current estimates vs. the original budget and year-to-date actual expenses vs. prior-year-to-date actual expenses. Each quarter, CUMC Administration sends instructions with the specific deadlines for that quarter. SAs are advised to give good attention to monthly budget monitoring in order to complete the quarterly exercise more efficiently and meet the established deadlines more readily.

9.10.5 Budget Modifications to Sponsored Projects (Rebudgeting)

Sponsored project awards typically allow for reallocation among line items within the approved budget for that budget year, provided that no line item is increased by more than the percentage stipulated in the award. (For National Institutes of Health awards, the limit is generally 25% of the total funds awarded.) Any increase greater than the stipulated percentage requires the prior written approval of the funding agency, typically through a rebudgeting amendment to the award. See the [Sponsored Projects Handbook](#) for full guidance on rebudgeting. The request for rebudgeting should be reviewed by the CDM Office of Research Administration, who will assist in the submission to NIH or appropriate funding agency.

9.10.6 Reports for Monitoring and Analysis

The CDM Business Office performs budget monitoring, by using the University's summary and detail consolidated operating budget (COB) reports, which may be generated on demand at any time through:

- FFE in the "Reports" menu under "Financial Management Reports via the Data Warehouse"
- The [My.Columbia portal](#) in the Data Warehouse tab under the "COB Daily Batch" sub-tab

Additional monitoring is called for upon receipt of:

- Reports on actual to budgeted performance for each sponsored project
- Payroll reports

9.10.7 Essential Elements for Budget Monitoring

SAs are responsible for ensuring budgets are monitored throughout their sections. Recommended steps for budget monitoring are:

- ✓ On a monthly basis, download and review the Budget to Summary Report from DARTS for potential variances from the “Current Estimate”
- ✓ Choose revenues or expense lines for further investigation, and download and review DARTS detail reports
- ✓ Review payroll reports upon receipt
- ✓ If billing directly for any services, track the billing through a receivable process
- ✓ When significant variances are identified in the analyses of budget vs. actual expenses and revenues, work with CDM Business Manager on taking appropriate action to decrease expenditure, increase revenue, revise the budget, or otherwise address the variances
- ✓ For sponsored projects, generate on at least a quarterly basis the standard [DARTS](#) statements for PI review and attestation:
 - Summary Account Statement (AM090, also known as “Account Summary Statement” in DARTS)
 - Detail Report of Transactions (AM091, also known as “Account Detail Statement” in DARTS)
 - Summary Payroll Account Distribution (also known as “Summary PAD” or “Payroll Summary Report” in DARTS)
 - Detail Payroll Account Distribution (also known as “Detail PAD” or “Payroll Detail Report” in DARTS)
- ✓ Provide PIs with monthly reports on sponsored project actual to budgeted performance, and highlight any projected overdrafts
- ✓ Advise PIs that they are responsible for insuring that:
 - Improper costs are *not* charged to the sponsored project
 - Costs that should be charged to the sponsored project are reflected
 - Charges are consistent with the PI’s expectations
 - The PI knows the overall financial status of project
 - Significant variances from budget are identified and addressed

The [Sponsored Projects Handbook](#) should be referenced for guidance on budget areas requiring stricter monitoring, such as salary charges, subrecipient charges, and indirect cost charges.

9.10.8 Review and Attestation of Sponsored Project Expenses

CUMC has standard operating procedures (SOPs) in place to ensure proper review of sponsored project expenditures charged to federal and non-federal sources. The SOPs require the following:

- The SA or his/her designee must generate quarterly DARTS statements for each PI in the department, center, or institute who has an active grant, contract, or clinical trial.

- PIs must review and attest to the expenditures charged to their sponsored projects no later than 45 days after the close of the fiscal quarter. The attestation must indicate that the PI has reviewed the fiscal quarter's expenditures associated with the grant, contract, or clinical trial and that the expenditures are within the approved budget.
- The PI may request further documentation from the SA or his/her designee as required to validate expenses prior to signing the attestation statement.
- The SA or his/her designee must provide additional requested documentation no later than 15 business days after the request is made.
- If the additional documentation request is not fulfilled in this timeframe, the PI is expected to notify the SA and/or chair/director of the Section, center, or institute, as well as the CDM Financial Manager. Office.

The attestation form is available from the CUMC Controller's Office.

9.11 EXPENSES

9.11.1 Procurement

Most aspects of procurement are covered in other sections of this manual, as follows:

- Section 10: Procurement provides guidance on purchasing procedures; regulations, restrictions, and prohibitions; service and vendor agreements; and special policies and procedures for procurements of certain items such as pharmaceuticals and major equipment.
- Section 5: Sponsored Projects Administration covers procurements related to awards and subawards.
- Section 11: Travel provides complete guidance on travel procurement and reimbursement.

Key Links

[Administrative Policy Library](#)

[Interactive Purchasing Guide](#)

[Business Expense Reimbursement webpage](#)

[Change Order Module User's Guide](#)

[Financial Front End \(FFE\) Manual](#)

Note that if a section would like to enter into service or vendor agreements or contracts, ***prior review and approval is required from University entities*** such as the CU Finance Division and CU Office of the General Counsel in many cases.

9.11.2 Charging Sub-Codes

When charging invoices, p-card transactions, check requests, or other general expenditures against an FAS account and sub-code, consider the following:

- Verify that the FAS account and sub-code to be charged has funds allocated for the expense
- Always verify prior expense planning and FAS account allocation before an expense is incurred or a liability (e.g., a purchase order) is initiated
- If the invoice is associated with a purchase order (PO), use the expense allocation as per the actual PO account distribution
- To view a breakdown of expense allocation (i.e., budget) and funding availability (i.e., actual expenses to date) by FAS account and sub-code, refer to departmental paper FAS statements or corresponding information in [DARTS](#)
- Be aware that if an FAS sub-code that has no budget allocation is charged, an additional account line item will be created in the FAS sub-ledger account summary statement; this new line item will show up as an overdraft until either 1) the budget is reallocated to fund that sub-code, or 2) the charge is transferred (via FFE Journal Entry) to a previously funded sub-code

For reference, see [Section 9.7](#) on the University's ledger system.

9.11.3 Essential Elements for Incurring Expenses

- ✓ **Procurement Mechanisms:** Follow the University's *Procurement Mechanisms Policy* (in the [Administrative Policy Library](#)); use the best procurement mechanism for each purchase (see Section 10.6 and the University's [Interactive Purchasing Guide](#), which assists with selecting the best mechanism)
- ✓ **Coding Transactions:** Ensure proper sub-coding for expense type, including for p-card transactions
- ✓ **Business Expenses:** Adhere to the CDM's and the University's policy on the reimbursement of entertainment and gift expenses (see Accounts Payable's [Business Expense Reimbursement webpage](#)) CDM policy on spending limits is more restrictive than University policy and takes precedent..
- ✓ **Expenses for Sponsored Projects:** With sponsored projects, adhere to awards' terms and conditions governing the use of the resources (see Section 10.3)
- ✓ **Unallowable Expenses:** Segregate unallowable expenses to make sure that the University does not inadvertently charge any of these expenses to grants and contracts
- ✓ **Honoraria for a Person Outside the University:** Follow the University's policy on *Payment of Honoraria* (in the [Administrative Policy Library](#)), obtaining from the payee a signed W-9 Form, if certain conditions are met
- ✓ **Expenses for Farewell Parties:** Follow the University's *Farewell Parties Policy* (in the [Administrative Policy Library](#)), segregating the cost and submitting all required documentation
- ✓ **Travel Expenses:** Follow established procedures for travel expenses, submitting all TBERs within 10 business days of completion of travel (see Section 11: Travel)
- ✓ **Travel and Business Expense Reimbursement:** Submit travel and business expenses for reimbursement no later than 120 days after the date of the expense
- ✓ **Proper Documentation:** Submit proper documentation for each expense, with a clear business purpose and receipts/proofs of payment containing all required information

- ✓ **Change Orders:** Initiate a change order on a purchase order as soon as the need for modification is evident, and send it to the Purchasing Office, which will authorize effecting it (see the University's [Change Order Module User's Guide](#))
- ✓ **Interdepartmental Expenses:** On a monthly basis, create and transmit interdepartmental invoice charges using the Interdepartmental Invoice (IDI) module of FFE (see the [Financial Front End \(FFE\) Manual](#)); for IDIs received from other departments, conduct a monthly review to ensure their accuracy
- ✓ **Animal Procurement and Care Expenses:** Order all animals through the [Institute of Comparative Medicine](#) (ICM) and review ICM monthly billing carefully (see [Section 5.14.4](#))
- ✓ **Record Retention:** Keep all financial records and supporting documentation for the time period stipulated by the University and funding agencies (see [Section 9.21](#))

9.11.4 Participant Support Costs

Sponsored project funding may include in the award budget a line item generally referred to as participant support costs. These are costs paid to or on behalf of participants in meetings, conferences, and similar events. The University's policy on *Participant Support Costs*, available in the [Administrative Policy Library](#), exists to assist principal investigators and departmental staff in insuring that funding agency regulations regarding participant support costs are satisfied. Notably:

- Participant support costs may include registration fees, travel allowances, manuals and supplies, tuition, stipends, and other costs associated with supporting the cost of attendance at these gatherings.
- Participant support costs pertain only to those sponsored projects that are awarded specifically for the purpose of supporting the meetings themselves.
- General travel costs should not be classified as participant support costs even if incurred on individual research and other grants that bring collaborators together.
- Participant support costs are often subject to special sponsor regulations, such as requiring the University to return any unexpended participant support costs to the funding agency.
- Evidence of attendance of participants in the form of a daily log or similar documentation must be maintained within the project's records.

SAs and PIs are required to be familiar with the specific requirements for participant support costs, as set forth by the sponsor, and to assure compliance with those requirements.

9.11.5 NYP Invoices (“Blue Bills”)

Approximately 20 days after the end of each month, New York-Presbyterian Hospital (NYP) sends invoices, known as Blue Bills, to the CUMC Controller's Office for shared utilities, supplies, construction expenses, legal fees, and other expenses related to the

affiliation agreement. Sections may also receive Blue Bills directly from NYP for other shared costs. SAs are responsible for reviewing all charges in the Blue Bills for accuracy, obtaining approvals, and entering the invoice into AP/CAR for payment. Normally, there is a two-month lag between when expenses are incurred and when they are recorded in FAS. This lag is reflected in the quarterly accrual reviews.

9.12 CASH MANAGEMENT

Cash management has many aspects and is primarily concerned with risk management, internal control, and facilitation of program operations. Of special note:

Key Links

[Administrative Policy Library](#)

[CUMC Controller's Office](#)

[Finance Division Forms Library](#)

[Bank accounts webpage](#) (Finance Division)

- The duties of collecting cash, maintaining documentation, preparing deposits, and reconciling records *should be segregated* among different individuals. In offices where the separation of duties is not feasible, strict individual accountability and thorough management supervision and review are required. See Section 9.5 on segregation of duties and other internal controls.
- For guidance on *making payments*, see Section 10: Procurement.
- For information on cash management associated with *international projects*, see the University's *International Banking, Expense Reimbursement, and Replenishment Policy*, available in the [Administrative Policy Library](#).

9.12.1 Cash Security

Staff members who handle cash and checks are responsible for the safekeeping of these assets. Physical security of cash stores and the individuals managing them must be emphasized to every employee involved in the cash-handling process.

Every office must have a burglarproof, fire-resistant safe for storage of cash, items with cash value, and important documents and records. The safe must be located in a lockable room. If the safe has a combination lock, the combination code must be changed at least once a year and whenever there is turnover in personnel who have the combination. If a key is used to access the safe, the SA must ensure that the key is kept in a secure place. Only authorized finance staff and PIs, as applicable, should have access to the safe.

The SA is responsible for monitoring cash security and ensuring procedures are in place to monitor and control non-compliance.

9.12.2 Essential Elements for Petty Cash

All petty cash funds must operate in accordance with Columbia University's *Petty Cash Policy*, available at the [Administrative Policy Library](#). Typically, a department, center, or institute will have one general petty cash fund and any additional such funds would be associated with specific sponsored projects.

Essential elements for management of petty cash funds are:

- ✓ **Opening:** To create a petty cash fund, send to the CUMC Controller's Office (1) the signed *Custodian Consent Form* (available via the [CUMC Controller's webpage](#)) and (2) a check request with a letter of explanation approved by a DAF signer (see the *Petty Cash Policy*, available at the [Administrative Policy Library](#), for details on what to include in the check request and letter of explanation)
- ✓ Establish a unique petty cash fund for anticipated human subject reimbursement activities
- ✓ Obtain prior approval from the CUMC Deputy Controller for Internal Controls and Compliance for an increase in the amount of an existing petty cash fund
- ✓ Limit use of petty cash funds to reimbursement of faculty, staff, and visitors for minor business expenses, not to exceed \$80 (e.g., local taxi fares, postage, emergency office supplies, and human subject payments)
- ✓ Use petty cash floats only for authorized purposes and never for reimbursing credit/debit card payments or advances
- ✓ For each expense, have the individual submit a completed petty cash voucher or log accompanied by original receipts (pads of petty cash slips may be obtained from the CU Office of the Controller – use is optional)
- ✓ Consider creating written departmental procedures for petty cash, keeping them within the framework of University policy
- ✓ **Reconciliation:** Have the custodian perform a monthly reconciliation between the authorized amount of the fund (\$500, or other) and cash and receipts on hand, using the *Petty Cash Reconciliation Tool*, available at the [Finance Division Forms Library](#); have the reconciliation approved by an independent party and maintain it on file for future audit purposes
- ✓ **Replenishments:** When the fund is low, have the custodian enter the information electronically via AP/CAR and complete a Check Request to replenish the fund, and have the DAF **approve it and forward it** to Accounts Payable along with the proper documentation
- ✓ Never allow the custodian to approve his or her own petty cash voucher/log or that of his/her supervisor, unless the DA has given prior written approval and will ensure compensating internal controls are in place
- ✓ **Annual Certification:** Provide the Office of the Controller, Financial Reporting and Operations Department with the annual certification of petty cash account balances, when requested
- ✓ Have an appropriate departmental representative perform spots checks of fund balances
- ✓ **Fund Security:** Advise the petty cash custodian that it is his/her responsibility to take adequate precautions for the safekeeping of the funds under his/her control

- ✓ In the event funds are lost or stolen, contact the University's Security Office to obtain a Security Report and notify the Office of the Controller, Financial Reporting and Operations Department of the loss.
- ✓ **Closing:** To close a petty cash fund, reconcile the fund and deposit any remaining cash via a cash receipt voucher and send a memo along with a validated cash receipt voucher and any petty cash receipts to Financial Reporting and Operations in the CU Office of the Controller
- ✓ Close a petty cash fund immediately if the purpose for which the fund was established ends or changes significantly
- ✓ **Changing the Custodian:** To change the custodian of a petty cash fund, have the current custodian reconcile the fund, have the new custodian and the chair/director sign the reconciliation form, transfer the fund to the new custodian, and send a memo to Financial Reporting and Operations

9.12.3 Payments to Human Subjects

Special conditions apply to reimbursement to human subjects, as all receipts for human subjects need to be HIPAA compliant. Also, according to IRS regulations, annual compensation (subject incentives) to study subjects of \$600 or greater is considered taxable compensation and reportable to the IRS. Procedures for handling these circumstances may be found in the University's policy on *Petty Cash*, available in the [Administrative Policy Library](#).

9.12.4 Lockboxes

The University's *Cash Handling Policy*, available in the [Administrative Policy Library](#), strongly recommends use of lockboxes and/or electronic funds transfers for all non point-of-sale and non point-of-service payments. Key elements are:

- ✓ Prior to opening any CUMC-related lockbox, consult with the CUMC Controller's Office, who will in turn consult with the University's Office of the Treasurer
- ✓ Obtain final approval from the Office of the Treasurer to open a lockbox
- ✓ Request payment for clinical revenues through electronic funds transfer or direct payments to lockbox addresses
- ✓ Consult with the CUMC Controller's Office before changing or closing a lockbox

Lockboxes are swept daily into the department's bank account. In most cases, a department, center, or institute will have one lockbox. However, should the department want to have readily identifiable payments, it may make sense to have more than one, e.g., to separate medical service agreement (MSA) payments from clinical revenues. This decision should be made in consultation with the CUMC Controller's Office.

9.12.5 Bank Accounts

Bank Accounts are used exclusively for the management of Faculty Practice funds. Only the College of Dental Medicine Dean or Associate Dean of Finance can authorize the opening of a new bank account. SAs should be thoroughly familiar with Columbia University's *Bank Account Policy*, available in the [Administrative Policy Library](#). See also the Finance Division's webpage on [bank accounts](#).

Nearly all CDM bank accounts are zero balance accounts (ZBAs), in which a balance of zero is maintained by having the account swept into a University bank account at the end of each day.

Essential elements for bank accounts are:

- ✓ ***Obtain prior written authorization from the EVP of Finance or Treasurer prior to establishing a University bank account***, regardless of how the accounts are named, and whether or not the account uses the Columbia University name or the name of any school, department, center, institute, program, affiliate, or the name of any other entity or person, or a combination thereof; consult with the CUMC Controller's Office, who will in turn consult with the University's Office of the Treasurer
- ✓ Mail checks received for clinical care to a lockbox; do not deposit them directly into the bank account (unless the CUMC Controller has approved alternative arrangements)
- ✓ Do not accept foreign checks valued at \$150 or less; if accepting foreign checks valued over \$150, follow the procedures in the *Foreign Check Clearing Policy* (in the [Administrative Policy Library](#)) and be prepared to pay high transaction costs
- ✓ On a monthly basis, sort the bank account transactions in FAS, distributing the clinical revenue funds to the appropriate groups
- ✓ On a monthly basis, make FFE journal entries to account for split rent associated with premises subleased to other departments
- ✓ On a monthly basis, reconcile the account and deliver the reconciliation to the CUMC Controller's Office for review ***by the 20th of the following month*** or, if not a work day, the next work day thereafter
- ✓ Always have bank reconciliations performed by those who are not associated with the clinical revenue cycle
- ✓ If desiring to amend or close a bank account, consult with the CDM Associate Dean of Finance.

See the Finance Division's webpage on [bank accounts](#) for more details.

Special policies and procedures apply to ***international bank accounts***, which typically are associated with a sponsored project that has international operations. These are covered in the University's *International Banking, Expense Reimbursement, and Replenishment Policy*, available in the [Administrative Policy Library](#). Guidelines that CDM units could adapt and adopt may be found in the Mailman School of Public Health's [International Projects Manual](#).

Note: *SAs may not sign legal contracts nor enter into any agreement.* This applies to loans, letters of credit, investments, and other financial instruments.

9.13 PAYROLL

9.13.1 Resources

Payroll is processed through the University's online PeopleSoft system, People @ Columbia, FFE, and its WebSAF [Add-Comp](#) sub-module. CDM manages at least two payrolls and some manage more.

Key Links

[CU Payroll homepage](#)

[Finance Division Forms Library](#)

[Applications: Financial Systems](#)

[CUMC Controller's Office](#)

[Transaction Information Guide](#)

[Finance Division's Training Resources](#)

A variety of resources are available to assist the CDM Business Managers with their payroll responsibilities. These include:

- The [CUMC Payroll Office](#) in the CUMC Controller's Office
- The [Payroll/HRPC Help Desk](#)
- [CU Payroll homepage](#)
- The [Finance Division Forms Library](#) for University payroll forms under "Payroll/HRPC"

9.13.2 Columbia University Payrolls

The main types of University payroll are as follows:

- **Semi-Monthly Payroll:** Payment is made semi-monthly to officers of instruction, research, and administration, as well as student officers. The pay dates are the 15th and last day of the month or, when the date falls on a holiday or weekend, on the last business day prior to that pay date.
- **Bi-Weekly Payroll:** Payment is made bi-weekly to certain union and non-union support staff, casual, and work-study employees.

See Section 7.15 for details on compensation for non-academic positions and Section 8.12 for details on compensation for academic positions.

Note: Stipend and fellowship earnings are paid monthly on the first day of the month. Those who receive both a stipend payment and other earnings receive two different paychecks.

9.13.3 Other Employers

SAs should be aware that certain sections include support staff who are employed and paid by other employers. These are:

- *New York-Presbyterian Hospital* (NYP)
- *Doctor's Private Offices* (DPO), which is a frozen payroll of NYP (no one may be hired onto this payroll and staff currently on this payroll cannot be promoted without changing to another payroll)
- *61st Street Service Corporation*, a contractor which employs the support staff in the faculty practice offices

9.13.4 Payroll Calendar

Because paydays may be affected by University and bank holidays, the administrative team may want to regularly check the University's published pay calendar, which is available from a link on the [CUMC Controller webpage](#).

9.13.5 The Labor Distribution System (LDS)

While the payroll system deals with the payment of salary, the Labor Distribution System (LDS) handles the allocation of that salary to the sponsored projects and other accounts that provide a source of funds to pay for it. This allocation or assignment of salary to the appropriate funding source is generally accomplished by processing a Salary Accounting Form (SAF). The SAF is generally prepared and routed electronically (in [WebSAF](#)). While the SAF is the most commonly used form in LDS, in some cases, including certain retroactive salary transfers, other forms are required.

Following the execution of the payroll cycle, all earnings are passed from Payroll to the LDS. LDS holds the employee account profile information needed to allocate payroll expense to FAS. On a weekly basis, LDS passes all payroll expense to FAS after the payroll department's approval. On Tuesday morning, all systems are in sync including PAC, LDS, FAS, and the reporting tools DARTS, FFE, and Data Warehouse.

9.13.6 Payroll/LDS Processing (applies to CDM Business Office and Human Resources)

Payroll is processed through the University's online PeopleSoft system, People @ Columbia (PAC). For more information on the system as used by CDM Business Managers, see Section 7.3.

Key elements of payroll/LDS processing are:

Set-Up and Time Entries

- ✓ Place a new hire on payroll by entering the required data into the appropriate system according to the guidance provided in Section 7.11: Administrative Staff Hiring and Section 8.10: Recruitment for Academic Positions
- ✓ Oversee the requirement that timesheets for hourly employees are kept, reviewed, approved and submitted by their supervisors on a timely basis
- ✓ Using the FFE time entry module, submit payroll additions (e.g., overtime), deductions (e.g., absent without pay), and shift differentials for regular support staff employees on a weekly or bi-weekly basis according to the pay calendar
- ✓ Using the FFE time entry module, submit time entries for short-term casual employees on a bi-weekly basis according to the pay calendar
- ✓ For each payroll, plan ahead and allow enough time for the final approver to review, approve, and deliver the paperwork to the CUMC Payroll Office by the due date (see the [Pay Calendar Overview](#) for the current final approvers and link to the current payroll calendar)

Salary Account Distributions and Sub-Codes

- ✓ At the beginning of each fiscal year, review or set up the salary account distributions for all academic and non-academic personnel; take time to validate the information before payrolls are transacted
- ✓ If a casual employee works in multiple departments, set up the employee in PAC in each department and have their hours processed separately by each department
- ✓ For salary account distribution and additional compensation for monthly employees, use [WebSAF](#) for all regular pay (RG) expense allocations and for Add Comp transactions; use the paper SAF (available in the [Finance Division Forms Library](#)) only if required because of WebSAF software limitations (consult with the Payroll Department for the latest list of transactions requiring paper SAFs)
- ✓ When allocating labor charges by sub-code for any officer or support staff member, first check the departmental budget to see under what sub-code the expense was budgeted (see [payroll sub-codes](#))
- ✓ Only use sub-codes for which there is a budget in the fiscal year in which the payment is made (see the [FFE system](#) for a complete list of available expense sub-codes) or revise the sub-code allocation in the budget as appropriate

Reconciliations, Monitoring, and Handling Errors and Other Issues

- ✓ To stop payment on a payroll check, use the *Stop Payment Form* (available in the [Finance Division Forms Library](#)), obtain a DAF signature, and fax it to the CUMC Payroll Office
- ✓ Upon receipt of the monthly Payroll Account Distribution (PAD) report, reconcile the month-to-date salary on the PAD report with departmental budget reports for actual vs. budgeted expense (see [Payroll's guidance on monthly reconciliation](#))
- ✓ Monitor hours worked by short-term casual employees to ensure they do not exceed 560 cumulative hours in a 12-month rolling period
- ✓ Review all changes to payroll, e.g., salary changes and hire and termination dates, against the payroll register

- ✓ Clear any payroll suspense amounts (usually account 2-xxx95 where xxx equals your department number) monthly
- ✓ Take care of paycheck errors and overpayment in a timely manner
- ✓ To correct an employee's salary account distribution (do a salary transfer) within the current fiscal year and for the prior fiscal year, use [WebSAF](#); for any other period, submit a *Payroll Account Transfer Form* (PAT); for salary cost transfers charged to sponsored projects, see [Section 9.14.3](#)
- ✓ To correct an employee's add-comp account distribution (do a salary transfer), use a paper SAF
- ✓ To correct incorrectly charged accounts for casual employee pay charges, use the Payroll Account Transfer form (PAT), available in the [Finance Division Forms Library](#)
- ✓ Periodically review the status of open [WebSAF](#) transactions to determine if the additional authorizers must be contacted
- ✓ Regularly review [WebSAF](#) archived reports, or verify in [DARTS](#), that transactions have cleared suspense; use WebSAF to review all warnings on accepted transactions, and to review rejected items

For further information on these requirements, see the "Payroll Accounting Overview" presentation on the [Finance Division's Training Resources webpage](#).

For year-end salary adjustments and off-cycle compensation adjustments, and one-time payments for exceptional performance, see Section 7.15.7 for non-academic personnel and Section 8.12 for academic personnel.

9.13.7 Payroll Suspense

Payroll suspense occurs when a payment fed from People @ Columbia (PAC) to LDS searches for a matching employee account profile and does not find one. The salary and fringe expense defaults to a CDM suspense account.

It is the responsibility of the CDM Business Office in conjunction with each section, to make sure that its Payroll Suspense Account (shown as 2-59095) is cleared of all charges on a monthly basis. The Payroll Department issues a monthly report of suspense by department to senior management.

For information on the prevention of payroll suspense, common causes, and tools for addressing it, see the [payroll suspense guidelines](#). See also the link for "How to Clear Payroll Suspense" on the [Finance Division's Training Resources webpage](#). Additional assistance is available from the CUMC Payroll Office or the CU Payroll Accounting Office.

Note that all payroll suspense accounts must be at zero at the end of the June Adjustment Period.

9.13.8 Paycheck Errors and Overpayment

Paycheck errors must be reported to the CDM Business Office, who in turn notifies the CUMC Payroll Office via the *Pay Error Correction Form* (see the [Finance Division Forms Library](#)) unless the CDM Business Office is correcting the error via FFE or other time entry system. The CUMC Payroll Office determines the course of action required according to the process described in the [Transaction Information Guide](#).

Note that the *Pay Error Correction Form* may not be used if the original paperwork or electronic submission was incorrect or received after the appropriate mail closing date of the payroll calendar. Instead, incorrect paperwork must be resubmitted and will be processed on the appropriate on-cycle or off-cycle pay period. See the [Pay Error Correction Form policy](#) for further details.

Payroll overpayments are recovered from employees either by personal check (preferred) or payroll deduction. How the funds are recovered depends on whether the overpayment is discovered before or after the next scheduled payment. In certain circumstances an *Overpayment Recovery Form* (see the [Finance Division Forms Library](#)) must be completed, signed by the CDM Business Manager, and submitted to the Payroll Division. For detailed procedures, see the University's Overpayment Recovery Policy in the [Administrative Policy Library](#).

9.13.9 Pay Advances

As stated in the University's policy on Pay Advances (available in the [Administrative Policy Library](#)), support staff may request an advance for vacation pay prior to any complete pay cycle that falls within the vacation period. Officers may request only one salary pay advance per year. Employees are eligible to receive only a maximum of 65% of gross salary.

To process a pay advance, the employee must complete and sign a *Salary Pay Advance Form*, obtain the CDM Business Manager's signature, and submit it to the CUMC Payroll Office **at least two weeks prior to the day on which the payment is requested**. Note that employees must be active to receive a pay advance.

Pay advances are recovered in the employee's next on-cycle pay period.

9.13.10 Garnishment of Wages

The University's policy on the *Garnishment of Wages*, available in the [Administrative Policy Library](#), requires departments, centers, and institutes that receive documents claiming to garnish the wages of their employees to forward them immediately to the Payroll Division of the Office of the Controller. The Office of the Controller will take responsibility for addressing the claim.

9.14 SALARY CHARGES TO SPONSORED PROJECTS

9.14.1 Salary Charges and Effort Reporting

The federal government's OMB Circular A-21 proscribes the requirements for documenting the appropriateness of salaries to sponsored projects. In keeping with that circular, the University follows the Plan Confirmation system, which requires the following:

Key Links

[Effort Reporting certification website](#)
[Effort reporting training course](#)
[Policy on Sponsored Project Cost Transfers](#)
[Sponsored Projects Handbook](#)
[Administrative Policy Library](#)
[Finance Division Forms Library](#)

- The initial distribution of salaries and wages to sponsored projects and other funding sources is based on budgeted, planned, or assigned work activity.
- The distribution must be reviewed on a timely basis and updated to reflect any significant changes in work distribution.
- An annual certification is signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored projects is reasonable in relation to the work performed. In accordance with University policy, officers of instruction and officers of research (other than post-doctoral officers of research) must certify their own effort, and PIs must certify the effort of their staff. See the [Effort Reporting certification website](#).

Inherent in these requirements is that salary may only be charged to a sponsored project if the individual is working on that project. "Parking" or temporarily charging salary to a sponsored project while awaiting an award on a different project or identifying an alternative source of funds is not permitted.

Columbia's effort certification process relies on payroll distributions to provide information regarding the projects to which an individual's salary was *provisionally* charged during the effort certification period. University policy requires that such provisional charges be monitored on a regular basis, with adjustments processed *on a timely basis* to reflect significant variations in effort.

It is the responsibility of individuals completing the annual Effort Certification Report to report actual effort percentages, whether or not those percentages agree with the salary allocation percentages pre-printed on the report, and to ensure that any necessary corrections are recorded in the University's accounting system. Corrections are done through a *salary cost transfer*.

When such corrections result in the need to reduce the charge to a sponsored project, they are mandatory, and therefore always permissible. Corrections that have the effect of

increasing the charge to a sponsored project are subject to review by the Research Policy and Indirect Costs department within the Office of the Controller, and are permitted only in very extenuating circumstances when requested beyond 90 days following the date of the original charge.

Much more information about effort reporting may be found:

- In Section 7.24 of this manual, which covers essential elements for time and effort reporting, employee monthly reporting, tracking time worked and time off, and effort reporting for sponsored projects
- On the University's [Effort Reporting website](#)
- In the University's *Policy on Effort Reporting* in the [Administrative Policy Library](#)
- In RASCAL, which has an [effort reporting training course](#)

9.14.2 Effort Reporting Responsibilities of the DA

DAs hold an important responsibility for effort reporting, since effort reports constitute one of the primary auditable documents to support salary costs on a sponsored project. DAs are responsible for ensuring that faculty and PIs monitor both their own effort and that of their staff at least quarterly to identify prospective changes in effort allocations as well as any necessary retroactive cost transfers.

- Such transfers onto sponsored projects must be made within 90 days following the end of the month in which the original charge for effort expended was recorded in the University's accounting system.
- Thereafter, cost transfers to sponsored projects are not permitted except in extenuating circumstances and such costs will be moved to a non-sponsored account.
- Cost transfers that remove expenditures from a sponsored projects are not subject to the 90-day time limit, and must be processed at any time that it is determined that an expenditure charged to a sponsored project is not appropriate to that project.

SAs also frequently serve as *effort coordinators*, individuals who are designated as the lead person within the academic department for ensuring timely certification once the annual certification period opens. See Section 5.6.2 for details on this role.

9.14.3 Processing Salary Cost Transfers

When salary charges must be moved from one account to another, the change is made through [WebSAF](#) if applicable to the current fiscal year. If applicable to a previous fiscal year, a Payroll Account Transfer form (PAT – see the [Finance Division Forms Library](#))

must be completed. Before authorizing the transfer, the DA should confirm that the FAS account is still valid and that the transaction will not cause an overdraft on the account.

Requests for salary cost transfers onto sponsored projects must be made within 90 days following the end of the month in which the original charge for that salary was recorded; thereafter, cost transfers *are not approved* unless there are extenuating circumstances that clearly warrant the cost transfer *and* there is sufficient justification that supports a compliance test. This might occur, for example, when there is a late receipt of an award/extension and/or account set-up, or when the salary transfer has been approved by the sponsor. As a reminder, however, salary charges may never be parked on sponsored accounts even for a short period of time (e.g., while awaiting an award) once it is determined that the charge is not related to the project to which it is charged. WebSAFs or paper PATs should only be submitted to the Controller's Office for processing *if the compliance test is met*, as they will otherwise be routinely rejected.

Note that for salary cost transfers under sponsored projects, approval by Sponsored Projects Finance is required if the 90-day period has passed.

To process a transfer for salary costs, documentation must include a *Salary Account (Cost) Transfer Justification Form*:

- When salary cost transfers are processed through [WebSAF](#), the justification form automatically opens on the screen, allowing the preparer to record the necessary justification.
- When such cost transfers are processed through the submission of a paper form (i.e., SAF or similar document), it must be accompanied by a paper justification form, available in the [Finance Division Forms Library](#).

For further details, see the University's [Policy on Sponsored Project Cost Transfers](#) and the [Sponsored Projects Handbook](#).

9.15 BILLING BY SERVICE AND RECHARGE CENTERS

In charging out to users the cost of goods and/or services they provide, Service Centers and Recharge Centers are required to comply with certain requirements that are set forth in the University's *Policy on Service Centers and Recharge Centers*, available in the [Administrative Policy Library](#). These centers charge out the cost of the goods and/or services that they provide directly to the users, including users supported by sponsored projects. In CDM, the CDM Information Technology group is a service center which charges services directly to the sections. In CUMC, most of these centers are Recharge Centers, e.g., departmental stockrooms, printing and copying centers, machine and instrumentation shops, DNA sequencing facilities, and other scientific equipment and telecommunications and computing services. (See the policy for full definitions.)

Federal regulations and University policy limit what may be charged to sponsored projects' accounts. If the department, center, or institute has a Service Center or Recharge Center, and if these centers are charging sponsored accounts, key points to keep in mind are:

- ✓ For each center, obtain a one-year, renewable license from the Office of the Controller by submitting the required overview of the service and documentation supporting the unit-of-service rate(s) that will be charged to users
- ✓ Always base unit-of-service rates on the actual cost of providing the related services, and not on market or other non-cost based rates; further, do not include in the rates any expenses that are unallowable, and do not include any allowance for associated administrative or support costs, unless those costs are directly charged to the Service or Recharge Center (see the University's policy on *Project Administration - Unallowable Costs*, available in the [Administrative Policy Library](#))
- ✓ When charging out services to users, include on the invoice sufficient descriptive information to permit the reviewer of the charge to determine whether the charge is consistent with the goods and/or services provided
- ✓ Do not charge goods and services that do not comply with the University's policies on charging clerical and administrative costs to sponsored projects (available in the [Administrative Policy Library](#))
- ✓ Review charge rates periodically for consistency with a long-term cost recovery plan and adjust them as necessary
- ✓ Base any billing rates charged directly to users on their actual use of the services
- ✓ Charge costs consistently to users, and apply the rate development process consistently
- ✓ Know what costs are unallowable and exclude them in the billing rates
- ✓ Review billing transactions on a regular basis for accuracy

For further detail, see the *Policy on Service Centers and Recharge Centers* in the [Administrative Policy Library](#).

9.16 QUARTERLY AND ANNUAL CLOSINGS

9.16.1 Quarter Close

As Columbia University produces financial statement on a quarterly basis, important procedures are associated with the quarter close. SAs' responsibilities include:

- ✓ Complete the analyses and reviews required for recording of accruals
- ✓ Remind PIs to review their effort reporting and monitor their salary allocations, and process the necessary cost transfers
- ✓ If the department, center, or institute has multiple petty cash funds, perform an overall department reconciliation quarterly
- ✓ Where applicable, reconcile NYP Blue Bills

9.16.2 Year-End Close

Each year with the approach of the end of the fiscal year, the CUMC Controller's Office issues instructions for the year-end close. SAs and their staff must plan to meet the deadlines provided in the instructions so that the Finance Division can issue the University's year-end financial statements within the mandated timeframe. These deadlines should be taken into account when planning and approving vacation requests.

The June 31st period (also known as "Period 13") is the timeframe during which users can make adjustments and record accruals that cannot be processed during the fiscal year. Usually the last day for journal entries for CUMC is in mid-July.

SAs' responsibilities include:

- ✓ Complete final adjustments in a timely manner
- ✓ Clear the payroll suspense account of all section charges by the end of Period 13 (Labor Accounting is available to assist with this) in conjunction with the Business Office
- ✓ Submit revenue and expense accruals
- ✓ Take care of internal charges and transfers; true up the estimate of these made during the prior three quarters, including any known fund balance transfers between budget units that were included in the fiscal year budget submission
- ✓ Clear overdrafts, including those in sponsored project accounts
- ✓ Make "Project" and "Non-project" account adjustments for the June 31st FAS statements
- ✓ Send to the CU Office of Financial Services all Gift Transmittals for depositing gift income
- ✓ Handle open commitments (encumbrances); submit encumbrance rollover requests when warranted

Note: Year-end closing goes much more smoothly if payroll suspense and overdraft cases are cleared on a timely basis during the fiscal year.

9.16.3 Quarterly and Year-End Accruals

The quarterly accrual review covers six major areas: affiliated accounts receivable, patient care accounts receivable, NYP invoices (Blue Bills), physicians' compensation, refundable patient credit balances, and other miscellaneous accruals.

Affiliated Accounts Receivable: CDM's clinical and education affiliation agreements involve flows of funds between CDM and affiliated institutions. Due to the timing of the billing and collection cycle with these institutions, affiliate accounts receivable are created on the balance sheet. For detailed information on fund flows associated with the most significant affiliation agreements, contact the CDM Accounting Office.

NYP Blue Bills: New York-Presbyterian Hospital's Blue Bills tend to have a two-month lag between when expenses are incurred and when they are recorded in FAS. As part of the quarterly closing process, the CUMC Controller's Office sends out a worksheet populated with the most recent actual Blue Bill charges for each department, center, or institute with the assumption that two months of charges will be accrued. For example, for March close, January Blue Bill charges are populated with the assumption that two times the amount of the January charge will be accrued for the March close. The SA is responsible for making the necessary adjustment to the assumed accrual based on: 1) projections for two months of expenses, 2) previous months' charges not yet entered into AP/CAR, and 3) any disputed amounts. The adjusted accrual is returned to the CUMC Controller's Office, where it is reviewed and recorded into account control #2153.

Faculty Practice Dentists' Compensation: The accrual for dentist compensation has two parts: 1) unpaid additional compensations on recognized revenue (cash received), and 2) estimated additional compensation based on receivables not yet collected/billed. On a quarterly basis, the SAs and practice managers provide their best estimate to the CDM Accounting Office for accrual on quarterly basis.

Patient Credit-Balance Refunds: On a quarterly basis, the Faculty Practice Manager prepares reports of patient accounts with credit balances and sends them to the CDM accounting office for review and budget entry. The department prepares an analysis to capture: 1) patient accounts with refunds in progress, and 2) an estimate based on the particular department's refund history on credit balances (as a percentage).

Other Accrued Expenses: On a quarterly basis, the SA is responsible for reviewing departmental records to identify any goods or services that have been received and are not yet entered into AP/CAR. These expenses must be submitted on Schedule B to the CDM Accounting Office, where they are recorded. At the end of the fiscal year, unspent portions of purchase orders not liquidated by June 30th are automatically accrued by the CUMC Controller's Office. However, SAs are required to complete an analysis of unliquidated purchase orders to identify goods and services not received by June 30th, so that these may be excluded from the accrual. The analysis must be submitted to the Controller's Office, which will adjust the year-end accrual as needed.

Note that after the quarterly close, the CUMC Controller's Office makes reversal entries for accrued expenses and revenues. For further information, contact the Controller's Office.

9.17 FINANCIAL REPORTING TO FUNDING AGENCIES

9.17.1 Sponsored Projects and Routine Financial Reporting

Key Links
Administrative Policy Library
Sponsored Projects Handbook
Sponsored Projects Finance

Funding agencies that sponsor projects, whether federal government or other, require timely submission of financial reports. To fulfill funding agencies' requirements for timely

submission of financial reports, the *Columbia University Policy on Financial Reporting and Closeout of Sponsored Projects* (available in the [Administrative Policy Library](#)) provides full guidance. See also the section on financial management in the [Sponsored Projects Handbook](#). SAs can also request assistance from the CDM Office of Research Administration and the CDM Business Office.

Most important for PIs and SAs to keep in mind are the following points:

- [Sponsored Projects Finance](#) in the CU Office of the Controller (SPF) is responsible for the preparation and submission of financial reports to funding agencies.
- For federal government funds, Financial Status Reports (FSRs) must be submitted within 90 calendar days following the expiration of either the budget year of the project or, more commonly, following the expiration of a competitive segment of a project.
- For other funding agencies (e.g., state and local governments and non-governmental agencies), reporting deadlines vary and are dictated by the policies of those agencies or stated terms and conditions of the award. In some cases, the agencies will not release funding for the next phase of the project until required reports are received and reviewed by them.
- In the case of non-federal funds, if the funding award's terms stipulate that the reports carry an official University signature, the reports must be issued by the Financial Reporting and Operations department within the CU Office of the Controller. Otherwise, the department, center, or institute may use [DARTS](#) to generate financial reports and send them directly to the funding entity or individual.
- PIs with support from SAs are responsible for the ongoing review and monitoring of charges to each project, and for providing accurate and timely reconciliations on which to base those financial reports.
- In addition, PIs with support from SAs are responsible for ensuring that necessary charges and adjustments are processed such that the expenditures reflected on financial reports agree with those recorded in the University's accounting records for each project. (An adjustment is an action to correct a charge to a wrong account or wrong project.)

Reconciliations must be submitted to Sponsored Projects Finance no later than 30 days prior to the date that the financial report is due to the funding agency.

9.17.2 Sponsored Projects and Close-Out Financial Reporting

Financial Status Reports are usually required by the funding agency within 90 days after termination of the budget period or project period of a grant (consult the relevant notice of award). The PI and/or DA is responsible for reviews, reconciliations, and other documentation, while Sponsored Projects Finance (SPF) is responsible for preparing and

submitting the reports to the funding agency. See the [Sponsored Projects Handbook](#) for details on the responsibilities and the sequence of steps.

Compliance with FSR due dates is important to avoid adverse action by the funding agencies, such as withholding of payments, suspension of future award activity, or payment of penalties that would be charged to the PI's department, center, or institute.

For further information on close-out requirements, see the University's *Policy on Financial Reporting and Closeout of Sponsored Projects* in the [Administrative Policy Library](#) and the [Sponsored Projects Handbook](#).

9.17.3 Over- and Under-Expenditure of Sponsored Project Funds

Over-Expenditure of Project Funds: If the close-out reconciliation indicates a residual direct-cost overdraft, the PI or SA must provide an acceptable alternative account number to absorb the overdraft. In addition, if funds awarded for costs not subject to indirect costs (also known as F&A - facilities and administrative costs) are rebudgeted and used to pay for costs that are subject to indirect-cost charges, then the PI or DA will also need to provide an alternative account to absorb the additional overdraft resulting from this rebudgeting.

- For example: The amount of \$10,000 was awarded by the sponsor for equipment, which is not subject to indirect-cost charges and therefore, for which no indirect costs were included in the budget. If this \$10,000 is rebudgeted and is used to fund salaries, which are subject to indirect-cost charges, then the PI or DA will need to fund the indirect costs associated with the salaries as well as the salaries themselves.

Any overdraft remaining nine months after the expiration of a sponsored project, if not cleared, will be moved by the CUMC Controller's Office to a non-sponsored account at the school/departmental level. For further information, see the [Sponsored Projects Handbook](#).

Under-Expenditure of Project Funds: Upon expiration of a project, any unexpended funds will be automatically returned to the sponsor unless the University is (1) granted a no-cost extension to the project, or (2) awarded a competitive renewal of the project in a case where sponsor regulations permit the carryover of that unexpended balance into the new project period. Typically, any such carryover requires a formal request from the PI. If the award is in the form of a fixed price contract, SPF will transfer any residual balance to an account specified by the PI or DA. In the case of clinical trials, approval by the CTO is also required. For further information, see the [Sponsored Projects Handbook](#).

Under no circumstances may unexpended funds remaining on a sponsored project be "used up" by transferring or otherwise charging expenditures to that project, unless those expenditures are directly related to the project.

9.18 PROPERTY MANAGEMENT

9.18.1 Responsibilities

The University has contracted an independent asset management firm to provide management oversight for the identification, tagging, recording, and reporting of equipment assets. The vendor is responsible to ensure that the University's policies and procedures applicable to the accounting for equipment are compliant with federal government regulations and conform to generally accepted accounting principles (GAAP).

Key Links

[Risk Management Department](#)

[Finance Division Forms Library](#)

[Administrative Policy Library](#)

[Sponsored Projects Handbook](#)

[OMB Circular A-110](#)

[MarshCargo](#) (insurance for property in transit)

The Office of the Controller is responsible for providing the University community guidance on the management, control, and accounting for University-owned and government-owned equipment.

The SA is responsible for compliance with University and grant/contract stipulations regarding the procurement, use, and disposal of property. SAs should reference [OMB Circular A-110](#) for standards on management of property procured with federal government funding, among other topics.

In addition, SAs are responsible for ensuring that equipment or property is purchased or leased with appropriate warranties and subsequent provision of insurance or service maintenance contracts.

9.18.2 Inventory

Upon procurement of an asset, a copy of the purchase order is provided to the University's asset management company by the Purchasing Department. This triggers a visit to the department, center, or institute, during which a company representative tags the new item.

Prior to transferring or otherwise disposing of equipment, the principal investigator or other responsible person must complete the *Equipment Inventory Adjustment Form* (available in the [Finance Division Forms Library](#)), obtain departmental approval, and submit it to the Office of the Controller for processing.

9.18.3 Capital Equipment

Capital equipment, also called permanent equipment or major equipment, is defined as an item having a unit value of \$5,000 or greater as well as a useful life of two or more years. (The unit value was formerly \$2,000 or greater; the amount was increased as of July 1, 2008.) Federal regulations impose a number of costly accountability requirements applicable to capital equipment, including the recording and tracking of that equipment in a database, and a bi-annual reinventory. These matters are addressed in the University's policy on *Management and Accounting for Moveable Capital Equipment*, available in the [Administrative Policy Library](#). For guidelines on procurement of capital equipment, see Section 10.13.2. For further information on the policy on capital equipment, contact the CU Office of the Controller.

Sponsored Projects Administration's approval is required for all equipment requisitions on federally funded projects totaling more than \$10,000, and such approval must be obtained prior to submitting the requisition to CU Procurement Services. SPA/CTO approval is also required if rebudgeting from other categories is involved. This is necessary to determine if the rebudgeting has significant programmatic impact and to reallocate F&A expenses. For more information, see the [Sponsored Projects Handbook](#).

The custodial department and/or principal investigator is responsible to ensure that government-owned equipment is used only on the award from which the equipment was funded. Use of the equipment for any other purpose must be approved in writing by the government contracting officer.

9.18.4 Buildings and Leases

For information on managing buildings and handling leases, see Section 13: Facilities.

9.18.5 Insurance

The University, through the Risk Management Department, has established a common funding mechanism (combination of self-insurance and commercial insurance) to assist responsible departments, schools, and divisions with responding to the financial impact of loss to these assets. All questions should be directed to the [Risk Management Department](#).

Of particular note is:

- **Vehicle Insurance:** University-owned vehicles must have full insurance to cover liability and comprehensive damage. For details, see the *Vehicle Acquisition, Operation, and Disposal Policy* in the [Administrative Policy Library](#).
- **Evidence of Coverage:** If an outside party requests evidence of the University's insurance coverage in conjunction with the leasing or temporary use of equipment or property, they should be provided with the University's memorandum of

insurance (MOI), which evidences the University's insurance policies, coverage terms, and limits. See Risk Management's webpage on [evidence of insurance coverage](#) for details.

- ***Insurance for Equipment in Transit:*** A special type of insurance exists for equipment in transit, whether needed upon purchase of the equipment or to ship it to locations for research and other purposes. *It is the responsibility of the school/department to insure owned or leased equipment during transit.* Equipment in transit between locations ***is not covered*** for loss or damage under Columbia University's insurance program unless the shipment is reported and accepted for coverage. The Risk Management Department has an online program – [MarshCargo](#) – that provides real-time quoting and certificate of insurance issuance for transit. For further information and the link to the user's guide, see Risk Management's webpage on [Insurance for Equipment in Transit](#).
- ***Minimum Insurance Requirements for Contracts:*** The University's minimum insurance requirements for contracts are to be applied to all contracts entered into by Columbia University with entities that include but are not limited to: for-profit businesses supplying goods or services, not-for-profit businesses and organizations, independent consultants, students, student organizations and other academic institutions. Contracts for which this does not apply are real estate leases and sub-award agreements under sponsored projects. For details, see Risk Management's webpage on [minimum insurance requirements for contracts](#).

9.18.6 Loss of Property

Important resources for loss of property are the University's policy on *Property Loss/Damage Reporting and Reimbursement Policy*, which is available in the [Finance Division Forms Library](#), and the [Risk Management Department](#).

The individual department, school, or division that has been entrusted with the care or custody of fixed assets has ultimate financial responsibility for such assets. The University loss sharing deductible on all Property Damage/Loss claims is \$2,500 per department per incident. Claims with a total loss under this amount are not eligible for reimbursement from Risk Management.

Upon discovery of a loss or damage to University-owned or leased property, the fixed asset owner should document the loss immediately and report the loss to Risk Management within 48 hours. The report is made by completing and submitting the *Property Loss/Damage Claim Form* (available in the [Finance Division Forms Library](#)) and supporting documentation. Most claims should include digital pictures, a Campus Safety and/or police report, and copies of paid invoices as appropriate.

The following are special cases:

- **Personal Property:** The University does not reimburse losses related to personal property of individuals, students, faculty, staff, administrators, or other.
- **Assets Outside the U.S. and Canada:** University's policy on *Property Loss/Damage Reporting and Reimbursement Policy* (see the [Administrative Policy Library](#)) does not cover fixed assets located outside the United States or Canada, regardless of whether the asset is owned by any University subsidiary or legal entity established by the University. Contact the Risk Management Department for guidance on coverage for these assets.
- **Motor Vehicle Accidents:** In the case of a motor vehicle accident involving a University vehicle or employee, the *Vehicle Accident Report* (available in the [Finance Division Forms Library](#)) should be used. For more details, see the *Vehicle Acquisition, Operation, and Disposal Policy* in the [Administrative Policy Library](#).

The Risk Management Department and/or the University's insurers will provide reimbursement to the department, center, or institute at a level based on compliance with the University's loss reporting and documentation procedures and the determinations of allowable and non-allowable expenses made by Risk Management and/or the University's insurers. (See the policy for definitions.)

The Risk Management Department has the duty to adjust the University's property loss policies and procedures, as needed, and retains the right to:

- Increase the deductible and departmental responsibility levels in the future
- Determine which loss related expenses are allowable and which are non-allowable when adjusting claims valued at less than the University deductible
- Withhold a portion of the reimbursement due to the impacted department when subrogation activities are being pursued to recover expenses from at-fault third parties (Subrogation Withhold)

Further information and definitions are available in the *Property Loss/Damage Reporting and Reimbursement Policy*, available at [Finance Division Forms Library](#)).

9.18.7 Transfer and Disposition of Equipment

Prior to transferring or otherwise disposing of equipment, the principal investigator or other responsible person must first make a decision on how to dispose of the asset. The University's asset management company may be consulted by simply contacting them with the item's tag number and asking for guidance on what options are allowed.

The next step is to complete the *Equipment Inventory Adjustment Form* (available in the [Finance Division Forms Library](#)), obtain departmental approval, and submit it to the Office of the Controller for processing. This form must be used for the transfer of

equipment from another institution to Columbia or from Columbia to another institution, or for the disposition of equipment, whether sold, stolen, lost, scrapped, or otherwise disposed of.

- In the case of stolen property, a security report is required.
- In the case of sold or scrapped equipment, a copy of the cash receipt voucher is required.
- In the case of vehicle disposition, a *Vehicle Disposal Report* (available in the [Finance Division Forms Library](#)) must be completed and submitted to Risk Management.

For transfers to another institution, the Office of the Controller will provide the receiving institution with a listing of the equipment, requiring that organization to acknowledge receipt and to accept responsibility for the equipment. The Office of the Controller will obtain any necessary approval of the transfer from the funding agency for the sponsored project.

For specific information on the disposition and utilization of equipment upon expiration of a sponsored project, see the [Sponsored Projects Handbook](#).

Reminder: A property pass must be completed and presented each time University equipment is removed from the premises where it has been located. (DAs may obtain blank property passes from the CUMC office of the Department of Public Safety.)

9.19 GIFTS AND ENDOWMENTS

Generally, funds from private, non-governmental sources are to be administered as gifts when the funding source neither expects nor requires the performance of contractual obligations or the delivery of products in return for the

Key Links

[CUMC Office of Alumni and Development](#)

[Administrative Policy Library](#)

[Endowment Administration](#)

[Endowment Administration and Compliance Training](#)

[CU Office of Alumni and Development](#)

transfer of funds to Columbia. Section 15: Development provides guidance on the topic of raising gifts and endowments and the importance of SAs' working closely with the CDM Office of Development. The [CUMC Office of Alumni and Development](#) references guidelines on distinguishing gifts from sponsored projects and has information on accepting, recording, and acknowledging gifts.

This subsection complements Section 15 by covering proper management, administration, and compliance for gifts and endowments.

9.19.1 Endowment Administration Resources

The University's *Endowment Fund Administration and Compliance Policy* (available in the [Administrative Policy Library](#)) exists to ensure the proper management, administration, and compliance of restricted endowment principal and endowment spending accounts. Section Administrators must be knowledgeable about the ***contractual, legal, and ethical obligations*** that gift funds – and especially endowed funds – impose upon the University, as well as the associated financial and management reporting responsibilities (among other responsibilities).

The Director of Endowment Administration and Compliance in the CU Office of the Controller is an important resource for DAs and others who are engaged in administering endowments. Also helpful is the [Endowment Administration website](#) and its [Frequently Asked Questions \(FAQs\) webpage](#). These define the difference between *true endowments* and *quasi endowments*, explain what “plain vanilla” and “underwater” endowment accounts are, and provide detailed information on policies and procedures relating to matters involving endowments.

Questions may also be addressed to the CDM Financial Manager, the CDM Office of Development or to the Endowment Administration and Compliance Team via endowmentadmin@columbia.edu.

Another resource for SSAs and members of their teams is [Endowment Administration and Compliance Training](#), offered by the CU Finance Division. The training is required to access the Endowment Term Sheets, which are a key resource of endowment terms and restrictions.

9.19.2 Essential Elements for Gifts and Endowments

Section 15.2.2 covers essential elements for management of the *development process*, including the topics of gift designations, receipt of funds, and special cases such as memorial gifts, gifts from University faculty, gifts of property, and quid pro quo contributions.

Of particular importance for the handling of gifts and endowments ***once received*** are administrative, financial, and compliance requirements, including:

- ✓ ***Logging Gifts:*** Log all gifts received locally and reconcile gifts submitted to the log
- ✓ ***Gift Accounts:*** For all gifts that qualify as tax-deductible charitable gifts, direct them to a specific gift (FAS) account; if needed, create a new account into which to deposit the gift
- ✓ ***Gift Transmittals:*** Bring all Gift Transmittals for depositing gift income to the CUMC Business Office which will forward to the CU Gift Systems, which in turn will review documentation and complete deposit into the designated account.

- ✓ **Endowment Funds:** For gifts requiring the creation of a new endowed fund, work closely with the CDM Office of Development to obtain documentation about the fund in writing from the donor and assist the CDM Business Office in completing the [Establishment or Amendment of an Endowment Form](#).
- ✓ **Monitoring Spending:** Monitor spending of gifts and endowments in accordance with the donor's intentions and restrictions

SAs should be familiar with the material on the [Endowment Administration website](#) and contact the [CUMC Office of Alumni and Development](#) with any questions or requests.

9.19.3 Expenditure of Gift Funds

All deans, department chairs, institute and center directors, SAs, and other University employees with financial, administrative, and reporting responsibility with respect to gifts must ensure that the expenditure of gift funds complies with the terms of the gift instrument, applicable legal and accounting standards, and University policy. SAs must understand all such restrictions, standards, and policies, even if the income is received from another department, rather than booked directly.

SAs are responsible for monitoring spending of gifts in accordance with donors' intentions and restrictions. As with other funds, all transactions must be properly approved and documented, and there must be sufficient written explanation to support the use of the funds.

9.19.4 Unexpended Current Gift Funds

Current gifts are fully booked in the fiscal year received to meet generally accepted accounting principles (GAAP). Any balance of funds remaining at the end of that fiscal year moves to the department's fund balance. When these funds are spent in subsequent years, they appear as current expenses without matching current revenue. In such cases, careful tracking by SAs and their staff is particularly important to ensure proper administration of these gifts until they are fully expended.

9.19.5 Use of Restricted Endowed Funds

The expenditure of monies generated by endowment funds – the “payout” – is guided by well defined legal and accounting principles and procedures, as well as the University's obligation to fulfill the intent of the donor. Payouts must be used exclusively in support of those restricted purposes.

As a compliance tool, the University has created *Endowment Term Sheets*, which state the key terms and restrictions for each fund. These can be accessed via the Endowment

Administration website on the [Term Sheet webpage](#). Also available at that location is a quick reference guide on using them.

- Access to Endowment Term Sheets is given only to those who have completed the required Endowment Administration and Compliance Training and have DAF authorization. To review the course description and training schedule and to register for a class, see the [Endowment Administration and Compliance Training webpage](#) on the Human Resources and Training website of CU's Finance Division.

If the terms of an executed gift agreement are ambiguous or unclear, the SA should seek direction from the CDM Business Office or the CU Director of Endowment Administration and Compliance. Note that it is University policy to apply the payout according to the most conservative (narrowest) interpretation, until such time that additional direction can be provided by the donor, the CUMC Office of Alumni and Development, or the CU Office of the General Counsel.

As a matter of policy, *surpluses and excessive accumulation of income should be avoided* and income credited to an endowment spending account should be expended regularly.

Expenses should be charged, whenever practical, directly to the applicable endowment spending account. Given the careful accounting and financial tracking that is required for endowment funds, pooling or aggregating funds from different endowment accounts should be avoided.

For further information, see the University's policy on *Endowment Fund Administration and Compliance* and the University's *Gift Policies Manual*, both available in the [Administrative Policy Library](#).

9.20 AUDITS

9.20.1 Financial Records

Columbia University's financial records are audited annually by an external accounting firm, and federal agencies may request a specific audit of departments, centers, programs, or projects. Also, Columbia University may commission specific internal audits for routine management purposes, to address specific questions or concerns. These are conducted by the [Office of Internal Audit](#) in the Finance Division.

Key Links

Office of Internal Audit Administrative Policy Library Sponsored Projects Handbook OMB Circular A-133
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In addition to the University's financial audit referenced above, the federal government requires an annual compliance audit of federally sponsored projects, as per its Office of Management and Budget (OMB) [Circular A-133](#). While the audit itself is coordinated

through the Office of the Controller, PIs and SAs overseeing sponsored projects or specific transactions that are selected by the auditors often need to interact with the auditors during the course of the audit.

The most common mistake found by auditors is poor documentation. External audits may occur after a program is finished, so it is critical that all documentation be prepared and properly filed at the time expenses are incurred. See [Section 9.21](#) on record retention.

9.20.2 Audits of Sponsored Projects

The PI is ultimately responsible for the financial management of a grant or contract. He/she will be held accountable for any audit findings as well as for any disallowances by the funding agency. SAs are responsible for maintaining fiscally sound sponsored-projects accounts. They are also responsible for supporting and monitoring the financial activities of sponsored projects to assure compliance with University, CDM, and funding agency regulations.

- ✓ Be prepared for audits, e.g., by preparing and filing documentation at the time expenses are incurred
- ✓ If contacted by a CU internal auditor, notify the CDM Business office
- ✓ If contacted by an external auditor, notify the CDM Business Office; if related to grant/contract funding, contact the CDM Office of Research Administration. This office will then refer the auditor to [Sponsored Projects Finance](#) in the University's Office of the Controller, as they are responsible for coordination of all grant/contract audits
- ✓ Obtain prior approval from the CDM Business Office before hiring outside auditors

For further information, see:

- Section 5: Sponsored Projects Administration
- [Sponsored Projects Handbook](#), section on "Financial Management of Sponsored Projects"
- CU policy on *Project Administration – Audits*, available in the [Administrative Policy Library](#)

9.21 RECORD RETENTION

- ✓ Keep all financial records, supporting documentation, statistical records, and all other pertinent records for the time period stipulated by the University and funding agencies
- ✓ Ensure that staff who handle records are aware of the record retention policy and that supervisors are overseeing compliance with it

Proper financial records must be maintained for compliance and audit purposes and to avoid disallowance of expenses against grants and contracts. The financial records of CDM Sections must be maintained in onsite, fireproof, secured file cabinets. If additional storage space is required even after disposition of records that no longer need to be retained, then outside record storage services should be procured. See the [Preferred Vendor List](#) for the University's preferred supplier of these services.

Pursuant to the federal government's Code of Federal Regulations (publication 45 CFR 74.53), Columbia University is required to keep all financial records, supporting documentation, statistical records, and all other pertinent records **for seven years** from the date of the submission of the final expenditure report on a grant or contract.

Sections must keep records **on site for three years** after which they are considered inactive records and may be stored off-site for the remaining four years. Records prepared for storage must be accompanied by an inventory for each box or compact disk (CD), with a copy of such inventories maintained in active files on site for reference. In addition, boxes and CDs should be well labeled.

For information on retention of medical records, see Section 3.

Exceptions: If there is any litigation, claim, audit, or other action, all associated records must be retained until that action is completed and resolved. In some cases, this will mean retaining records beyond the end of the seven-year period.