3.1.1 RESPONSIBILITY FOR UNIVERSITY FINANCIAL ASSETS

Last updated on: 08/11/2014

Formerly Known As Policy Number: 34.

This Guide Memo outlines the roles and responsibilities of various University officers and organizations in managing the University's financial assets.

Authority:
Approved by the Vice President for Business Affairs and Chief Financial Officer.

1. Legal Status

By the terms of the Founding Grant and subsequent legislation and court decrees, the properties of Stanford University are held in trust by the University’s trustees for the founding, endowment, maintenance and benefit of the University. The trustees have corporate powers and privileges; that is, they may organize and act as a Board of Trustees, elect officers, and adopt by-laws. For more information about the University's founding and the Board of Trustees, see Guide Memo 1.2.1: University Organization.

2. Delegated Responsibility

a. President
The Board of Trustees has assigned responsibility to the President for the management of the University's business activities. For more information, see Guide Memo 1.2.1: University Organization.

b. University Officers
The Board of Trustees has delegated responsibility to individual University officers for management of funds in their accounts. For more information, and for information on further delegation of authority, see Guide Memo 3.2.1: Authorizing Expenditures. University officers also exercise responsibility for financial management decisions through the University’s governance structure, which is described in Guide Memo 1.2.1: University Organization, and accompanying organization charts.

c. Schools and Departments
Schools and departments are responsible for appropriateness of expenditures and for recording transactions correctly. For information on mandatory training for all faculty and staff members before signature authority for expenditures is granted, see Guide Memo 3.2.1: Authorizing Expenditures. A person must be given authority through Stanford's online Authority Manager to approve transactions or view financial information online. Access to online financial reports requires the signing of a Confidentiality Statement. For step-by-
d. Business Affairs

Business Affairs, headed by the Vice President for Business Affairs and Chief Financial Officer, plays a central role in assuring that the Trustees meet their fiduciary responsibility to donors, government officials, employees, students, and the general public. For more information on Business Affairs organization and responsibilities, see the Business Affairs and CFO website.

(1) Financial Management Services (FMS)

Financial Management Services, including the Controller's Office, Office of the Treasurer, Procurement, Global Services, and Consulting & Support, promotes the academic health of the University by delivering financial and accounting services to the Stanford community. FMS exercises legal and fiduciary responsibility over funds entrusted to the University by maintaining systems of internal control and financial reporting. The organization supports decision making by providing financial information and consulting. FMS is responsible for establishing a sound business environment so that various funding sources (such as government agencies, donors, students, and bondholders) can confidently provide resources to support Stanford's academic mission.

(2) Controller's Office

The Controller's Office is responsible for ensuring proper internal controls and safeguarding of University assets and properly recording the University's assets, liabilities, funds, revenues and expenses in compliance with applicable laws, regulations, University policies and donor requirements. The Controller's Office also provides financial information and analyses to support senior administration decisions and meet reporting requirements such as the annual report and tax return. In addition, the Controller's Office manages the timely and accurate production of payroll for the University community while ensuring compliance with all applicable laws and regulations.

(3) The Office of the Treasurer

The Office of the Treasurer oversees the University's debt program, directs capital market borrowings and communicates with rating agencies and investors in Stanford's debt securities. The office manages the University's operating liquidity, cash management operations and Ecommerce, The Treasurer or specific designees are the only individuals authorized to open bank accounts on behalf of the University.

(4) Procurement

Longer retention times apply to certain documents retained by central offices. For information on a specific document or category of documents, the office responsible for the type of transaction should consult the Office of Sponsored Research (OSR) or Financial Management Services (FMS) consisting of the Controller's Office, Office of the Treasurer, Procurement (including Accounts Payable, Travel & Reimbursements), Global Services, and Financial Management Consulting & Support.

The Board of Trustees has authorized Procurement to handle purchases of goods and services for the University. For more information, see Guide Memo 5.1.1, Procurement Policies.

(5) Global Services

Global Services provides services to enable University activities outside of the United States to be conducted efficiently and in compliance with U.S. and foreign regulatory requirements.

(6) Consulting and Support

Consulting and Support facilitates effective management of university financial assets by providing services to schools, departments and central offices in business process improvement; financial information and reporting systems design and implementation; and ongoing education and communication.

(7) Research Administration

The Board of Trustees has authorized the Office of Sponsored Research to commit the University to the legal terms and conditions of grant or contract agreements. For more information, see the Research Policy Handbook. In addition to administering sponsored projects, the Research Administration Policy and Compliance (RAPC) assists the University in complying with its regulatory obligations to the federal government in the areas of indirect cost recovery, fringe benefits, service centers, capital equipment, space...
use, and cost studies. Information can be found on the [DoResearch](#) website. The Research Administration Policy and Compliance (RAPC) is also responsible for negotiating both indirect cost and fringe benefits rates on behalf of the University. Detailed information on rates is found on the [DoResearch](#) website.

**8) Information Technology Systems & Services**
The Information Systems Delivery & Support division of ITS provides the primary business information systems support for Business Affairs. Business systems applications also support administrative functions of schools and departments.

**9) Internal Audit**
The mission of the Internal Audit Department is to assist University management and the Stanford Board of Trustees in identifying, avoiding and, where necessary, mitigating risks. The Department is responsible for examining and evaluating the adequacy and effectiveness of (1) the systems of internal control and their related accounting, financial, and operational policies and (2) procedures for financial and compliance monitoring and reporting. The Institutional Compliance Program is [online](#).

**10) Office of Risk Management**
The Risk Management Office is responsible for obtaining insurance from third parties, determining appropriate self-insurance coverage levels, and processing all insurance claims. Risk Management's overall goals are to ensure that the University's resources are expended wisely, that risks within a department's area of responsibility are managed effectively and efficiently, and that the University is protected against catastrophic losses.

**e. Land, Buildings and Real Estate (LBRE)**
The role of LBRE is to provide and sustain the facilities and infrastructure in support of the academic campus. LBRE also manages the real estate that the Board of Trustees has designated for the production of income (e.g., Stanford Shopping Center, Stanford Research Park, certain commercial properties, housing developments, and gift real estate).

**f. Office of Development**
The Office of Development solicits and processes gifts to the University. For more information, see [Chapter 4](#): Giving to Stanford.

**g. Stanford Management Company**
The Stanford Management Company (SMC) is a separate division of the University formed in 1991 to manage financial and real estate investment assets. Effective 2006, LBRE assumed responsibility for real estate investments. SMC manages the investments of the endowment, the expendable funds pool, and life income trusts.

**h. Office of the General Counsel**
The Office of the General Counsel provides legal advice to the Board of Trustees, the University and its officers concerning the University's legal rights and duties in its financial dealings.

---

**3. Annual Audit and Annual Report**

At fiscal year end, the Controller's Office closes the accounting records for the year and prepares reports on the year's financial activity.

**a. Annual Audit**
To assure that the University's assets are protected and that transactions and events are recorded properly,
an independent auditor selected by the Board of Trustees audits the annual financial statements in accordance with generally accepted auditing standards. The auditor's procedures include obtaining an understanding of University systems, procedures and internal accounting controls, and performing tests and other auditing procedures to provide reasonable assurance that the financial statements neither are materially misleading nor contain material errors.

b. Annual Report
The Office of University Communications publishes the auditor's report, the audited summary statements and accompanying notes to the financial statements as the University's Annual Financial Report. Departments and individuals may obtain copies from Office of University Communications, Bldg. 170 (650) 725-8396.

c. Annual Report Detail
The Controller's Office publishes the financial schedules from which the audited statements are derived in a document distributed to school financial officers.