

## **LEBANESE AMERICAN UNIVERSITY FINANCIAL POLICY**

**Approved by the Board of Trustees on June 6 & 7, 2003  
Amended by the Board of Trustees on March 9 & 10, 2006**

### **Purpose and Objectives:**

The purpose of the Financial Policy is to establish the general guidelines for financial activities of the University. The objective of the Policy is to ensure that University financial and physical resources are efficiently managed to serve the University's overall academic, administrative, and financial goals.

### **Authority and Responsibility:**

The President, as the Chief Executive Officer, is ultimately responsible to the Board of Trustees for the University financial matters. The President delegates to the Vice President for Finance, being the Chief Financial Officer, the management of financial matters.

The Vice President for Finance shall delegate and assign authorities and duties that will ensure proper accountability, and efficiency of operations, in accordance with the University's organization structure, subject to President's approval. The Vice President for Finance shall also be responsible to set the proper processes, procedures, and controls needed, in coordination with other University constituencies, to manage and safeguard the University's assets and resources, and to get them approved through the appropriate channels.

### **Authority of the Board of Trustees:**

The following items, as they relate to the Financial Policy, need the approval of the Board of Trustees:

- Annual Operating and Capital Budgets.
- Long-Range Plan.
- Investment Policy.
- Appointment of External Auditors based on the recommendation of the Audit Committee, the President, and the Vice President for Finance.
- Inter fund borrowings, transfers, and designation of unrestricted funds, based on the recommendation of the President and the Vice President for Finance.

### **Accounting Standards and Principles:**

The University shall operate and maintain its accounting records using Generally Accepted Accounting Principles. For purposes of the University's internal management of its assets and resources, the University shall adopt an accounting system in accordance with American standards and practices.

### **Financial Reporting:**

The Vice President for Finance shall be responsible to set up a financial reporting system designed to efficiently manage, monitor, and control the University's financial functions and resources.

At least once a year, the financial position of the University shall be reported to the Board of Trustees, coupled with the External Auditors Report.

**Budgets:**

An annual Operating and Capital Budget shall be presented to the Board of Trustees for approval.

The Operating Budget shall present projections of annual revenues and expenditures using a “balanced budget” approach.

The Operating Budget shall include a Contingency Budget. Disbursement out of the Contingency Budget shall be approved by the President, upon the recommendation of the concerned Vice President(s), and the Vice President for Finance.

The Capital Budget shall be composed of construction projects, major renovations, and other capital expenditures to be executed during the year. A projection of the sources of funds to finance the Capital Budget shall also be presented.

The Capital Budget shall include a Miscellaneous Budget. Disbursement out of the Miscellaneous Budget shall be approved by the President, upon the recommendation of the concerned Vice President(s), Vice President for Human Resources and University Services, and the Vice President for Finance.

**Investments:**

A separate Investment Policy is maintained for the University’s Financial Assets.

**Internal Audit:**

The Internal Audit function provides an independent appraisal of the University’s operational activities. Internal Audit functions are governed by the terms of reference of the Internal Audit department.

**External Audit:**

The Board of Trustees is responsible for the appointment of the External Auditors based on the recommendation of the Audit Committee. Once a year, the Board of Trustees shall review the External Auditors' report of the preceding year, and approve corrective measures recommended by the Vice President for Finance and the President.

The Audit Committee of the Board of Trustees shall oversee the internal and external audit functions.

**University Signatories:**

The following Officers have the authority to sign checks on behalf of the University:

- A. Board of Trustees Officers
  - Chairperson of the Board
  - Secretary of the Board

B. University Administrators

- President
- Vice President for Finance
- Assistant Vice President for Finance
- University Comptroller
- Associate Comptroller
- Assistant Comptroller

C. The Vice President for Finance and the President shall set the appropriate signing authority for the New York operating expenditure.

Any two of the above may co-sign provided one is a University Administrator. The Provost may sign in case the President, and the Vice President for Finance, are incapacitated, or outside of the country.