
Subject: Centers and University Institutes: Financial and Administrative Policy and Procedures

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1. Purpose

Virginia Tech Centers and University Institutes, duly authorized and established according to the policies and procedures contained in this document and the companion Policy 13005: Centers and University Institutes Establishment, Governance and Programmatic Oversight, are part of the structure of the university; i.e., they are approved organizational units of the university. As such, it is imperative that appropriate policies and procedures are in place that will govern the authorization, recognition, registration, fiscal accountability and stewardship, and programmatic oversight of Centers and University Institutes. The purpose of this policy is to outline the fiscal and related operational processes related to Centers and University Institutes. These policies and procedures are designed to facilitate the future success of Centers and University Institutes at Virginia Tech.

2. Policy

This document sets forth the fiscal and operational policies and procedures by which Centers and University Institutes must be organized and operated. These policies and procedures are in satisfaction of the oversight requirements of the Virginia Tech Board of Visitors, and are applicable to all existing and future Centers and University Institutes. The University’s Chief Financial Officer is responsible for establishing policies and procedures governing all financial and related operational matters of Centers and University Institutes.

All matters relating to research, instruction and outreach at Virginia Tech fall under the jurisdiction of the Senior Vice President and Provost as Chief Academic Officer of the university, and as such, the organization and operation of Centers and University Institutes, in accordance with university policies and procedures, are the purview of the Senior Vice President and Provost. Center Directors and Administrators, along with the Stakeholders Committees (as defined in section 4.0 of this document), are responsible for ensuring compliance with these financial and administrative policies and procedures.

Policies and procedures related to the establishment, governance, and programmatic functions and responsibilities related to research, instruction and outreach performed in Centers and University Institutes are addressed with [Policy 13005: Centers and University Institutes: Establishment, Governance and Programmatic Oversight](http://www.policies.vt.edu/13005.pdf) (<http://www.policies.vt.edu/13005.pdf>).

3. Procedures

3.1 Establishment

Inasmuch as a new Center or University Institute within the university creates additional demands for resources, oversight, reporting and review, and represents a major commitment of duties for one or more faculty members, there shall be compelling, strategic reasons to establish a Center or University Institute.

Procedures for the establishment of new Centers or University Institutes are detailed in [Policy 13005: Centers and University Institutes: Establishment, Governance and Programmatic Oversight](#), sections 3.1.1 and 3.1.2. In summary, these procedures require a two-step authorization and approval process which involves the Office of the Senior Vice President and Provost, the Office of the Vice President for Finance and Chief Financial Officer, and the applicable senior manager (dean or vice president). Please refer to Policy 13005, Section 3.1 for additional guidance related to the Establishment of Centers or University Institutes

3.2 Governance

The request to establish a Center or University Institute shall detail the governance of these entities as required in Section 3.1 of this policy (Establishment). Please refer to Policy 13005, Section 3.2 for additional guidance related to the Governance of Centers or University Institutes.

3.2.1 Stakeholders Committee

The Stakeholders Committee, or (in the case of a smaller, single department center) the Department Head, will be responsible for governance of the Center or University Institute, will review the financial and administrative functions of the Center or University Institute, and will receive annual reports from the Director as well as internal audit reports of the Center or University Institute. These fiscal oversight responsibilities of the Stakeholders Committee will be at the strategic level, whereas the Administrator will be responsible for fiscal oversight and accountability at the operational level.

The Stakeholders Committee shall be comprised as follows:

- For a Center or University Institute, the Stakeholders Committee is comprised of (1) the Administrator, (2) the University's Chief Financial Officer, (3) Academic Deans of the colleges involved in the entity, and (4) additional members as appropriate (e.g., vice presidents and department heads), particularly if their units provide sustaining financial and/or programmatic support to the entity.
- For a College Center, the Stakeholders Committee is comprised of (1) the Administrator, (2) the fiscal officer from the Administrator's college, (3) the Academic Department Heads involved in the entity, and (4) additional members as appropriate (e.g., deans of other participating colleges), particularly if their units provide sustaining financial and/or programmatic support to the entity.
- For a Department Center, there will not normally be a Stakeholders Committee unless there is substantial interdisciplinary work involving one or more other departments. In the case of substantial inter-departmental activity, the Stakeholders Committee is comprised of (1) the Administrator, (2) other involved Academic Department Heads, (3) fiscal officer of the department head in which the Center

resides, and (4) additional members as appropriate, particularly if their units provide sustaining financial and/or programmatic support to the entity.

- For an Institute Center, the financial and administrative functions of the center are managed by the University Institute, and therefore the Stakeholders Committee of the Institute has purview over the financial and administrative operations of the Institute Center. The Institute Center may establish Advisory Committees to provide input regarding programmatic activities and progress.

The Director is an ex-officio member of all Stakeholders Committees but can be excluded from meetings, or portions of meetings, where matters of that individual's performance and continued service are discussed.

The Chair of the Stakeholders Committee shall be elected by members of that Committee or appointed by mutual agreement except that the Chair shall not be the Administrator to whom the Director reports, unless an exception is otherwise approved by the Senior Vice President and Provost. A statement approving the exception authorized by the Provost shall be included as an appendix in the Center or University Institute's Charter.

Stakeholders meetings should be held at least once per semester. Designees shall be permitted to serve as proxies at meetings of the Stakeholders Committee. All members of the Stakeholders Committee should receive a copy of the annual report submitted to the Controller as outlined in section 3.3.5 (Annual Report), and periodic internal audit reports as outlined in section 3.3.6 (Periodic Audit) of this policy.

3.2.2 The Administrator

For matters related to fiscal and administrative operations of the Center or University Institute, the Director shall report *solely* to the Administrator. The Director may report to someone other than the Administrator for purposes of scholarly and programmatic activities.

The authority to appoint and dismiss the Director ultimately resides with the Administrator to whom the Center or University Institute reports. The Administrator will seek the advice of the Stakeholders Committee in matters related to the appointment or dismissal of the Director.

The Administrator has responsibility for fiscal oversight and accountability at the operational level. The Center or University Institute's financial records shall be within the Banner hierarchy of the Administrator.

- For a University Center or University Institute, the Administrator shall be the Senior Vice President and Provost, or an individual directly reporting to the Senior Vice President and Provost, unless an exception is otherwise approved by the Senior Vice President and Provost. A statement approving the exception authorized by the Provost shall be included as an appendix in the entity's Charter.
- For a College Center, the Administrator shall be the College Dean.
- For a Department Center, the Administrator is the Department Head.
- For a University Institute Center the Administrator shall be the University Institute Director.

A Vice President or a Dean may designate the conduct of certain duties of the Administrator role to an appropriate Associate Vice President or Associate Dean. However, the Vice President or Dean still has ultimate authority and responsibility for the financial and administrative affairs of the Center or University Institute.

3.2.3 The Director

The Director is the individual who has been delegated authority for fiscal, administrative and programmatic/scholarly functions of the Center or University Institute.

The Director shall have the responsibility to recruit, hire, evaluate and dismiss faculty and staff consistent with university policy and procedures, and contingent on Board of Visitors approval.

Section 3.4 of Policy 13005: Centers and University Institutes: Establishment, Governance and Programmatic Oversight outlines the administrative oversight and annual performance evaluation of Center or University Institute Directors.

3.2.4 Faculty Reporting Relationships

All faculty (with the exception of research faculty and administrative/professional faculty) associated with a Center or University Institute shall hold and retain an appointment to an academic department. As such, the Department Head and College Dean shall be involved in the approval and review of instruction, research and outreach activities for these faculty.

The Director should be consulted regarding the annual evaluation and promotion and tenure evaluations of faculty members spending a substantial amount of time associated with activities of the Center or University Institute.

3.3 Financial and Administrative Procedures and Responsibilities

Each established unit within the university is responsible for administrative oversight and fiscal control of the university accounts assigned to it. Center or University Institute activities, depending on the scope and nature of such activities, have primary accounting at the department, college, institute, or university-level. Center or University Institute directors are primarily responsible for establishing business practices and internal controls within their organization to ensure compliance with university policies and procedures and ensure fiscal accountability and the proper stewardship of university resources. This responsibility includes compliance with Policy 3100: Fiscal Responsibility, which requires managers to perform monthly reviews of all financial transactions of the funds (accounts) assigned to them. Additionally, administrative and fiscal oversight and control of Center or University Institute activities are the responsibility of the Administrator and their organizational units to which the accounting funds are assigned. Resources

3.3.1 Resources

As indicated in section 3.1 of this policy, the proposal to establish a Center or University Institute shall detail funding by source and amount and the purposes for such funding. A realistic forecast of sponsored funding likely to accrue to the Center or University Institute should be included. The proposal shall detail the space and facilities to be used by the organization; as necessary, approvals by Deans and Department Heads should specify such arrangements. The distribution of returned indirect costs, consistent with university policy, shall also be included.

Industrial Affiliates funds and other private support to the entity shall be deposited in university or Foundation accounts consistent with university policy and procedures (c.f., Policy No. 3630, "Definition and Deposit of Private Funds"). If specific deliverables are involved, Foundation accounts are not appropriate instruments for such transactions. The University Controller will make final determination of whether funds should be deposited in university accounts rather than Foundation accounts.

3.3.2 Accounting Organization Codes

Each Center or University Institute will be separately identified and assigned a unique organization code within the university's accounting system. The assignment of the organization code will reflect the reporting hierarchy appropriate for the Center or University Institute. The Director, in conjunction with the Administrator and the

University Controller, is responsible for setting up the appropriate accounting organization structure within the university's accounting system. All administrative financial transactions shall be processed in accordance with established university policies and procedures.

3.3.3 Signature Authority

The Center or University Institute Director, in conjunction with the Administrator, Associate Vice President for Human Resources, and the University Controller, is responsible for setting up the appropriate signature authority for both personnel and accounting transactions of the Center or University Institute, and for keeping authorization up to date as personnel and responsibilities change. Signature authority approval lies with the Administrator and may be delegated as appropriate within university rules and regulations.

3.3.4 Monitoring and Oversight by the Administrator

It is the responsibility of the Administrator to perform monitoring and oversight review activities to assure that all administrative and financial activities of all Centers and University Institutes within their purview are in compliance with all applicable policies and standards. These monitoring and oversight processes should be performed at least annually and more frequently if deemed necessary by the Administrator. For Centers embedded within departments or within University Institutes that rely on the fiscal staff of these entities to process, review, and reconcile their fiscal transactions, no additional procedures by the Administrator will be needed since the Administrator will be the department head or University Institute Director. However, for all other Centers or University Institutes which have their own fiscal staff, the Administrator must perform the additional monitoring and oversight processes. The Controller's Office does not prescribe how these monitoring and oversight activities are performed; however, procedures must be in place such that the Administrator can determine if the Director of the Center or University Institute has developed and implemented procedures to comply with university policies and procedures. These activities could include discussions with the Director and their fiscal staff and a review of any or all of the following:

- Summary reports and trend analysis for revenues and expenses
- Monthly certifications and reconciliations
- Detail transactions
- Internal Audit or Auditor of Public Accounts audit reports and corrective action plans
- The annual certification of the Financial and Business Practices Survey, etc.
- The annual report required in section 3.3.5 below

Documentation of these reviews must be retained for audit purposes. The Administrator may delegate all or a portion of this monitoring process to others, but the Administrator is responsible for the adequate performance of this review. If circumstances warrant, the Administrator may request management consulting for administrative and financial operations, or suspend the authority of the Director to authorize financial commitments or expenditures.

3.3.5 Annual Report

The Directors of all Centers and University Institutes shall provide an annual report of the income and expenditures, including Virginia Tech Foundation accounts, associated with the unit in a uniform format to be developed by the University Controller's office. The report should also highlight the activities of the organization: personnel, projects, sponsored awards, recognition, annual budget summary, planned activities for the coming year and proposed budget for the coming year. All reports shall be submitted to the Controller's Office and shared with the Stakeholders Committee within three months after the close of the university's fiscal year.

3.3.6 Periodic Audit

Audits of Centers and University Institutes will be scheduled by university Internal Audit according to the level of risk associated with the operations of the organization. The audit report will be distributed to the Center or University Institute Director, the Stakeholders Committee, the Administrator and appropriate Vice President or Dean, as well as the President, the University's Chief Financial Officer, Senior Vice President and Provost, and Audit Committee of the Board of Visitors.

3.4 Programmatic Oversight

For all Centers and University Institutes, programmatic issues (as distinct from fiscal and administrative matters) will be addressed on an ongoing basis by the Director, Principal Investigators, the Administrator and, where relevant, the Stakeholders Committee and, ultimately, the Senior Vice President and Provost or that individual's designee. Advisory Boards can be formed to provide further input regarding programmatic activities and progress. Additionally, Centers and University Institutes remain subject to the Review and Evaluation procedure contained within Policy 13005: Centers and University Institutes: Establishment, Governance and Programmatic Oversight, Section 3.5.

4. Definitions

A CENTER is a group of faculty and their associates, formally recognized by the university, joined together to pursue research, instruction, and/or outreach goals that require the competence and capabilities of more than one faculty member. Goals to be accomplished by establishing a Center could include: (1) facilitating research collaborations seeking external research funding; (2) disseminating research results through conferences, meetings, and other activities; (3) strengthening graduate and/or undergraduate education by providing students with specialized learning opportunities; (4) providing services and facilities that enable research by other university entities; and (5) providing outreach programs related to the unit's technical areas of expertise.

Centers may be categorized along two dimensions: (1) primary scholarly objective; and (2) administrative home. The primary scholarly objectives can be either instruction, research, or outreach. The administrative home may be in a department, a college, a University Institute (defined below), or housed in a senior administrative office (e.g., Vice President for Outreach, Senior Vice President and Provost, etc.).

Centers may have advisory boards, committees, and review boards as determined by the Stakeholders Committees (defined below).

- A UNIVERSITY CENTER has objectives which require the substantial input of two or more disciplines and involvement across a broad spectrum of the university. As a defining element, University Centers are typically funded by appropriations, grants or contracts, for which administrative and fiscal control is assigned to the Senior Vice President and Provost's or Vice President's office, rather than to a College or Department.
- A COLLEGE CENTER has objectives which require the substantial input of two or more disciplines contained within a single college, or two or more colleges. As a defining element, College Centers are typically funded by appropriations, grants or contracts, for which administrative and fiscal control is assigned to a Dean's office, rather than to a Department.
- A DEPARTMENTAL CENTER has objectives which require the competence and capabilities of more than one faculty member, but primarily within the province of a single department or cooperating departments.

- An INSTITUTE CENTER receives funding and other support from the University Institute (defined below) to which it reports. Its administrative activities are rolled under those of the Institute, and it shares the same Stakeholders Committee which has purview for all Institute Centers.

A UNIVERSITY INSTITUTE furthers a major strategic objective of the university and receives a substantial annual investment of university funds for the conduct of its mission. Otherwise, a University Institute has many of the same goals as previously defined for a Center. The Administrative Home for a University Institute would be with either the Senior Vice President and Provost or an appropriate Vice President based upon the Primary Scholarly Objective of the University Institute. It must have a Stakeholders Committee like a Center and may have advisory boards, committees, and review boards as determined by the Stakeholders Committee.

The ADMINISTRATOR is the person holding the position of authority in the administrative home of the Center or University Institute (Vice President, Institute Director, Dean, or Department Head, as appropriate). The Administrator has responsibility for fiscal oversight and accountability at the operational level. The Director reports to the Administrator for all fiscal and administrative matters.

The DIRECTOR is the individual who has day-to-day authority for the fiscal, administrative, fiduciary, and programmatic/scholarly functions of a Center or University Institute.

A STAKEHOLDERS COMMITTEE is a group of representatives from academic or administrative units of the university providing substantial fiscal or programmatic support for the Center or University Institute. Members typically will include department chairs, deans, university administrators, and representatives of other university organizations that provide sustaining support to the unit, including support in the form of faculty time. The Stakeholders Committee shall have oversight of all financial, administrative, and fiduciary affairs of the Center or University Institute.

An ADVISORY COMMITTEE is a group of representatives from entities and organizations that are served by the Center or University Institute, or experts in the technical affairs of the Center or University Institute who provide guidance for its scholarly and programmatic affairs. This Committee typically consists of clients, industrial representatives, faculty and agents of organizations concerned with the technical direction and development of the organization. Advisory Committees shall be formed only after approval of the Administrator and Stakeholders Committee. An Advisory Committee may also be referred to as an “advisory board.”

5. References

1. [Policy 13005, Centers and University Institutes: Establishment, Governance and Programmatic Oversight \(http://www.policies.vt.edu/13005.pdf\)](http://www.policies.vt.edu/13005.pdf).
2. [Policy 3630, Definition and Deposit of Private Funds \(http://www.policies.vt.edu/3630.pdf\)](http://www.policies.vt.edu/3630.pdf).

6. Approval and Revisions

Approved January 25, 1999, by Senior Vice President and Provost, Peggy S. Meszaros, and Executive Vice President, Minnis E. Ridenour.

- Revision 1 – Policy updated to reflect changes in position titles.

Section 3.2, #6 – Responsibility for review of proposal moved from the Office of the Executive Vice President and Chief Operating Officer to the Office of the Vice President for Budget and Financial Management.

- Revision 2

April 1, 2008: Updates to position titles and/or responsibilities due to university reorganization.

- Revision 3

Additional updates to position titles. Section 4: University Center definition updated to require Provost approval if the Chair of the Stakeholders Committee is the same as the Administrator to whom the Center Director reports.

Approved June 26, 2008 by Senior Vice President and Provost, Mark G. McNamee, and Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.

- Revision 4

Entire policy reviewed and revised to reflect evolution of research, outreach, and instructional centers at Virginia Tech and to clarify guidelines for consistent treatment and accountability.

Policy retitled from “Centers Financial and Administrative Policy and Procedures” to “Centers and University Institutes: Financial and Administrative Policy and Procedures” to reflect applicability to all types of centers and institutes at the university.

Approved August 17, 2011 by Senior Vice President and Provost, Mark G. McNamee, and Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.