



USC University of Southern California

MEMORANDUM

TO: Senior Business Officers

FROM: James Staten
Senior Vice President, Finance and Chief Financial Officer

Todd Dickey
Senior Vice President for Administration

DATE: January 8, 2018

SUBJECT: Business Purpose Documentation

As a result of the findings from recent governmental compliance and internal audits, I want to reiterate the importance of including appropriate business purpose documentation on all university financial transactions. All authorized approvers (e.g., expense requesters, submitters, approvers and senior business officers) are responsible for ensuring that charges made on university accounts, including sponsored projects and gift accounts, include all necessary documentation to support the expenditure. Expenditure requests with missing or incomplete documentation should not be approved and should be returned to the requester for additional information.

Supporting documentation must also include a complete and accurate business purpose explaining how the expenditure directly benefits the project to which it is charged. This standard applies regardless of the item, type of service, amount or form of payment. Expenditures that benefit multiple sponsored projects or restricted gift accounts should be allocated among the relevant accounts as appropriate.

Explanations of business purpose should contain sufficient information so that reviewers and approvers, including auditors, can clearly understand how the expenditure benefits the project (s) to which it is charged and why it is reasonable, necessary and appropriate (i.e., who, what, where, when and why).

For additional guidance on business purpose documentation, refer to the university's Expense Business Purpose and Approvals (Expenditures) policy at: <https://policy.usc.edu/expenditure-policies/>. For sponsored projects, refer to the Roles and Responsibilities Matrix for Research Administration at: <https://research.usc.edu/policies/responsibilities/> and the university's Sponsored Project Funded Expense Provisions (Expenditures) policy at <https://policy.usc.edu/sponsored-project-funded-expense-provisions-expenditures/>.

In addition, the Finance Division will develop programs to provide training on business purpose documentation. The Offices of Audit and Compliance will continue to perform monitoring and auditing of business purpose documentation to confirm compliance with these policies. The findings from these reviews will assist in developing training programs for faculty and staff.

Thank you for your support and continued effort to comply with university policies and procedures.

cc: Senior Vice Presidents
Vice Presidents
Deans