

Academic Council Report

SESSION:

Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

Financial Impact Yes No

Included in Budget Yes No

TO: Academic Council

DATE: October 25, 2022

PRESENTED BY: Brad MacIsaac, Vice-President Administration

SUBJECT: Expenditure Signing Authority Procedures

ACADEMIC COUNCIL MANDATE:

In accordance with Article 1.3(b) of By-law No. 2, the Academic Council will be consulted on the establishment of Legal, Compliance and Governance Policies, which is also reflected in the university's Policy Framework. Finance presents the attached Expenditure Signing Authority Procedures to the university Academic Council for approval.

BACKGROUND/CONTEXT & RATIONALE:

We have two small updates to the Expenditure Signing Authority Procedures, which was originally approved by the Academic Council in 2021. Last year after the Expenditure Signing Authority Procedures were approved, the Ontario Internal Audit Division (OIAD) completed an audit on the university's governance. One of the recommendations, which management agreed to, was to change the wording in the Expenditure Signing Authority Procedures. There was one area where the procedure did not fully explain our practice.

When a Purchase order (PO) has been approved (following the Expenditure Signing Authority Procedures) our practice is for the invoices against that PO to require only one signature no matter what the amount of the invoice is. The authority to spend was granted with the PO, the invoice is a receipt of the good or services that delivered against the PO. The total of the invoices against the PO cannot exceed the amount of the PO. The OIAD auditors stated that this practice is fine, but we need to list this part of the process on our Expenditure Signing Authority Procedures. Our own external auditors have reviewed and approved this practice as well. It is a standard business practice. The new sentence on the procedure is highlighted in yellow.

The second change is an improvement to the chart that demonstrates the signing authority at the different monetary levels for first and second approvers. The user community found the old chart hard to understand; by adding colours, the new chart is easy to understand for all.

CONSULTATION:

This procedure was co-developed between the Finance and Office of the University Secretary and General Counsel departments. The Policy Advisory Committee (PAC) reviewed and provided feedback on the procedure.

COMPLIANCE WITH POLICY/LEGISLATION:

This policy instrument will be enacted to ensure clarity regarding the University's signing authority. The Procedure aligns with other policy instruments and allows for the highest standard of governance.

NEXT STEPS:

- Academic Council (Face to Face Consultation)
- Administrative Leadership Team (Deliberation)
- Audit & Finance Committee (Approval)

SUPPORTING REFERENCE MATERIALS:

- Expenditure Signing Authority Procedures

Expenditure Signing Authority Procedures

Classification number	LCG 1132.01
Parent policy	Signing Authority Policy
Framework category	Legal, Compliance and Governance
Approving authority	Audit and Finance Committee
Policy owner	Vice-President, Administration
Approval date	June 16, 2021
Review date	June 2024
Supersedes	Editorial Amendments, February 18, 2020; Interim Amendment Approved by Board of Governors, November 29, 2018; Signing Authority Registry and Approval Procedures, December 2008

Purpose

1. The purpose of these procedures is to specify (a) the signing authorities required for the Expenditure of university funds and the Financial Contracts which result in expenditure (e.g. a purchase order), and (b). to establish a consistent university-wide framework to enable the fiscal management and responsibility regarding university resources.

Definitions

2. For the purposes of these Procedures the following definitions apply:

“Budget Holder” means the individual(s) who are responsible for individual budgets at various departmental levels across the University

“Expenditures” include all amounts disbursed from the University, including amounts pursuant to a Financial Contract.

“Financial Contract” means any document, process or other evidence that records an intention to establish a monetary obligation between the University and one or more third parties, e.g. the procurement of goods and services through a purchase order.

“Responsible Unit” means the unit that must ensure that an official copy of the documentation supporting the Expenditure is retained in compliance with the University’s Records Management Policy.

“Sponsor” means the provider of funds for University activities, including both external and internal sources.

Scope and Authority

3. This Policy applies to all types of Expenditures and Financial Contracts and extends to all members of the University community. Non-monetary contracts, such as academic agreements, the establishment of a partnership or similar arrangement, and employment agreements are not under the scope of these procedures. For greater certainty, authority over contracts governed by the Legal Commitments Signing Authority are set out therein.

4. The Vice President Administration or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of this Policy.

Procedures

5. Authorization of Expenditures

Publication of the operating budget, as approved by the Board of Governors of the University, confers authority upon Budget Holders to make expenditures within the amounts and scope of the accounts allotted to them in the budget and in accordance with University policies and procedures. Contracts that result in expenditure of funds must be entered into at fair value terms, unless authorized by the relevant Dean or Vice-President.

5.1 General Operating Funds and Capital Items

Authorization is granted to the holder of the budget to expend or release funds. The budget holder must ensure that the expenditures are necessary for university operations and are in compliance with university policy and procedures. Any in excess of the budgeted allocations that is not pre-approved by the

relevant Dean/ VP becomes the responsibility of the Faculty/Department.

5.2 Research and Trust Funds

Authorization is granted to the Principal Investigator/Trust Holder (PI) to expend or release funds. The PI must ensure that the expenditures are required for and are in compliance with university policies and procedures in addition to any other externally imposed terms and conditions. All research expenditures are to be approved by the PI and their Dean. Deans can only delegate to individuals who have the ability to attest to the relevance of the expenditure. Any expenditure that may be deemed ineligible or inappropriate becomes the responsibility of the PI.

5.3 Approval of expenditures

As set out in Appendix A, approval of expenditures requires two approvers (1st and 2nd approver). This dual approval process exists to provide assurance that the expenditure is relevant, appropriate, falls within University policies and that due diligence has been applied. Appendix A sets out who may act as the 1st and 2nd approver. For purchase order invoices require one signature to acknowledge receipt of materials since the expenditure has dual approval through the procurement process.

6. Expenditure Submission and Internal Control

1. The dual approval process is intended to:
 - Ensures expenditures are in compliance with, and processed in compliance with, university policies and procedures and, if applicable, in compliance with external granting agency/donor terms and conditions.
 - Ensures the appropriate supporting documentation is attached or available (on file, etc.).
 - Confirms authorization signature (signature verification).
 - Ensures funds are available within the allocated budget amounts, Verifies correct account coding and ensures expenditure commitment does not exceed project/grant end date.

7. Approver functions and responsibility

7.1 The 1st approver performs the following functions:

- Assesses whether the Expenditure meets the objectives of the University,
- Ensures that the Expenditure complies with all University policies, and
- Ensures that the sufficient funding exists, or will exist, to support all Expenditures.

7.2 The 2nd approver performs the following functions:

- A review of the 1st approver's assessment as set out above.
- Ensure that Expenditure is appropriate and necessary for University operations, and in the case of research that it is relevant.

8. Delegation of Signing Authority

Authorized account holders are permitted to temporarily delegate their signing authority to other individuals within their Faculty/Department. The temporary delegation of approval form is included in Appendix B . All Delegation of Authority forms must be completed and signed by both the delegator and the delegate. Once duly signed, the original is sent to the University's Finance department who shall maintain a repository for all such delegations. A scanned copy of the form is to be sent to the office of Procurement at purchasing@dc-uoit.ca.

By signing the delegation of authority forms, the delegate is agreeing to provide the delegator with an executed copy of any and all documents signed after execution.

Monitoring and Review

9. The procedures and associated rates and schedules will be reviewed from time to time, and may be adjusted as required by University policies and broader regulatory requirements.

Related Legislation

10. This section intentionally left blank.

Related Policies, Procedures and Documents

12. All procurement activities must adhere to standards and procedures as outlined in the associated procedures and guidelines, which include the following:

- Gift Acceptance Policy and Procedures
- Investment Policy
- Purchasing Procedures
- Signing Authority Registry
- Signing Authority Registry and Approval Procedures
- Travel Expense Reimbursement Procedure
- Contract Management Policy and Procedure
- Procurement Policy and Procedure
- Expenses Policy and Procedures

Appendix A: Approval Authority Registry

Board of Governors

A.1 The President will act as the first approver and the Chair of the Board of Governors as the second approver with respect to:

- a. Any Expenditure or Financial Contract with a face value in excess of \$4 million,
- b. Banking agreements (resolutions, capital borrowings, guarantees or credit facilities),
- c. Collective agreement mandates,
- d. Appointment of external auditors,
- e. Sale or acquisition of real property, including any major renovation or construction projects^[i].

Procurement of goods, services and student awards

A.2 The following table is used to determine the first and second approver, based on the size of the Expenditure or Contract. For research expenditures, see paragraph A.3. Financial Contracts with a value equal to or less than \$10,000 require only one approver. Expenditures above \$10,000 require two approvers, with individuals who may act as first and second approver being set out as per the below table. For clarity, the first approver noted in the table

below is minimum authority level. Any individual who is denoted in the table as a possible second approver may also serve as the first approver. An individual may not approve their own expense claims.

University Operations

1st Approver	Less than \$10,000	\$10,001- \$100,000	\$100,001- \$250,000	\$250,001- \$2,000,000	\$2,000,001- \$4,000,000
Officer, Analyst, Advisor, EA's	Yes	Yes	No	No	No
Manager, Assoc. Dean, Associate Registrar	Yes	Yes	Yes	Yes	No
Director, Executive Director, AVP, Registrar, Dean	Yes	Yes	Yes	Yes	No
VP/General Counsel, Provost	Yes	Yes	Yes	Yes	Yes
President	Yes	No	No	No	No

2nd Approver	Less than \$10,000	\$10,001- \$100,000	\$100,001- \$250,000	\$250,001- \$2,000,000	\$2,000,001- \$4,000,000
Officer, Analyst, Advisor, EA's	N/A	No	No	No	No
Manager, Assoc. Dean, Associate Registrar	N/A	Yes	No	No	No
Director, Executive Director, AVP, Registrar, Dean	N/A	Yes	Yes	No	No
VP/General Counsel, Provost	N/A	Yes	Yes	Yes	No
President	N/A	Yes	Yes	Yes	Yes

Research Related Expenses

1st Approver	Less than \$10,000	\$10,001- \$100,000	\$100,001- \$250,000	\$250,001- \$2,000,000	\$2,000,001- \$4,000,000
PI	Yes	Yes	Yes	Yes	Yes

2nd Approver	Less than \$10,000	\$10,001- \$100,000	\$100,001- \$250,000	\$250,001- \$2,000,000	\$2,000,001- \$4,000,000
Dean	Yes	Yes	Yes	Yes - but not final approver	Yes - but not final approver

Final Approval	Less than \$10,000	\$10,001- \$100,000	\$100,001- \$250,000	\$250,001- \$2,000,000	\$2,000,001- \$4,000,000
VP/General Counsel, Provost	Yes - But not nessessary	Yes - But not nessessary	Yes - But not nessessary	Yes	Yes

Research – Expenditure of grant funds

A.3 For Expenditures and contracts funded by research funds (i.e. research funds from external or internal sources), the 1st approver is the fund-holder or PI, and the 2nd approver is their Dean. Expenditures above decanal authority must follow the stated signing levels. All Expenditures or contracts will be within the budget of the particular research fund.

[i] Appointment of External Auditors, Banking agreements, and the Purchase or Sale of Real Property require, in addition to the above, require approval of the VP Admin.