Overview of Financial Authority

PHASE 1 – Electronic Signing Authority Database

Financial Authority executed in the following funds is included in PHASE 1:

- 11 Operating
- 41, 42, 43, 44, 45, 46, 47 Ancillary Services
- 23/24/61 Endowments
1. PURPOSE
This document outlines the University’s financial authority system including how execute financial authority in Phase 1 – introduction of the electronic signing authority database.

The financial signing authority system will:

1. Define clear authority, accountability and responsibility.
2. Establish position based authority.
3. Link responsibility centre, position, and at a future date, authority levels (transaction types and dollar limits).
4. Record authority electronically and create the basis for electronic workflow.

2. SCOPE
This document applies to the execution of these transaction types:

1. Business and travel expense
2. Cash advances
3. Payment requisitions (including non-employee travel and expense claims)
4. Purchase requisitions, and
5. Direct general purchases (vendor invoices without a corresponding PO)

OUT OF SCOPE
This Overview does not reference the authority to sign contracts on behalf of SFU, which is covered in policy B.10.11. A position or person may hold both financial authority and contract authority if assigned both authorities in the separate systems.

This Overview does NOT reference the authority to initiate Budget Transfers and Journal Vouchers. This authority currently resides within individual departmental units. A project is underway to introduce electronic journals and authority over BT’s and JV’s will be considered at that time.

3. FINANCIAL AUTHORITY (AUTHORITY TO EXECUTE TRANSACTIONS)
Financial authority is the permission to approve and execute transactions up to limits established by relevant university policies, procedures and guidelines.
FINANCIAL AUTHORITY is the authority to approve/sign transactions

Individuals can begin to exercise financial authority within these guidelines when the following information is registered in the Signing Authority Database:

1. A role type (i.e. Account Holder, Proxy Account Holder, delegate);
2. An authority limit* (expressed as a dollar value and by the type of transaction);
3. A responsibility centre (fund, department, project), and
4. Signature specimen.

*note in Phase 1 limits are only applicable for the role of Small Transaction Approver

What does it mean to sign a transaction?

When a financial transaction is signed the approver is indicating that:

1. There is an understanding of what is being approved.
2. Information and supporting documentation is accurate and complete.
3. The transaction is relevant, reasonable, and justified.
4. It is charged to the correct fund, department, project, and account.
5. There are adequate funds to cover the expense.

The decision to exercise financial authority belongs to those identified in the Signing Authority Database; however, this authority is subject to the responsibilities of signing officers (as defined in Policy B10.11), professional officers (e.g. Risk Management), and compliance reviewers (e.g., Payment Services and Research Accounting).

Signing documents without financial authority can result in personal liability and/or risk to the University.
4. SIGNING AUTHORITY DATABASE
Financial authority is contained in the Signing Authority Database and managed by the SAM Database Administrator.

The data may be accessed by university staff to confirm financial authority and is reviewed periodically by university staff for completeness and accuracy. Email finauth@sfu.ca request an electronic copy of authority registered in the database.

Financial Authority is valid when it is documented in the Signing Authority Database and the effective dates are valid.

5. POSITION BASED AUTHORITY
Financial authority is registered to a HAP position number. Individual Account Holders, delegates and Oversight Officers receive authority by virtue of being the active incumbent associated with the position number.

When personnel changes occur, the new incumbent in a position automatically receives the financial authority attached to the position number in the Signing Authority Database without processing additional paperwork.

Position based: The Account Holder or delegate is identified by a position number. The incumbent occupying the position in the HAP system automatically receives financial authority attached to the position.

- Position based authority is the standard basis for assigning authority over responsibility centres in all funds except 31 Sponsored Research, 32 Research Networks and 36 Canada Foundation for Innovator.
- From time to time there may be unique position limitations within HAP or other circumstances that require authority to be assigned on a named basis.

6. RESPONSIBILITY CENTRE
A responsibility centre is a financial fund, department or project, or group of these chartfields as recorded in the general ledger. Responsibility centres typically are used to record the transactions of a department, program or activity.

A department based responsibility centre would be commonly defined by:

1. FUND + B-DEPARTMENT rollup
2. FUND + single DEPARTMENT
A project based responsibility centre would be commonly defined by the chartfields

1. DEPARTMENT + PROJECT
2. FUND + DEPARTMENT

A new responsibility centre will be created where there is a need for separate grouping of fund, department or project according to practices established by Fund Administrators

7. AUTHORITY LIMITS

Financial authority limits are maximum dollar values individuals exercising financial authority may approve. Financial authority limits are provided to ensure that the transactions with the most financial risk to the University are authorized by individuals in an appropriate position to understand and mitigate these risks.

Financial Authority limits will not be in effect in Phase 1 of the implementation of the electronic Signing Authority Database with the exception of a $500 limit for Small Transaction Delegates.

<table>
<thead>
<tr>
<th>Type of Decision</th>
<th>Document</th>
<th>Small Transaction Delegate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorization of Business and Travel Transactions</td>
<td>Business and Travel: Advance Request or Expense Report</td>
<td>n/a</td>
</tr>
<tr>
<td>Authorization of Requisitions</td>
<td>Purchase Requisition</td>
<td>$500</td>
</tr>
<tr>
<td>Authorization of Direct General Purchases</td>
<td>General Vendor Invoice</td>
<td>$500</td>
</tr>
</tbody>
</table>

Key Concepts

- Limits for Small Transaction Delegates are based on voucher total – in Canadian dollars and are inclusive of tax.
- Selecting a temporary or alternative responsibility centre in order to execute a transaction as a means to sidestep financial authority is not permitted.
- Splitting expenditures over multiple invoices or over time, for the purpose of sidestepping a position’s or person’s limits, is not permitted.
- Authority limits should not be exceeded regardless of position or budget available.
8. ONE-UP AND ESCALATED APPROVALS

One-up approval is authorization by an individual who is higher in the responsibility centre structure than the individual exercising financial authority. One-up refers to a reports-to relationship as defined in the Signing Authority Database.

One-up and escalated approval procedures are in place to ensure that:

1. The expenditure is relevant and reasonable for university operations.
2. No one can authorize a payment to be made to themselves or to their benefit.
3. Transactions of significant value are approved by a university employee with a sufficient level of accountability and responsibility.

One-up and escalated approvals should be implemented in concurrence with policies and procedures: G37 Conflict of Interest and AD3.02 Business and Travel Expense.

It is the responsibility of the approver to recognize when an escalation or one-up approval is required and to manually route the transaction for appropriate approvals.

*When should a transaction be escalated?*

One-up and escalation approvals must be obtained:

1. When the value of the expenditure exceeds the authority limit of the approver; and
2. For the following transactions:
   a. Business and travel expense claims
   b. Cash advance
   c. Payments that provide any kind of benefit or perceived benefit to the individual.
   d. Transaction that might involve or appear to involve a conflict of interest
      [http://www.sfu.ca/policies/gazette/general/gp37.html](http://www.sfu.ca/policies/gazette/general/gp37.html)
      - Vice President Finance and Administration is the one-up approval for the transactions of the President, Board, Chancellor, Vice President and Associate Vice President.
   e. Payments to a peer or to an individual for which you have no authority over.

Where a vacancy exists in an escalation authorization sequence, the one-up authority escalates further up the responsibility centre structure.
9. ACCOUNT HOLDERS

Account Holders have primary financial authority for specifically defined responsibility centres. The Account Holder is typically the position or person with primary responsibility for the program and financial operations and results.

Key concepts

- An Account Holder is authorized to approve or deny expenditures from university funds against responsibility centres which they have authority over as documented in the Signing Authority Database.
- Account Holders ordinarily exercise financial authority by signing transactions for which they are responsible.
- Account Holders must seek out and obtain one-up and escalated approvals where appropriate.
- An Account Holder is accountable to their Oversight Officer(s) as defined in the responsibility centre structure.
- An Account Holder is able to assign some of their financial authority for the efficient operation of day-to-day business. Account Holders have the authority to:
  1. Delegate some of their authority (delegations are restricted for Endowments), and
  2. Select a proxy Account Holder to act on their behalf in their absence.
Figure 2: Summary of Delegations Available to Account Holders in Phase 1

<table>
<thead>
<tr>
<th>Fund</th>
<th>Small Transaction Delegate</th>
<th>Provisional Delegate</th>
<th>Research Delegate</th>
<th>Endowment Delegate</th>
<th>Proxy Account Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating 11</td>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>not available in Phase 1</td>
</tr>
<tr>
<td>Ancillary Services 41, 42, 43, 44, 45, 46, 47</td>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Not available in Phase 1</td>
</tr>
<tr>
<td>Endowments 23/24/61</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>1</td>
<td>No</td>
</tr>
</tbody>
</table>

When an Account Holder assigns authority to a delegate of any type, this does not constitute a transfer of responsibility. **Account Holders always retain responsibility and accountability for the financial transactions** in their responsibility centre and will be held accountable for activities therein.

10. SMALL TRANSACTION DELEGATE

The Small Transaction Delegate role is created to efficiently process a high volume of small dollar transactions that cumulatively do not expose the University to significant risk.

The Small Transaction Delegate has the authority to approve or deny transaction types up to the dollar $500.

**Key concepts**

- The Small Transaction Delegate must have sufficient knowledge of, and exercise authority within university policies, procedures and guidelines.
- The Small Transaction Delegate must seek out and obtain one-up and escalation approvals where appropriate.
- The Small Transaction Delegate cannot further assign their authority to another individual or position.
- The Small Transaction Delegate is accountable to their Account Holder and Oversight Officers as defined in the database.
- The authority limit is assigned based on this role and cannot be changed regardless of their position in the University or budget available.

11. PROVISIONAL DELEGATE

The Provisional Delegate role is created to assist Account Holders processing of transactions on a day to day basis.
Key Concepts

- The Provisional Delegate authority limit cannot exceed the limits of the Account Holder.
- The Provisional Delegate must seek out and obtain one-up and escalation approvals where appropriate.
- The Provisional Delegate cannot further assign their authority to another individual.
- The Provisional Delegate is accountable to their Account Holder and Oversight Officers as defined in the database.

12. ENDOWMENT DELEGATE
The Endowment Delegate role is created to assist Account Holders to process transactions in accordance with external grant conditions, Terms of Reference and university policies, procedures and guidelines.

Key concepts

- Account Holders are limited to selecting one Endowment Delegate with the approval of the Endowment Fund Administrator. The same delegate is in place for a project across all endowment funds.
- The Endowment Delegate should have sufficient knowledge of, and exercise authority within university policies, procedures and guidelines and have a thorough understanding of how endowments operate, including knowledge of the concepts surrounding endowment principal, endowment spend, recapitalization and CPI adjustments.
- Endowment Delegates must seek out and obtain one-up and escalation approvals where appropriate.
- The Endowment Delegate cannot further assign their authority to another individual.
- The Endowment Delegate is accountable to their Account Holder and management Oversight Officers as defined in the database.

13. PROXY ACCOUNT HOLDER - TEMPORARY TRANSFER OF FINANCIAL AUTHORITY AND OVERSIGHT
From time to time an Account Holder may temporarily transfer their financial authority and oversight responsibilities to another individual (i.e., a proxy) if they will be absent from the University and are unable to complete their normal tasks.
**Key concepts**

- An Account Holder can select an individual in the organization who is a one-up, one-down or a peer to act as their proxy.
- The Proxy receives all the authority and accountability of the Account Holder including the Account Holder dollar limits and transaction types.
- This transfer confers the authority of the Account Holder to the proxy on a temporary basis.
- The Account Holder has the authority to register a proxy in the Signing Authority Database.
- Any number of proxy’s can be pre-registered in the Signing Authority Database, however only one proxy can be invoked during an absence.
- The proxy holds all authority, responsibility, and accountability of the Account Holder and may be held responsible for the activities which occur in the related responsibility centres while they assume these responsibilities.

### 14. SUMMARY OF DELEGATE KEY CONCEPTS

<table>
<thead>
<tr>
<th></th>
<th>Small Transaction Delegate</th>
<th>Provisional Delegate</th>
<th>Endowment Delegate</th>
<th>Research Delegate</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>University requirements</strong></td>
<td>• knowledge of relevant university policies, procedures and guidelines</td>
<td>• knowledge of relevant university policies, procedures and guidelines</td>
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<td><strong>Escalation</strong></td>
<td>• must seek out and obtain one-up and escalation approvals</td>
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<td><strong>Assign Authority</strong></td>
<td>• cannot further assign their authority</td>
<td>• cannot further assign their authority</td>
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<td>• cannot further assign their authority</td>
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</tr>
<tr>
<td><strong>Accountability</strong></td>
<td>• accountable to the Account Holder and Oversight Officers defined in the Signing Authority Database</td>
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<td>• accountable to the Account Holder and Oversight Officers defined in the Signing Authority Database</td>
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<td>• accountable, responsible for activities under their authority</td>
</tr>
<tr>
<td><strong>Authority Level</strong></td>
<td>• authority level is assigned based on this role</td>
<td>• authority level cannot exceed the level of the Account Holder</td>
<td>• authority level is assigned based on this role</td>
<td>• authority level is assigned based on this role</td>
<td>• receives the authority level of the Account Holder</td>
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15. HOW TO CHANGE AND REGISTER FINANCIAL AUTHORITY
How to Register Financial Authority Guidelines can be found here:
http://www sfu.ca/finance/linklists.html

16. LEVELS AND LIMITS
Limited use of levels and limits will occur in Phase 1.

Financial Authority Limits for Signing Authority Management
Type of Decision Document Position Type President VP Academic VP Finance and Admin VP University Advancement VP Legal Affairs VP Research VP External Relations Associate Vice Presidents Deans/ Chiefs

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**THESE LIMITS ARE NOT IN EFFECT IN PHASE 1**

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