Signature Delegation Training

August 1, 2005

Department Head and Dean’s Authority

Department Heads and Deans are the chief administrative officers for their areas and are responsible to develop, operate, and maintain an organization that achieves maximum performance with the available resources at their disposal. As such, they are expected to exercise prudent and wise judgment in the expenditures of funds, in the utilization of services, and to make sure all programs and actions conform to the appropriate University policies.

As the chief administrative officers, Department Heads and Deans should be familiar with University fiscal rules, regulations and policies, and should take such steps as necessary to ensure that these rules, regulations and policies are followed. In many of the departments and schools, Business Managers and Account Clerks have been assigned primary responsibility for assisting Department Heads and Deans in fulfilling their fiscal responsibilities of budgeting, payroll, staff benefits, personnel, purchasing, accounting and sponsored programs administration. However, Business Managers and Clerks are not authorized to make academic decisions or to commit funds other than those agreed to by the dean or Department Head. The Department Head or Dean has final responsibility on all fiscal aspects of their operations.

Form 0009’s

Department Heads and Deans have the ability at any time to grant individuals within their departments and schools the authority to sign payroll vouchers, requisitions, invoice vouchers and other business documents on their behave. Approval of signature authorization requests rests with the Comptroller. Signature authorization approvals should be obtained through the use of the Business Office Form 0009. The number of persons authorized to sign for the head of departments should be limited, but should also be sufficient to allow for operations to continue smoothly during staff absences. Additional authorizations to sign internal business documents (stores requisitions, journal vouchers, printing services orders and other documents) can also be made with use of the Form 0009.

- Completion of the Form 0009

  - Do NOT list the Department Head’s name under Section I, line 1

  - The Department Head should only sign at the bottom of the form under “Head of School, Division, Department or Office”.

Department a Business Office person should not sign on behalf of the Department Head or Dean:

- SPS Transmittal Check sheet/Proposals

- Equipment Screening Forms
• Travel Form 17s (Department Head and Dean authorization)
• All leave related documents
• Employment contracts
• Overload authorizations
• Personnel Activity Reports (PAR’s)
• Request for Notice to Proceed Form 27
• Outside Activity Form 32
• Cost Sharing Form 32
• Conflict of Interest Disclosure
• Fellowship – Form 90
• Business Office Form 0009

COMPTROLLER/SPS DELEGATION

Comptroller/Sponsored Programs Services (SPS) Authority

In addition to assisting Department Heads and Deans in meeting their responsibilities, Business managers and Account Clerks have also been delegated specific signature authority on procurement and disbursement documents. This signature authority is derived from the Bylaws of the Board of Trustees and through delegation from the Executive Vice President and Treasurer. The Bylaws of the Board of Trustees state that “no disbursements shall be made, or moneys collected, used or distributed in conduct of the Corporation of the University and their business without authorization of the Treasurer”.

To effectively execute these responsibilities, The Executive Vice President and Treasurer has delegated signature authority to various individuals and positions. The role of Business Services staff involved in the procurement process is to fulfill a treasury function, including certification that tests of allowability, allocability and reasonableness have been met. Meeting these tests requires not only knowledge of University, state, federal and donor requirements, but also the ability to make reasoned judgments given the facts and circumstances concerning the transaction. Proper exercise of delegation authority, therefore requires a broad understanding of the context under which a transaction is occurring.

In some instances the SPS Office has delegated to Business Managers and Account Clerks the ability to assist in the determination of allowability of costs and in the determination of appropriate cost...
allocation techniques. To do this, Business Managers and Account Clerks must ensure that certifications are obtained on source documents and that these documents are retained in accordance with University and sponsor retention requirements. The guidelines for determining whether a cost is allowable or unallowable are presented in a document issued by the Office of Management and Budget (OMB) entitled “OMB Circular A-21 Cost Principles for Educational Institutions” and in the standards published by the Cost Accounting Standards Board (CASB).

To assist Business Managers and Account Clerks, the SPS Office can provide detailed technical advice regarding sponsor regulations and business procedures, and the Costing Office can provide technical advice regarding costing issues including cost, cost allocation, indirect cost, effort reporting, and business procedures pertaining specifically to these topics.

Dual Role

Business managers and Account Clerks, in certain circumstances, may be asked to exercise delegated signature authority for the Dean/Department Head and Comptroller/SPS. It is important to understand each role when reviewing and authorizing documents.

WHAT DOES THE COMPTROLLER/SPS DELEGATION INCLUDE?

- “Business Office staff with Comptroller/SPS delegation have authority to sign for procurements of goods and services, up to their delegated dollar limit – regardless of the purchasing mechanism used.”

COMPTROLLER/SPS DELEGATION REVIEW

There are many questions which must be answered before final approval can be granted for procuring goods and services on University-controlled funds. The purpose of this document is to provide fiscal guidelines for staff who are involved in any part of Purdue’s processes. These guidelines are intended to provide a general framework for the approval of transactions. An understanding of circumstances peculiar to a school, department or office will also aid an individual in the approval process. The Comptroller/SPS review should include:

- Is it allowable? A transaction is considered allowable if it meets these criteria:
  - The transaction cannot be of a personal nature or incurred on University-controlled funds for personal benefit.
  - **Examples of unallowable items are:** Individual memberships, meals, lodging and transportation incurred for personal reasons rather than official University business, personal newspaper subscriptions, coffee and coffee pots.
  - The proposed transaction conforms to restrictions imposed by state regulations.
  - **Examples of unallowable items are:** Payments made to relatives, outside business interests of employees and purchases of alcohol or illicit drugs.
• The transaction must meet the restrictions imposed by donor, external provider and the University. Fund accounting allows the University to segregate funds by source. Funds with similar characteristics (e.g., common source or similar restrictions) are grouped together. For a transaction to be allowed, it must comply with funding restrictions placed on the use of the funds by the provider(source) and support the University’s mission. Restrictions placed on general funds of the University relate to three primary sources of revenue: student fees, state appropriations, and facilities and administrative cost recovery. Additional scrutiny should be applied to a transaction if you as a student, taxpayer or auditor would question the legitimacy of the transaction for the identified activity.

• **Examples of these items are:** Purchasing flowers from general funds as props for a play produced by the University Theater Department as part of the education of theater students supports the mission. Purchasing flowers for the Comptroller’s office does not.

• For federal funds, the transaction must meet the restrictions imposed by the federal government, OMB Circulars A-21 and A-110, as well as any restrictions placed on the specific grant or contract. In addition, all other funding sources have restrictions placed on uses either by the University donor, bond indenture or other external source.

• **Examples of these items are:** The procurement of give-away items is strictly limited and contributions are not allowed from University-controlled funds.

• Is it reasonable and necessary?

• The procurement would be considered reasonable if BOTH quantity and price of the proposed item would be considered appropriate by a prudent person given circumstances prevailing at the time the decision to procure goods and services was made. The item must also be necessary to conduct the work of the office or department incurring the cost.

• Is it allocable?

• Is there evidence that someone with firsthand knowledge determined that the purchase benefited a particular project?

• The transaction is allocable if the individual requesting the item certifies that:

  • He/she has authority to commit funds on the proposed funding source and sources.

  • He/she certifies that the transaction will benefit, or equitably benefit, the identified funding source(s).

  • He/she certifies that funds are available for the transaction.
DEPARTMENTAL REVIEW – WHAT SHOULD IT INCLUDE?

- Account number is valid (not locked or invalid).
- Funds are available
- Correct object code is used and is valid for the fund. NOTE: A valid object code does not necessarily mean that an expense is allowable.
- Department Reference (DREF), if applicable, is correct.
- Appropriate documentation is attached, which supports the expenditure.
- Compliance with sponsor and federal guidelines (A-21, A-110, CAS, etc.).
- Expenditures are within the project period.
- Benefit to the project is recorded on certain documents (Form 21, HFS Intramurals, etc.)
- For non-resident alien payees, payment conforms to IRS or Immigration regulations (VSA types, etc.).
- Participant support payments require Business Manager approval.
- Assure document is “audit ready”.
- Academic approvals are obtained.
- Comptroller review – allocable, allowable, reasonable – and signature/initial.
- Are additional signatures required based on dollar limit or type of transaction?
- Route to the next appropriate office.

All signatures should appear in the left-hand side of the box. When reviewing Direct Invoice Vouchers for the Comptroller, sign on the Comptroller line if it is within your signature authority limit and initial for the Department Head. If it is outside of your comptroller authority, sign for the Department Head and initial for the Comptroller to show you have reviewed it. Forward to the next appropriate office for additional review or for processing.
AUDIT REVIEW – WHAT DOES IT INCLUDE?

- A pre or post audit of transactions does not affect delegation.
- Provides added measure of review to complement reviews performed at the department level.
- Audits are determined based on the level of risk and exposure to loss.

COMPTROLLER PRE-AUDIT

- At a minimum, the tax group reviews all direct invoice vouchers for payments to individuals, direct invoice vouchers over $50,000 and invoice vouchers without comptroller approval.
- Purchasing Requisitions (Form 12) and airbag orders in excess of the delegated comptroller authority of the initialing department(s).

  Review includes:

  - Compliance with applicable laws and University policy.
  - Exceptions to University policy or procedures.
  - Assure document is “audit ready”.
  - Approve payments to individuals outside of payroll process.
    - Assure payment should not be handled through the payroll system.
    - Ensure payment is complaint with tax reporting or without requirements.

SPS PRE-AUDIT

- Review all purchase requisitions (Form 12) in excess of $50,000.

  The only exceptions DOD and NASA.

    - Funds 530-533 – Requisitions of $10,000 or more for equipment and $25,000 or more for computer equipment.
    - Funds 520-523 – Requisitions of $1,000 or more of equipment.

  - Equipment screening is required for all federal contracts and subcontracts in excess of $25,000.
  - HFS Intramural Invoice Vouchers
• Any document requiring bypass approval.

SPECIFIC DOCUMENTS OR TYPES OF TRANSACTIONS

Payments to Individuals

• Payments to individuals include speakers’ fees, consulting fees, reimbursements or any payment to a person whether a Form 21, Payee Certification, is required or not.

• If payment is for participant support costs, approval of the Business Manager of department is required.

• The Business Office needs to audit forms and support documentation to ensure it has been reviewed for the Department Head and for allowability, allocability and reasonableness (comptroller review) and sign under “recommended”.

• If the payment is less than your limit, recommend and forward the Invoice Voucher to Taxes/FREH.

• If the payment is over your limit, forward to someone with a higher level of delegation or the School Business Manager for recommended signature.

• If a Form 21 is needed, review it with great scrutiny:
  • Make sure a description of services is provided.
  • Review for tax compliance.
  • If consulting services provided exceed 20 days in a year, a Form 22 Request for Long-term Consulting Agreement, may be required. Contact the tax department.
  • If payment is to a Purdue employee (or a Purdue retiree), contact the tax department for assistance.

Memberships:

• Check on-line for current listing of memberships.

• If a current membership already exists, you can sign for the comptroller up to your limit. Forward to Taxes/FREH.

• If processing an Invoice Voucher for a new membership, forward to the School Business Manager for signature. Additional signatures may be required depending on the dollar amount.
• You should always mark the Invoice Voucher as new or renewal when processing a membership.

PAYMENTS OF APPROVED PO’S:

• Payments of approved PO’s do not require a comptroller review. This took place on the originating Form 12 (see special exclusion under standing orders below).

• A certification is necessary by someone who can verify that the materials were received and the bill should be paid. This can be the individual who placed the order, the Department Head or the Business Office. Usually the Business Office has received a copy of the packing slip which authorizes the Business Office to pay the bill. This authorization should be noted in the “materials received OK” box of the invoice voucher.

• Business Office review is still necessary to ensure that the invoice voucher is prepared properly and that the funding source is still appropriate. No dollar limit applies to the approval on these documents.

• Forward the Invoice Voucher to Disbursements/FREH.

• Within the ARIBA e-procurement system, the payment will be made by Accounts Payable when receipt of the goods is recorded in the system, or through the negative approval notification process managed by Accounts Payable. The Business Offices will no longer receive invoice vouchers for approval. The Business Offices should retain the packing slips as proof of receipt in accordance with University record retention guidelines.

FORM 26’s

• These forms require a Department Head and Comptroller review.

STANDING ORDERS

• Even though Comptroller approval was obtained on the original Form 12, processing an Invoice Voucher for payment against a standing order requires comptroller review and approval.

• The originating purchase requisition (Form 12) approves the procurement mechanism and, in some cases, the funding source. Many standing orders are established using fund 997, thus Comptroller review and approval is required prior to the disbursement of funds.

• Sign for comptroller up to your limit in the section labeled “Approved”. Forward to Disbursements/FREH.

• Anything over your limit must go to someone with a higher level of delegation or the School Business Manager for signature.
• With the implementation of the Ariba e-procurement system, most standing orders will be eliminated and will be handled like the PO payments described above.

FORM 17:

• Only an academic designee should authorize/approve a Form 17.

• Usually the Business Office person initials next to the Department Head/Deans approval lines indicating to the authorizing individual that the form conforms to University travel policies and that the funding source is allowable and reasonable.

• SPS funds for domestic travel – sign up to your limit in the section labeled “Signature of SPS Reviewer.” No Dean’s signature is required.

• SPS funds for domestic travel over your limit – must go to someone with a higher level of delegation or the School Business Manager for signature.

• International travel on NIH/NSF funds (500-504 and 510-514) should go to the School for a Dean’s signature.

• International travel on other SPS funds should go to the School for a Dean’s signature, then to SPS.

• International travel on non-SPS funds should go to the Dean first then to the Provost’s Office for approval.

NOTE: A fully approved Form 17 is necessary in order to prepay registration fees or other costs related to the travel.

(See the Travel Website on the approval process for foreign travel.)

FORM 25

• Payments of approved travel require a Department Head authorization and a Business Office review.

• Business Office review is necessary to ensure that the Form 25 is prepared properly and that the funding source is still appropriate. No dollar limit applies to your signature on these documents. This authorization should appear in the Approved Comptroller section of the Form 25.

• Forward the Form 25 with a copy of the approved Form 17 to Disbursements/FREH.
READINESS ASSESSMENT FORMS:

- Readiness Assessment Questionnaire
- Readiness Assessment Questionnaire Response Page
- Readiness Assessment Summary

Signature Delegation Memo template located on dss ftp site: win3/swap/Clusters/DBM/MSIGDEL.DOC