

<b>University of Prince Edward Island</b>	<b>Policy No.</b> admfindnl0009	<b>Revision No.</b> 2
<b>Policy Title:</b> Spending Authority Policy		<b>Page</b> 1 of 3
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<b>Policy Approval Authority:</b> Board of Governors	<b>Designated Executive Officer:</b> Vice-President, Administration and Finance	<b>Access:</b> W

**1. Purpose**

1.1 This Policy establishes the responsibilities for University Employees who have authority to commit and spend funds from University accounts.

**2. Scope**

2.1 This Policy applies to all persons acting on behalf of the University with respect to all expenditures and commitments of University funds, except where expressly governed by an existing Policy.

**3. Responsibility**

- 3.1 This Policy is authorized by the Board of Governors.
- 3.2 The development and maintenance of this Policy is the responsibility of the Vice-President, Administration and Finance.
- 3.3 The Comptroller is responsible for the administration of this Policy.

**4. Definitions**

- 4.1 **Spending Authority** – A University employee (excluding student employees) with the authority to make decisions with regard to spending, authorizing expenditures and committing University funds. This individual is distinct from a Signing Authority (the authority to sign documents that bind the University to a legal instrument). Signing Authority is addressed in the “Signing Authority Policy”.
- 4.2 **Account Authority** - An individual with Spending Authority for a specific UPEI general ledger account. In general, an Account Authority means the applicable Dean, Chair, Director, or Department Head for operational accounts or Principal Investigator ("PI") for research accounts.
- 4.3 **Project Officer** – An individual whose employment responsibilities include management and tracking of financial resources within a research or special university project account.
- 4.4 **Designated Budget Position** - A position in a department which may be assigned additional budget responsibilities in special circumstances. All designated budget positions need to be approved by the Vice-President Administration and Finance.

- 4.5 **Other University Officer** – Any university employee who is not otherwise defined in this policy that may be delegated spending authority by an Account Authority. In general, this can include administrative assistants, departmental faculty, and other project staff. This category does not include student employees.
- 4.6 **One-Over-One Authorization** means the Spending Authority must be at least one administrative level higher than the identified employee.

**5. Spending Authority**

- 5.1 All expenditures, requisitions and commitments of University funds shall be approved by the appropriate Spending Authority as set out in this Policy.
- 5.2 The Spending Authority shall be the individual responsible for authorizing the University expenditures or commitment of University funds determined according to the following table:

<u>Maximum Value of Transaction</u>	<u>Spending Authority</u>
\$1,000,000	President
\$500,000	Vice-President, Academic & Research, Vice-President, Administration & Finance
\$100,000	Account Authority
\$5,000	Project Officer, Designated Budget Position
\$2,000	Other University Officer

Any expenditure greater than \$1,000,000 requires approval by the Board of Governors before a commitment can be made.

- 5.3 Reimbursement to an employee or payment to a third party in relation to employee expenses is subject to One-Over-One Authorization as defined in Section 4.6.
- 5.4 The Spending Authority responsibilities include:
  - 5.4.1 Verifying receipt of goods or services;
  - 5.4.2 Verifying that goods or services have not been previously invoiced and/or paid;
  - 5.4.3 Ensuring the request for payment is accurate;
  - 5.4.4 Assigning the appropriate account code and providing authorization to pay;
  - 5.4.5 Ensuring there is appropriate supporting documentation;
  - 5.4.6 Ensuring One-Over-One Authorization when reimbursing an employee;
  - 5.4.7 Ensuring the current expenditures will not result in other significant costs and obligations to the University.

5.5 The Vice-President Administration and Finance can revoke Spending Authority privileges when an individual has not followed the provisions set out in this policy.

**6. Delegation of Account Authority**

6.1 An Account Authority may delegate his/her authorization as Spending Authority to a maximum transaction value of \$5,000 for Project Officers and Designated Budget Positions, and \$2,000 for all others.

6.2 If a Spending Authority is absent from the University Campus and is unable to approve expenditures, that Spending Authority may delegate his/her authorization using One-Over-One Authorization according to the Spending Authority Procedure, unless an external funding agency for a research or special project dictates a different process.

6.3 An individual receiving delegated Spending Authority pursuant to this Section must still comply with the provisions of this Policy and any other relevant Policy. Delegation pursuant to this Section does not relieve the Account Authority from accountability for compliance with this Policy.

**7. General Provisions**

7.1 Notwithstanding any other provision in this Policy, a Spending Authority shall not approve expenditures or commitments of University funds where the individual has (or would be perceived to have) a conflict of interest.

7.2 A Spending Authority shall not bind the University to a legal instrument or approve expenditures or commitments of University funds, unless the matter has been duly authorized pursuant to the applicable Policy, or through the University's financial control systems.

**8. Review**

8.1 This Policy shall be reviewed every five (5) years or as circumstances dictate.