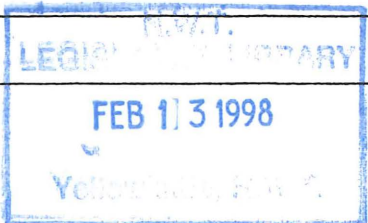




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## 1. INTRODUCTION

The *Financial Administration Act (FAA)* gives primary financial authority to the Financial Management Board, the Minister of Finance, other Ministers, the Comptroller General and Deputy Ministers. Various aspects of this primary authority may be delegated to other public officers or service contractors attached to Government departments. This directive controls the delegation and exercise of signing authority in the approval of Government *expenditures*, *commitments*, *disbursements*, other *General Ledger Account* entries, *trust account* transactions, special purpose and revolving fund transactions, and *single authority disbursements*.

In order for an *expenditure* or *disbursement* to be legal, an *expenditure officer* and an *accounting officer* must certify that specific conditions have been met. *FAA* Section 40 requires Ministers to designate *expenditure officers* and *accounting officers* for their departments. Every *accounting officer* must be approved by the Comptroller General or the Financial Management Board (FMB). *FAA* Section 13 permits Ministers and the Comptroller General to delegate to other public officers any of their powers and duties, including the designation and approval of *expenditure officers* and *accounting officers*. Accordingly, through this directive the FMB and the Comptroller General delegate powers to designate and approve.

Under *FAA* Section 44, an *expenditure* always requires separate signed certifications by an *expenditure officer* and an *accounting officer*. Under Section 49, a *disbursement* also requires separate signed certifications by an *expenditure officer* and an *accounting officer*, unless some other legislation requires a *single authority disbursement* or the *disbursement* is not in respect of an *expenditure*, e.g., in the case of a revenue refund. A person may be designated as both an *expenditure officer* and an *accounting officer* but, in keeping with the fundamental internal control principle of segregation of duties, the *FAA* subsection 41(3) prohibits a person from acting as both *expenditure officer* and *accounting officer* in the same transaction.

An *expenditure officer* may or may not have the authority to incur an *expenditure*. For example, a revenue refund requires the certification of an *expenditure officer* because it is a *disbursement*. A *revenue officer* authorized to certify for the refund must be designated as an *expenditure officer*, but might not be authorized to incur *expenditures*.

This directive defines the most common types of signing authorities delegated to *expenditure officers*, *accounting officers*, and other signing authorities. By signing, *expenditure officers* can exercise several types of signing authority, most of which are some form of *expenditure authority*. By signing, *accounting officers* exercise *payment authority* or commitment authority (defined and dealt with in Directive 709). Other signing officers exercise other types of delegated financial authority defined in this directive.

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The Government Contract Regulations under the *FAA* establish Ministers, Deputy Ministers and their delegates as *contract authorities*. The Regulations prohibit anyone other than a *contract authority* from entering into a contract on behalf of the Government, while the *FAA* prohibits anyone other than an *expenditure officer* from incurring an *expenditure*. As entering into a contract incurs an *expenditure*, a *contract authority* must also be an *expenditure officer* although an *expenditure officer* is not necessarily a *contract authority*.

Directive 709, Appropriation and Commitment Control, in this manual defines "commitment authority" as an *accounting officer's* authority to commit appropriated or revolving funds to an *expenditure*.

## 2. DEFINITIONS

The following definitions apply within this directive.

### 2.1 *accounting officer*

a public officer or service contractor designated as an *accounting officer* by a Minister or the Minister's delegate with the approval of the Comptroller General or the Financial Management Board, in accordance with Sections 40, 41 and 42 and Section 13 of the *Financial Administration Act*.

### 2.2 *commitment certification*

signed certification by an *accounting officer* that the conditions set out in sub subsection 44(1)(b) of the *Financial Administration Act* have been met, in order that an *expenditure* may be incurred legally. These conditions include the existence of sufficient uncommitted funds for the *expenditure*. The *accounting officer's* signature must follow *initiation certification* by an *expenditure officer*. By signing, the *accounting officer* exercises *payment authority*, *commitment authority* (defined and dealt with in Directive 709) or both.

### 2.3 *confirmation of contract performance and price*

signed certification by an *expenditure officer* that the applicable conditions set out in sub subsection 49(2)(a) of the *Financial Administration Act* have been met, in order that a *disbursement* may be made legally. By signing this confirmation, the *expenditure officer* exercises *expenditure authority*. For example, as a contribution agreement is a contract, an *expenditure officer* must certify the fulfillment of the *disbursement* recipient's contractual obligations to the Government as a condition of every contribution payment disbursed under the agreement.



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#### 2.4 *contract authority*

a Minister, Deputy Minister or public officer delegated the powers and duties of a contract authority in accordance with the Government Contract Regulations under the *Financial Administration Act*. (see Directive 9904 in this manual.) No person other than a contract authority or the Executive Council may enter into a contract on behalf of the Government. A contract authority must also be an *expenditure officer*.

#### 2.5 *disbursement*

a payment or transfer of money from the Consolidated Revenue Fund (CRF) or a special purpose fund. (The Government currently includes special purpose funds within the CRF.) A disbursement is not necessarily made in respect of an *expenditure*. Some are recorded as reductions in revenue, do not require an enactment and do not reduce the free balance of an appropriation.

#### 2.6 *expenditure*

a cost to the Government incurred to provide for a known or estimated liability or loss. Expenditures include contracts to purchase goods and services; operations, maintenance and capital purchases; salaries and wages; grants, contributions, grants-in-kind and payments to public agencies. Every expenditure must be made pursuant to an appropriation under the authority of an enactment and must be charged against a vote, item and activity.

#### 2.7 *expenditure authority*

the authority of an *expenditure officer* to sign *initiation certification* and *confirmation of contract performance and price* as set out in Sections 44 and 49 of the *Financial Administration Act*.

Note: The term "spending authority" appears in signature blocks on some internal control forms that relate to *expenditures* and *disbursements*. "Spending authority" is usually exercised by someone with *expenditure authority*, but not always. Because "spending authority" may include financial authorities other than *initiation certification* and *confirmation of contract performance and price*, a signing officer might have "spending authority" without having *expenditure authority*. For example, the officer may have authority to approve *General Ledger Account* entries and adjustments such as reallocating costs for past *disbursements*, but no authority to initiate *expenditures* or approve *disbursements*.

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## 2.8 *expenditure officer*

a public officer or service contractor designated as an *expenditure officer* by a Minister or the Minister's delegate in accordance with subsection 40(1) and Section 13 of the *Financial Administration Act*.

## 2.9 *Financial Signing Authorities Spreadsheet*

the instrument used to record the designation of positions to be held by *accounting officers* and *expenditure officers*. For a sample and instructions, refer to the Financial Information Systems Procedures Manual.

## 2.10 *General Ledger Accounts*

specific (perpetual or nominal) asset and liability/equity accounts within the Government's balance sheet.

## 2.11 *initiation certification*

signed certification by an *expenditure officer* that the conditions set out in subsection 44(1)(a) of the *Financial Administration Act* have been met. This certification and the *commitment certification* of an *accounting officer* are both required in order for a Government *expenditure* to be incurred legally. By signing for initiation, the *expenditure officer* exercises *expenditure authority*.

## 2.12 *payment authority*

the authority of an *accounting officer* to sign *commitment certification* and *payment certification* as set out in Sections 44 and 49 of the *Financial Administration Act*.

## 2.13 *payment certification*

certification by an *accounting officer* that the conditions set out in sub subsection 49(2)(b) of the *Financial Administration Act* have been met, in order that a *disbursement* may be made legally. By signing payment certification, the accounting officer exercises *payment authority*, *commitment authority* (defined and dealt with in Directive 709), or both.

## 2.14 *relative*

father, mother, brother, sister, spouse, common-law spouse, child, stepchild, foster child, father-in-law, mother-in-law, grandmother or grandfather.



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### 2.15 *revenue officer*

a person defined as a revenue officer in Section 1 of the *Financial Administration Act*. Primarily, a revenue officer is a person collecting, receiving, holding, managing, or accounting for public money, but banks and investment and trust companies and their employees are not revenue officers.

### 2.16 *single authority disbursement*

a *disbursement* made under the authority and requirements of legislation other than the *Financial Administration Act* and made without the requisition and certification of an *expenditure officer* otherwise required by the *Financial Administration Act*, e.g., the requirement for social workers to issue emergency cheques.

### 2.17 *Specimen Signature Record*

the instrument used to assign financial signing authority to a person and record:

- a) the name of the person designated to receive the signing authority;
- b) the staff position or personal services contract held by the person;
- c) if the person is designated as an *accounting officer*, the Comptroller General's (or delegate's) signed approval;
- d) a specimen of the person's signature;
- e) all aspects of the person's signing authority, including *initiation certification*, *confirmation of contract performance and price*, *commitment certification*, *payment certification*, whether the person is a *contract authority*, and others if applicable.
- f) monetary limits, restrictions, conditions and exceptions to each aspect of the person's signing authority;
- g) acting appointments that include signing authority (the Specimen Signature Record is not required if an acting appointment excludes financial signing authority);
- h) *standing acting appointments*; and,
- i) the position supervisor's approval on acting appointments and *standing acting appointments*.

Refer to the Financial Information Systems Procedures Manual for a sample and instructions.

### 2.18 *standing acting appointment*

the designation of a person or position to exercise *expenditure authority* and/or *payment authority* as required for a frequently absent *expenditure officer* or *accounting officer* or for a person designated as both an *expenditure officer* or *accounting officer*.

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### 2.19 *trust account*

an account in which the Government holds, in trust for another party, funds that are not public money.

## 3. DIRECTIVE

In accordance with Sections 13 and 43 of the *Financial Administration Act* and subject to the following Provisions, the Financial Management Board delegates to Ministers and their delegates the authority to set monetary limits and other conditions on the financial signing authorities of all public officers and service contractors attached to their departments.

## 4. PROVISIONS

### 4.1 Designation of *expenditure officers* and *accounting officers*

- 4.1.1 The *Financial Administration Act* requires Ministers (or their delegates) to designate *expenditure officers* and *accounting officers* for their departments by reference to their names or positions.
- 4.1.2 Except as stipulated by Sections 42 and 13 of the *Financial Administration Act*, no person may be designated as an *accounting officer* without the approval of the Comptroller General (or his or her delegate). Through this directive, in accordance with Section 13, the Comptroller General delegates to Deputy Ministers the power to approve the designation of *accounting officers*. Deputy Ministers may subdelegate the power to approve the designation of *accounting officers* to departmental Executive Finance Officers (usually Directors of Finance - see Directive 004 in this manual).
- 4.1.3 Public officers (defined in Section 1 of the *Financial Administration Act*) and individuals doing business as service contractors attached to Government departments may be designated as *accounting officers* and *expenditure officers*. A corporation is not eligible to be so designated.
- 4.1.4 A person may be designated as both *expenditure officer* and *accounting officer*, but no person shall act as both *expenditure officer* and *accounting officer* in the same transaction unless required by other legislation, e.g., the requirement for social workers to issue emergency cheques.



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4.1.5 A person designated as a permanent or acting *expenditure officer* or *accounting officer* must be identified by name and signature on a *Specimen Signature Record*.

#### 4.2 Delegation of financial signing authority

4.2.1 Delegation of *expenditure authority* and *payment authority* must be in accordance with the *Financial Administration Act* and its Regulations.

4.2.2 Delegated *expenditure authority* and *payment authority* must be recorded on the *Financial Signing Authorities Spreadsheet* and a *Specimen Signature Record*.

4.2.3 Ministers and their delegates may set monetary limits, restrictions, conditions and exceptions to the signing authority of *expenditure officers* and *accounting officers*.

4.2.4 Ministers and their delegates may set monetary limits, restrictions, conditions and exceptions to the signing authority of *revenue officers*.

4.2.5 Ministers and their delegates may authorize public officers to make *General Ledger Account* entries, *trust account* and special purpose fund transactions and *single authority disbursements* and may set monetary limits, restrictions, conditions and exceptions to the signing authority of those officers.

4.2.6 The supervisor of an *expenditure officer* or *accounting officer* may lower the monetary signing limit of the officer or officer's position and may impose other restrictions, conditions and exceptions. Lowered limits and other impositions must be identified on the *Specimen Signature Record*.

4.2.7 A public officer shall not subdelegate any of his or her powers and duties unless authorized to do so by the original delegation.

#### 4.3 Application of financial signing authority

4.3.1 Section 38 of the *Financial Administration Act* states, "No person other than an *expenditure officer* shall incur an *expenditure*." (italics added)

4.3.2 Section 6.(1) of the Government Contract Regulations states, "No person other than a *contract authority* shall enter into a contract on behalf of the Government." (italics added)

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- 4.3.3 A contract on behalf of the Government is a form of *expenditure*. In accordance with Section 38 of the *Financial Administration Act* and Section 6.(1) of the Government Contract Regulations, a contract on behalf of the Government must be approved by a *contract authority* and an *expenditure officer*. Refer also to subsection 4.5 below.
- 4.3.4 No person shall incur an *expenditure* without the *initiation certification* of an *expenditure officer* and the *commitment certification* of an *accounting officer*. Refer to Section 44 of the *Financial Administration Act*.
- 4.3.5 No person shall make a *disbursement* without *confirmation of contract performance and price* by an *expenditure officer* and *payment certification* by an *accounting officer*, unless the *disbursement* is not made in respect of an *expenditure* or is a *single authority disbursement*. Refer to Sections 49, 20, 23 and 31 of the *Financial Administration Act*.
- 4.3.6 No person shall exercise any authority in relation to a transaction, claim for payment or claim for reimbursement from which that person or that person's *relative* can benefit. Similarly, due to possible or perceived conflicts of interest, no person shall exercise such authority where anyone who resides in the same household can benefit.
- 4.3.7 Program Managers shall account for and control *expenditures* in accordance with Directive 003, Role of the Program Manager, and other directives in this manual.
- 4.3.8 Departmental Directors of Finance and regional staff responsible for regional comptrollership shall account for and control *expenditures* in accordance with all directives in this manual. Refer to Directive 004, Role of the Executive Finance Officer and Regional Comptroller.
- 4.3.9 A person exercising financial authority by signing shall enter the signature date on the signed document in his or her own handwriting, immediately adjacent to his or her signature, so as to state clearly on what date the signature was made.

#### 4.4 Acting appointments and *standing acting appointments*

- 4.4.1 A person appointed to act on behalf of a position shall not exercise the financial signing authorities of that position unless specifically authorized to do so by a *Specimen Signature Record* that specifies the monetary limits of any financial signing authorities to be exercised during the acting appointment.





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- 4.4.2 For acting appointments and *standing acting appointments*, the supervisor of the position for which the appointee will act must approve the appointment on the *Specimen Signature Record* and may impose lowered monetary limits and restrictions, conditions and exceptions that would not normally apply to the signing authority of the position.
- 4.4.3 An acting appointment is activated by the person normally holding the position for which the appointee will act, through memoranda to the position supervisor and the person responsible to verify financial document signatures.
- 4.4.4 A *standing acting appointment* is activated by the absence of the person normally holding the position for which the appointee will act.
- 4.4.5 An acting appointment or *standing acting appointment* of an *expenditure officer* from outside a department must be approved on the *Specimen Signature Record* by the Deputy Minister of the department for which the officer will act.
- 4.4.6 An acting appointment or *standing acting appointment* of an *accounting officer* from outside a department must be approved on the *Specimen Signature Record* by the Comptroller General (or his or her delegate) and by the Deputy Minister of the department for which the officer will act.
- 4.4.7 *Standing acting authority* may be exercised only when it would not be in the public interest to wait for the incumbent officer. For audit purposes, the departmental Director of Finance shall:
- a) substantiate the necessity for each standing acting appointment; and,
  - b) record every period in which *standing acting authority* is called into action.
- 4.5 **Signing authority in departments acting as agents for other departments**
- 4.5.1 A department may, as agent for another department, exercise *expenditure authority*, *payment authority* or both on behalf of that other department. (Refer to the Government Contract Regulations, Directive 9904 in this manual.)
- 4.5.2 The Minister (or Ministers' delegates) of a department which acts as an agent for another department may designate *contract authorities*, *expenditure officers* and *accounting officers* within his or her department to exercise *expenditure authority* and *payment authority* on behalf of that other department.

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4.5.3 The Comptroller General (or his or her delegate) may exercise *payment authority* on behalf of all departments in all regions. For example, a delegate of the Comptroller General authorizes the payment of all Government staff salaries and wages.

## 5. GUIDELINES

### 5.1 Monetary limits to signing authority

The financial signing authority limits of a position should not exceed business needs.

### 5.2 Exceptions to monetary signing authority limits

The supervisor of a position with financial signing authority may lower its monetary signing authority limit and may impose restrictions, conditions and exceptions, using the *Specimen Signature Record*. For example lower limits may be appropriate for individuals who are acting or being trained.

### 5.3 Acting financial signing authority

5.3.1 Acting financial signing authority does not imply other responsibilities or qualification for acting pay (refer to the Human Resource Manual).

5.3.2 *Standing acting appointments* should be made for positions for which acting authority is frequently exercised.

### 5.4 Technical advice and approval on financial transactions

Staff or service contractors with appropriate technical or professional expertise should provide or advise on *initiation certification* and *confirmation of contract performance and price* in transactions calling for technical or professional judgment. It may be advisable to designate such staff or service contractors as *expenditure officers*.

### 5.5 Expenditure review

Managers should review monthly all *expenditures* made from areas under their own budget authority, especially when other persons also have *expenditure authority* in those areas. Managers should call for monthly internal reports in order to ensure that proper *expenditure* processes are followed and all statutory requirements are fulfilled. Delegation of *expenditure authority* is only intended to facilitate performance of staff duty and it does not relieve the manager of budget control responsibility.



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### 5.6 Detailed procedures

Refer to the Financial Information Systems Procedures Manual for detailed procedures and sample control forms.

### 5.7 Signing authorities for financial actions not covered by this directive

For direction on signing authority for financial actions not covered by this directive, e.g., issuing loans, billing for services, paying revenue collection commissions, etc., refer to other directives in this manual.

### 5.8 Signing authorities of casual, temporary and seconded employees

Unless set out otherwise by the *Financial Signing Authorities Spreadsheet*, the *Specimen Signature Record* or an order of the Comptroller General, a public officer appointed to a position on a casual, temporary or seconded basis assumes the financial signing authorities which would otherwise be delegated to a more permanently appointed officer in the position.

