

Policy History
<b>Policy No.</b> GV4
<b>Approving Jurisdiction:</b> Board of Governors
<b>Administrative Responsibility:</b> Vice President Finance & Administration
<b>Effective Date:</b> June 3, 2015

## Signing Authority Procedure

### DEFINITIONS

**Agreement:** An agreement is an arrangement between two or more persons (individuals, corporations, trusts or partnerships) by which the persons agree to undertake or to alter their respective rights and/or obligations. An agreement may be oral or in writing, or partly oral and partly in writing.

**Contingent Liability:** A contingent liability refers to a liability that exists but which may not have to be fulfilled; a liability which will become an obligation upon the occurrence of a future, uncertain event. This also includes a liability to perform the obligation of another person if that other person fails to perform it.

**Contract:** A contract is (i) an agreement between two or more parties intended to create legal obligations and that a court may enforce. The contract will normally be comprised of an exchange of promises between the parties. If a party executes an agreement under seal, it may be bound even though the other party has not given any promise in exchange.

(ii) A contract may be subject to conditions; that is, the parties' obligations to perform it may be suspended pending the occurrence of certain events, including further approvals, whether by third parties or officials of the parties to the contract whose authority is greater than that of the individuals who signed the contract.

**Guarantee:** A guarantee is a promise, normally expressed in writing, by which the person making the promise agrees to fulfill the obligations of another person. The promise is frequently conditional upon the occurrence of another event; for example; the failure or refusal of the other person to fulfill their obligations, the inability of the other person to fulfill their obligations (due to bankruptcy, dissolution or otherwise), or the occurrence of a particular event. A guarantee is one type of indemnity

Indemnity: Indemnity involves a commitment under which a person undertakes to prevent a loss or to provide reimbursement or compensation in the event of a loss; the obligation under the agreement could be, but need not be, dependent upon default by the indemnifying party or anyone else. The obligations under an indemnity may be a contingent liability of the party that has given the commitment.

One Over One Approval Requirement: One over one approval requirement stems from the concept that no one should be placed in a position where they can authorize a payment to be made to themselves or for their own benefit; where a signing officer is in such a position, the person in such a position is expected to obtain a signature from a supervisor to indicate that the expenditure is legitimate and for the benefit of the University's operations. This is also a requirement for grantees where the grantee is also a claimant on their own fund.

Signing Authority: A representative of the University vested with the powers to commit the University to a binding agreement.

Signing Officer: This term is identical to "Signing Authority" above except that the term "Signing Officer" will be used, within this Policy and Procedures, to refer only to those instances where the term is required by a third party such as a bank.

## **PROCEDURES**

### **1. SCHEDULE OF SIGNING AUTHORITIES**

The Vice-President Finance and Administration will develop a comprehensive "Kwantlen Signing Authority Structure" (hereafter referred to as "Schedule") listing the full range of documents that require signature, the dollar value attached to each of those documents (where applicable) and the position or positions that are authorized to approve each of those documents through a signature.

### **2. BOARD REVIEW OF SCHEDULE**

The Finance and Audit Standing Committee of the Board will receive a copy of the Schedule for their review on an annual basis.

### **3. MAINTENANCE AND REVISION OF SCHEDULE**

The Schedule will be maintained by the Vice-President Finance and Administration and will be updated, as required, to reflect changes in the documents requiring signature, dollar value limits as well as changes in the position or positions that are authorized to approve and sign the documents. .

#### 4. INFORMING AND TRAINING SIGNING AUTHORITIES

It is the responsibility of the Vice-President, Finance and Administration to ensure that persons who have been designated as signing authorities are provided with a copy of the Signing Authority Policy and Procedures and to provide training so that signing authorities understand their responsibilities under this Policy.

#### 5. RESPONSIBILITIES OF SIGNING AUTHORITIES

The responsibilities of signing authorities are outlined below.

##### **A. Legal and Risk Management Review Requirements**

In order to protect the interests of the University, signing authorities must undertake appropriate due diligence assessment prior to execution of documents which may include:

##### Legal Reviews

Designated legal advisors as per policy E.5 should be consulted prior to signing a document. Standard form documents do not generally require external legal advice. Documents with sizeable dollar values or complexity, or which have significant ramifications or are unusual in any way may require external legal advice and should be referred to designated legal advisors.

##### Indemnity Matters

Any document, contract or agreement which contains an indemnification to other parties, must be reviewed by the person in the administrative position directly responsible for risk management or the Vice President, Finance & Administration and approved by the Ministry, prior to such a document being finalized and executed.

##### Contractual or Agreement Matters

No person may sign any document or enter into a verbal or non-verbal agreement that creates an obligation or undertaking on behalf of the University unless the individual has been granted authority through this Policy and Procedures.

All employees have an obligation to understand the extent and limits of their authority, and understand and comply with the University's policies, procedures and processes.

Persons that have been granted authority shall ensure:

- i. That the University has the ability to meet the obligations being made.
- ii. That any agreement is compliant with the laws of Canada and British Columbia.
- iii. That the appropriate level of review and approval has been obtained from stakeholders, and that required levels of legal, risk management, procurement, financial and other required due diligence has been performed and risks disclosed.
- iv. That any intellectual property matters have been properly considered, in accordance with the University's policies and procedures.
- v. That any agreement is consistent with the University's mission and mandate, Budget, Collective Agreements, Academic Planning and Priorities, policies and procedures of the University.
- vi. The overhead rate included in any contract or agreement must be consistent with the University's Policies or they may be amended by the President or the Vice-President, Finance & Administration or Executive Director, Research.

## **B. Insurance**

The University carries a variety of insurance policies providing very broad coverage, intended, for the most part, to meet the particular needs of the University. Board members, officers, and employees are included in the definition of insured in the University liability insurance policies. Any document, contract or agreement which contains insurance, must be reviewed by the person in the administrative position directly responsible for risk management or Vice-President, Finance & Administration, prior to such a document being finalized and executed by a signing authority.

## **C. Execution of documents under Seal**

Authorized positions which may affix the Seal of the University are determined by the Board. Section 56 of the *University Act* of British Columbia determines whether a document has been properly executed. That section of the *University Act* does not require that all documents be executed under seal; it merely indicates that if the seal is used, then the law deems it to be executed.

## **D. Records Management**

The primary signing authority responsible for the administration and management of an executed document, contract or agreement shall retain the original University document, contract or agreement in accordance with Kwantlen's retention schedule.

## **E. Delegation**

In the event of unavailability or other extraordinary circumstances, a person with signing authority may delegate their authority to predetermined delegates subject to the following restrictions:

- a) the delegated authority must be written and copied to the person's supervisor and the Executive Director, Financial Services,
- b) the delegated authority must specify a time period for the delegated authority, normally coinciding with the period of time that the delegating authority is expected to be away
- c) the authorized dollar limits shall not exceed the normal limits for the original signing authority,
- d) the expenditure committed to must be part of an approved budget and cannot exceed any unexpended amount of that budget,
- e) the commitment period for the expenditure should not normally exceed one year, and
- f) the commitment made by the delegate must be reported to the signing officer in a timely manner.

## **F. Spending Authority**

- a) Approval of the University's operating budget by the Board of Governors and allocation of the operating budget to the University's operating units confers the authority to authorize expenditure within the amounts allocated to the unit of a signing authority, subject to the terms and conditions of the relevant Purchasing or Human Resources policies and procedures, or specific directives or conventions within an operating unit. Expenditure authorization alone does not provide the authority to an individual to sign contracts and agreements on behalf of the University. An individual can commit the University to a contract or agreement only through the provisions of this Policy and Procedures.
- b) Holders of restricted funds (e.g. research, endowment spending, special purpose, revenue generating and other trust funds) may delegate signing authority over expenditures, but remain accountable to ensure that the expenditures are consistent with the restricted intent for those funds and do not exceed the authorized dollar amounts.
- c) The rule for approval is "one-over-one." All employees must abide by this rule and any purchase/expense/reimbursement that is for their benefit must be signed by the claimant and approved by a senior person who is on an organizational level above that of the claimant and will normally be the person to whom the claimant reports as well as the signing authority of the Fund if different than the "one-over-one". This rule applies as well for grantees where the grantee is also the claimant on their own Fund. If clarification on granting

agency guidelines is necessary, Financial Services staff must be consulted.  
Visiting researchers' expenses are to be approved by the host's one-over-one.

- d) Single purchases greater than \$200,000 not accounted for in the approved University budget will be approved by the Board of Governors at its next meeting. Splitting of orders to avoid this limit is not permitted.

## **RELATED POLICY**

Refer to *GV4 Signing Authority Policy*