

## **SIGNING AUTHORITY POLICY**

Authorizer: Vice President, Finance and Corporate Services

Version: V1

Effective Date: September 11, 2019

### **POLICY STATEMENT:**

Signing authority within Conestoga College Institute of Technology and Advanced Learning (Conestoga) is determined by an employee's organizational position and applies to commitment authority, cheque authority and payment authority. It is essential that all binding decisions are made with the proper authority and accountability as aligned with the attributes and significance of the decision, and that the control of funds is always exercised appropriately.

### **SCOPE:**

This policy applies to all Conestoga employees and includes all externally binding transactions, agreements and contracts.

### **DEFINITIONS:**

Cheque authority:

- The authority to approve a cheque, wire or electronic funds transfer on behalf of Conestoga.

Commitment authority:

- The authority to commit Conestoga to an expenditure of funds and undertake contractual agreements.

Consulting services:

- The provision of expertise or strategic advice from external entities that is presented for consideration and decision-making purposes.

Payment authority:

- The authority to initiate payment of funds for the purchase of goods and/or services.

Purchase order:

- A formal offer to purchase goods and/or services for Conestoga from a specific vendor and a commitment from that vendor to supply the goods and/or services that meet the specified requirements, at a defined price.

Purchase requisition:

- A request to purchase goods and/or services for Conestoga from a specific vendor that meet the specified requirements, at a defined price.

Real property:

- Land, and generally whatever is erected or growing upon or affixed to land and includes rights issuing out of, annexed to, and exercisable within or about land.

Securities:

- A financial instrument that represents ownership of a corporation, the right to ownership or a loan made to a corporation.

Signing officers:

- Signing officers are limited to the persons holding the positions of President, Vice President Finance and Corporate Services, Vice President Academic/Student Affairs and Human Resources, or any other officer of Conestoga designated as a signing officer by the Board.

**POLICY ELABORATION:**

- The purpose of this policy is to outline and regulate the signing authority of transactions and contracts.

**General Terms:**

- Appropriate signing authority is required for an employee to commit Conestoga to expenditures or other contractual obligations, to authorize payments and to transfer and/or assign securities.
- Violation by an employee of their signing authority may be considered a breach of employment contract. Refer to the Procurement Procedure Relative to Value for the approval limits of all signing authority levels.
- Signing authority is determined by organizational position. If an employee changes positions within Conestoga, his/her signing authority shall change to align with the new position.
- When an employee leaves Conestoga, his/her signing authority shall be cancelled by their effective departure date.
- Conestoga may rescind the signing authority of an employee at any time when deemed necessary, without disclosing cause.
- Should a purchase requisition, contract or payment amount exceed an employee's authorized approval limit, the request must be approved by an employee with adequate signing authority.
- When approving the purchase of goods and/or services received, the employee with signing authority must ensure that the purchase meets the intended need and that the terms and conditions of Conestoga's Procurement Policy and related procedures are followed.

- An employee must not authorize a transaction or contract from which they may benefit. This includes approving a payment for their own expenses and/or reimbursements. For example, if an administrative assistant pays for travel expenses on behalf of his/her supervisor, the monthly purchasing card report must be approved by the employee to whom the supervisor reports.
- A contract or transaction commitment must not be reduced to avoid exceeding the approval limits of an employee's authority level. Examples of these reductions could include subdividing projects, procurements and contracts or awarding multiple consecutive purchases to the same vendor.
- During a temporary absence, an employee shall delegate their signing authority to another employee. The absent employee's direct supervisor must approve the delegation prior to its effective date. Contracts and transactions shall be forwarded to the absent employee's direct supervisor if there is no prior delegation of signing authority.

**Commitment Authority:**

- Commitment signing authority may be exercised on the following transactions:
  - Purchase requisitions:
    - Purchase requisitions are required for all purchases of goods and/or services greater than \$5,000.
    - Refer to the Procurement Procedure Relative to Value for budgeted purchase requisition approval limits for all signing authority levels.
  - Purchase orders:
    - The authority to issue purchase orders is limited to the Procurement Department and Retail Services.
    - Prior to the Procurement Department issuing a purchase order, the related purchase requisition must receive approval by an employee with adequate signing authority.
  - Contracts and agreements:
    - For contracts that relate to goods and services procurement, have a total value of up to \$25,000 and are within the approved budget, the Manager, Procurement is authorized to sign off.
    - For all other contracts, including goods and services procurement, consulting service agreements, service level agreements, master service agreements, license agreements, lease agreements, statements of work, and commercial contracts, the following applies:
      - When the contract is within the approved budget, or the contract total value is less than \$1,000,000, the contract may be executed as follows:
        - One signature of either the President, or Vice President Finance and Corporate Services, for contracts with a total value of up to \$1,000,000.
        - Signatures from two of the three signing officers (President, Vice President Finance and Corporate Services,

or Vice President Academic/Student Affairs and Human Resources), shall be required for contracts with a total value greater than \$1,000,000. Contracts with a total value greater than \$2,000,000 shall be reported to the Finance and Audit Committee.

- When the above conditions are not met, approval of the Board of Governors is required.
  - Contracts approved by the Board of Governors as above shall be signed by two of the three signing officers.
- Prior to the appropriate signing officer(s) signing a contract, such signing officer(s) must ensure that appropriate due diligence has been conducted pertaining or relating to such contract, as follows:
  - the contract will have received financial and legal review, as applicable; and
  - the contract shall be reviewed with Conestoga's insurer as applicable to determine that Conestoga maintains relevant and appropriate insurance coverage to cover any liabilities that may arise under such contract.
- Execution of real property purchase or sale contracts shall be made according to the MTCU's binding policy directives, including but not limited to the resource document, "Purchase, Sale or Encumbrance of College Property Resource Document for Discretionary Use".
  - Academic agreements that do not obligate Conestoga to financial commitments may be executed by the Vice President, Academic/Student Affairs and Human Resources.
  - Research agreements may be executed by the Vice President, Applied Research and Entrepreneurship, in accordance with practices and policies.
  - Employment contracts, other than consulting contracts, may be executed by the Associate Vice President, Human Resources, or delegate.
  - In certain circumstances, an employee may receive authorization to sign contract(s) that adhere to standardized contract templates that have received prior approval from a signing officer.
  - Conestoga's corporate seal shall, when required, be affixed to such signed contracts, documents or other instruments in accordance with the Seals Policy.
- Investments:
  - Investments shall be managed as outlined in Conestoga's Investment of Externally Restricted and Endowment Funds Policy.

**Cheque Authority:**

- Cheque signing authority may be exercised on the following:
  - Cheques:
    - All cheques must be signed by the President and Vice President, Finance and Corporate Services in accordance with payment authority controls outlined below.
  - Wire and Electronic Funds Transfer (EFT):
    - Payroll, statutory deductions and other similar payments shall be paid by EFT. The department managing the activities shall be the initiator of the EFT.
    - All wire and EFTs require two signatures.
    - The Finance Department shall manage all wire and EFTs.

**Payment Authority:**

- The signing authority levels for payment of goods and/or services received are equivalent to those stated in the Procurement Procedure Relative to Value. Should an amount exceed an employee's signing authority, the request must be approved by an employee with adequate signing authority.
- The Finance Department shall process invoices with approved purchase orders for payment. Purchase orders must be generated prior to the delivery of the related goods and/or services.
- Payroll, statutory deductions and other similar payments shall be paid by EFT. The department managing the activities shall be the initiator of the EFT.
- Prior to preparing an invoice or other payable for payment, the Finance Department must conduct controls that ensure:
  - The legitimacy of the receiver of the payment, including their business and tax status.
  - Information found on the invoice corresponds to the related purchase order.
  - An approved receipt of goods and/or services is attached to the related purchase order.
  - The invoice is paid based on due date, Conestoga's standard terms or as negotiated with the vendor.
  - A payment register (cheque, wire or EFT) is prepared for and approved by the Manager, Accounting prior to printing the cheque or preparing the wire or EFT file.
  - Approval by the Manager, Accounting or Director, Finance for payments greater than \$100,000 is received prior to releasing the payment.
  - Details of payroll, statutory deductions and other similar payments that are paid by EFT are available to the signing authorities prior to payment.

**REFERENCES:**

Financial Oversight Policy

Investment of Externally Restricted and Endowment Funds Policy

Procurement Procedure Relative to Value

Purchase, Sale or Encumbrance of College Property Resource Document for Discretionary Use  
Procurement Policy and Procedure  
Seals Policy

**REVISION LOG:**

9/4/2019      Academic Coordinating Committee  
9/11/2019      Academic Forum