EXPENSE AUTHORITY
TRAINING BULLETIN

Who is Expense Authority Training for?

This bulletin is for staff who will be delegated Expense Authority (EA), those staff that need to be familiar with what EAs do, and also staff that now have EA as a reminder of their requirements.

The BC Government is a large and diverse organization tasked with providing the public a variety of services costing several billions of taxpayer dollars to deliver its programs. As such, operating and capital expenditures need to be managed, controlled and accounted for properly, including the authority to commit and incur costs.

The Deputy Minister delegates authority in writing to ministry organizational positions. Most positions have responsibility or are assigned part of the ministry's budget allocation. Exercising delegated authority for expenditures requires due care, diligence, adherence to legislation and policy, and accountability for the related duties. Staff delegated this important responsibility are known as EA officers.

Role, Responsibilities & Accountabilities

Ministers and deputy ministers have statutory responsibility for the stewardship of financial resources and for ensuring appropriate control of public money. To carry out this responsibility, ministers or deputy ministers authorize ministry officials to exercise responsibilities on their behalf through written delegation of Expense Authority.

The *Financial Administration Act* provides the authority for expenditures from an appropriation. The Core Policy & Procedures Manual (CPPM sections 4.3.1 to 4.3.4), outlines EA policy and responsibilities for expense initiation and approval. The scope of authority to which EAs may commit their ministry is laid out in a delegation matrix. The matrix may also specify limitations on the expense group or type, or dollar amounts to which an individual may commit.

Expense Authority policy maintains a separation of duties by requiring the EA be a separate individual from the person identified as a Qualified Receiver (QR) [1]. In all cases, no expense can be paid without both an EA's approval and a QR's acknowledgement of receipt.

Travel reimbursement requests and goods and services requests using iExpenses and iProcurement are electronically forwarded to an EA for approval and then sourced. The iProcurement system sources goods and services, creates budget commitments, and draws down or reverses them when payment is made. The QR electronically acknowledges the receipt of goods and services on supplier delivery. The EA may receive assistance from staff in fulfilling his or her responsibilities, such as requesting, buying and receiving, but the EA is accountable for all expenditures they have approved.

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[1] A Qualified Receiver can be any staff trained in receipt of goods and services, and having personal knowledge of the goods or services being received.

Approving Expenditures

No purchase of goods and services may be initiated without EA approval. The EA has to take reasonable steps to ensure that the purchase is necessary for program delivery and complies with government policy, CPPM 4.3.2. In summary, the Expense Authority must only approve an expenditure that will:

- be a proper charge against an appropriation over which they have been delegated authority;

- not exceed the available appropriation; and

- comply with all relevant statutes, regulations, Treasury Board directives, other executive orders, and central agency and ministry policies.

In addition:

- the EA cannot be the payee.

- EAs are required to review monthly financial management reports for transactions posted during the preceding month, question unusual transactions, and take corrective action if discrepancies are noted.

- in the event that an EA has improperly exercised their authority, appropriate follow-up action will be taken commensurate with the infraction. Repeat occurrences will result in applying an escalating process of discipline, potentially including loss of expense authority and dismissal.

Also, the EA needs to verify the account coding and STOB (expenditure category) is correct before approving the expenditure.

Certifying Goods and Services Received & Payment Release

When goods have been received or the service delivered, a QR determines if the goods and services are satisfactory, and that they are as ordered, the correct price and quantity, and any other conditions have been met. Once determined to be satisfactory, the QR acknowledges the receipt. This can be either manual or electronic depending on the system being used; typically, it should be done using iProcurement. Where the order is initiated and approved using iProcurement, the QR must also certify the receipt using iProcurement for the three-way matching of order-receipt-invoice to take place.

Note that the receiving function could involve more than one person; for example, a staff member who accepts delivery of goods and services and signs delivery slips could be different from the person who inspects them, and so on. Ministries need to ensure that procedures for receiving are sufficient to enable the QR to certify goods and services received.

CPPM D.1 procedures identify the information needed on invoices before they can be paid. For certification of original paper invoices, ministries generally provide a coding block form or a stamp, which is completed with account codes and other relevant information, including EA and QR signatures for direct invoices. The coding block and invoice is then forwarded to accounts payable for checking and processing for payment via the CAS accounts payable system.

Upward Variances

Upward variances between the request, purchase order, and invoice can trigger a re-approval. For example, if a purchase was expected to cost $50,000, and the invoice totalled $51,000, that variance would require an EA to re-approve the transaction. This is also done electronically. The rationale for not permitting an upward variance is that the EA is accountable for the expenditure, and thus needs to be aware of and re-approve any transactions exceeding their original amount.

FAQs

1. *How is Expense Authority delegated in the ministry?*

   The deputy minister delegates EA to positions in the ministry via a delegation matrix.

2. *What kind of restrictions might there be on my Expense Authority?*

   EA can be restricted by:
   - Legislation, central agency and ministry policies and directives
   - Budget
   - Standard Object (STOB)
   - Dollar level, expense group or type

3. *How do I obtain Expense Authority?*

   Must be commensurate with your level of budgetary responsibility and usually recommended by your responsibility centre manager.

4. *Can EAs sign for any dollar amount for goods or services received?*

   Not necessarily. Ministries may establish dollar value limitations on their EAs. For example, some set limits by expense category type or by a dollar amount, while others may limit by the EAs budget.

5. *Employees who may receive goods or services are not formally delegated authority as a QR. Anyone can sign so what is the point of having one?*

   Employees as a QR serve an important role. They provide control and an extra level of assurance to the EA that the integrity of the process is protected. EAs are responsible for directing staff to properly carry out the QR duties.

If you have any other question(s) please contact your ministry CFO Office.