

Policy History
<b>Policy No.</b> GV4
<b>Approving Jurisdiction:</b> Board of Governors
<b>Administrative Responsibility:</b> Chief Financial Officer
<b>Effective Date:</b> October 27, 2021

## Signing Authority Procedure

### A. DEFINITIONS

1. **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.
  
2. **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.
  
3. **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 a 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.
  
4. **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.
  
5. **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.
  
6. **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

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

8. **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.

## **B. PROCEDURES**

### 1. SCHEDULE OF SIGNING AUTHORITIES

The Chief Financial Officer will develop a comprehensive "Commitment Authority Table" (hereafter referred to as "Schedule A") 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 Committee of the Board will receive a copy of the Schedule A for their review on an annual basis.

### 3. MAINTENANCE AND REVISION OF SCHEDULE

Schedule A will be maintained by the Chief Financial Officer 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 documents.

### 4. INFORMING AND TRAINING SIGNING AUTHORITIES

It is the responsibility of the Chief Financial Officer to ensure that persons who have been designated as signing authorities are provided with a copy of the Signing Authority Policy, Procedures and Schedule(s) 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.

Persons that have been granted authority shall ensure:

- i. In advance of the agreement being sent for Legal or Risk review, the signing authority sponsoring the agreement must have fully read the agreement and ensure that the University can meet all specifications and business terms in the agreement and will ensure that each required review is completed prior to final sign off on the agreement.
- ii. A copy of the Legal and/or Risk review (as required by Schedule A) must accompany the agreement during each stage of sign off. The version number and date of the file must be listed on the agreement as well as on the Legal and/or Risk review.
- iii. That any agreement is compliant with the laws of Canada and British Columbia.
- iv. 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.

- v. That any intellectual property matters have been properly considered, in accordance with the University's policies and procedures.
- vi. That any agreement is consistent with the University's mission, mandate and strategic plan, Budget, Collective Agreements, Academic Planning and Priorities, policies and procedures of the University.
- vii. That appropriate indemnities and insurance have been provided for.
- viii. 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 Chief Financial Officer or the Associate Vice-President, Research.
- ix. Signing authority, when applied, must reflect the total dollar value of the contract and not just the dollar value of the modification agreement.
- x. All Memorandums of Understanding (MOUs) pertaining to research are sent to the Office of Research Services (ORS) for approval.

#### **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

The Office of General Counsel should be consulted prior to signing a contractual document, agreement and/or contract.

Standard form contractual documents (other than template documents which have been created with prior assistance of legal counsel) should be submitted to the Office of General Counsel for a review prior to a document, agreement and/or contract being finalized and executed.

Documents with sizeable dollar values or complexity, significant ramifications or risk to the University, an intellectual or other specialized legal component, or are unusual in any way, may require external advice and should be referred to designated legal counsel in consultation with the Office of General Counsel.

A legal review by the Office of General Counsel from a legal perspective only and does not include an assessment of the business case underlying the transactions. The head of the academic or administrative unit having the contract executed is responsible for ensuring that the contract fits within its business and operational requirements.

##### Indemnity Matters

Any document, contract or agreement which contains an indemnification to other parties, must be reviewed by the University's Risk department and may need to be approved by the applicable Provincial 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, Procedures and related Schedule(s).

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.

## **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, or a limitation to liability must be reviewed by University's Risk department 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. Procurement Services is the primary office of record for all procurement related contracts and agreements. Procurement Services related contracts will be copied and distributed to the signing authority by Procurement Services.

## **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 to Budget Accounting at [Budget.Acctng@kpu.ca](mailto:Budget.Acctng@kpu.ca).
- 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 unexpected 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 Procurement or Human Resources policies and procedures, or specific directives or conventions within an operation unit. Expenditures 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, 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 the 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 researcher’s expenses are to be approved by the host’s one-over-one.
- d) Proposed purchases over the term with a value greater than \$200,000 not accounted for in the approved University budget must be approved by the Board of Governors. Splitting of orders to avoid this limit is not permitted.

## **C. RELATED POLICY**

GV4 Signing Authority Policy

Schedule A: Commitment Authority Table

Schedule B: Approval Authority Table

Schedule C: Signing Authority by Unit