

**Procedure 1104 PR.01****Signature Authority, Delegation of Approval Authority and Access for Financial Transactions**

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**1 – Delegation of Authority****Financial Transaction Approval Authority**

Authority to sign expenditure documents and other financial transactions may be delegated by department Lead Administrators, if allowed, to other qualified employees within the business office to improve operational efficiency. Qualified candidates for delegation of authority are regular employees of the University that are:

- adequately trained and certified in the responsibilities assigned to them and
- competent and skilled in their respective areas of responsibility.

Delegation of authority should be limited to the minimum number of designees needed to support the operations of the department and delegated to the appropriate levels.

**Segregation of Duties**

Adequate segregation of duties is critical to an effective internal control environment. Segregation of duties provides necessary checks and balances to deter fraud, detect errors and prevent concealment of irregularities.

In general, the approval function, the accounting/reconciling function, and the asset custody function should be separated among employees. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity.

Some examples of segregation of duties are:

- The Initiator and the Approver cannot be the same individual (except in cases where self-approval limits apply).
- The Preparer can be the same individual as the Initiator or the Approver.
- The person who maintains and reconciles accounting reports should not be able to authorize purchases or payments.
- When separation of duties is not possible, as in the example of self-approved SciQuest orders and Expense Reports under \$200, compensating control activities are required. In this example the Activity Review Report is used to monitor these transactions,

## 2 – Accountability

### Overall Responsibility

All individuals -- whether dean or faculty member, lead administrator or other staff – of Yale University are expected to adhere to the [Standards of Business Conduct](#) in all dealings inside and outside of the University. As an Initiator, Preparer or Approver you have the following responsibilities;

#### Initiator

Has first-hand knowledge of how the expense benefits the account charged, is appropriate and allowable based on the funding source. Has reasonable assurance funds are available. Initiators may need to consult their business support office if they are unsure.

For sponsored awards, Initiators other than the Principal Investigator must be authorized by the Principal Investigator to initiate transactions on the account. The authorization must be documented in the award file. Departments may use form 1310 FR.05 Delegation of Initiator Authority for Sponsored Projects. Initiators assure that the expense is allowable per sponsor policies and the terms and conditions of the account (if applicable), and is consistent with University policy.

#### Preparer

Provides appropriate documentation for transactions. Verifies that transaction contains appropriate and complete transaction information and description (WHO, WHAT, WHERE, WHEN & WHY) and provides valid and appropriate account(s).

#### Approver

Approves transactions and ensure compliance as follows:

Confirm compliance with University and sponsor policies, and terms and conditions of the account (if applicable). Confirm availability of funds, and appropriateness of accounting information and source of funds and review basic transaction information to ensure it is appropriate, reasonable, and complete. Verify delegated authorities.

### Online System Accountability

University employees with online responsibilities are held accountable for any inappropriate transactions or access, and inappropriate use of University information. Users are responsible for maintaining the security of NetIDs, system logon IDs and passwords. Information is to be kept confidential and to be shared only with authorized employees. Employees will be assigned unique NetIDs, which are not to be shared.

Consult Policy [1601](#) Information Security and Access for a more detailed discussion.

## 3 - Improper Transactions

An employee of the University must not knowingly prepare or approve a business transaction that is incorrect, inappropriate, fraudulent or in violation of University policy or governmental law should not grant inappropriate system access to any unauthorized person.

### Reporting Fraudulent Activities

If an employee discovers or suspects fraudulent activity, they must report such activity to the Director of University Auditing and to a supervisor, Dean, the Controller, or the Office of the Vice President and General Counsel, depending upon the nature of the violation. They may also call the Yale University Hotline (877-360-9253) to report a concern.

#### 4 - Quality Assurance

Departments must maintain copies of signed Financial Management Checklists (until central electronic filing is available) and annual Controls and Business Process Questionnaires indicating compliance with the policy.

#### 5 - Delegation Approval Limits/Responsibilities

When delegating authority it is best practice to give authority at the highest level appropriate for the individual throughout the department. If an employee is delegated multiple responsibilities, they should be at the highest level across those responsibilities for that department or organization.

University Office or Department	Approval and Documentation of Transactions
<b>Yale Corporation</b>	<ul style="list-style-type: none"> <li>The Yale Corporation By- Laws provide signature authority to the President and Vice President for Finance and Business Operations</li> </ul>
<b>The President and Vice President for Finance and Business Operations</b>	<ul style="list-style-type: none"> <li>Has the power to delegate to one or more subordinate officials or, with the approval of the President and when appropriate to the duties and responsibilities of such individual, to another officer or to officials subordinate to another officer, any or all of the powers mentioned in the Yale Corporation By-Laws. Some delegation may be subject to the approval by the Committee on Finance.</li> </ul>
<b>Provost</b>	<ul style="list-style-type: none"> <li>Subject to the authority of the President, the Provost shall prepare the operating and capital budgets of the University on the basis of the estimated operating income and capital receipts furnished by the Vice President for Finance and Business Operations and may further delegate to Deans, Directors and Chairs.</li> </ul>
<b>Controller's Office</b>	<ul style="list-style-type: none"> <li>Review Termination status subsequent to June 30 each year</li> <li>Review University-wide access and the Benefits Organization</li> </ul>

<p><b>Lead Administrators</b></p>	<ul style="list-style-type: none"> <li>• Retain accountability and responsibility for the delegated transactions.</li> <li>• Carefully evaluate the delegation of signature authority to other employees.</li> <li>• Required annual review at fiscal year-end.</li> <li>• Periodically review ER Approvers with Limits (Access Review Report)</li> <li>• Evaluate risk</li> <li>• Place limits as appropriate on dollar level and types of transactions</li> <li>• Review access of employees within your department that may have access to information outside of your department.</li> </ul>
<p><b>Shared Services Center</b></p>	<p>Responsibilities, among other things, are defined by standard partnership agreements that are established for each client unit and generally include the following:</p> <ul style="list-style-type: none"> <li>• Retain accountability and responsibility for the delegated transactions.</li> <li>• Carefully evaluate the delegation of signature authority to other employees.</li> <li>• Required annual review at fiscal year-end.</li> <li>• Periodically review ER Approvers with Limits (Access Review Report)</li> <li>• Evaluate risk</li> <li>• Place limits as appropriate on dollar level and types of transactions</li> </ul>
<p><b>Training Access Coordinators (TAC's)</b></p>	<p>TAC's review and approve Oracle training and access requests as follows:</p> <ul style="list-style-type: none"> <li>• Must participate in mandatory, yearly TAC training.</li> <li>• Receive e-mail notifications of pending requests for which approval is required. The notification includes a link to the Xtrain web site</li> <li>• Log on and review pending requests, as specified below, approve or reject</li> <li>• If TAC is not lead administrator, must have written documentation of authority to grant access request.</li> <li>• If University-level access to the Data Warehouse is requested (<b>View all Financial Information, View All Balance-Level Financial Information</b>), the TAC must also complete the on-line Data Warehouse University Wide Access Request form (<a href="https://www-iisp1.its.yale.edu/si/ua/uaadmin/DWUniversityWideRequests.htm">https://www-iisp1.its.yale.edu/si/ua/uaadmin/DWUniversityWideRequests.htm</a>)</li> </ul>

<p><b>Initiator</b></p>	<ul style="list-style-type: none"> <li>• Has first-hand knowledge of how the expense benefits the account charged, is appropriate and allowable based on the funding source.</li> <li>• Has reasonable assurance funds are available. Initiators may need to consult their business support office if they are unsure.</li> <li>• For sponsored agreements, Initiators other than the Principal Investigator must be authorized by the Principal Investigator to initiate transactions on the account. The authorization must be documented in the award file. Departments may use form 1310 FR.05 Delegation of Initiator Authority for Sponsored Projects.</li> <li>• Initiators assure that the expense is allowable per sponsor policies and the terms and conditions of the account (if applicable), and is consistent with University policy.</li> </ul>
<p><b>Preparer</b></p>	<ul style="list-style-type: none"> <li>• Places the order for goods and services on direction of the initiator</li> <li>• Provides appropriate documentation for transactions.</li> <li>• Verifies that transaction contains appropriate and complete transaction information and description (WHO, WHAT, WHERE, WHEN &amp; WHY)</li> <li>• Provides valid and appropriate account(s).</li> </ul>
<p><b>Approver</b></p>	<ul style="list-style-type: none"> <li>• Confirm compliance with University and sponsor policies, and terms and conditions of the account (if applicable).</li> <li>• Confirm availability of funds, and appropriateness of accounting information and source of funds and</li> <li>• Review basic transaction information to ensure it is appropriate, reasonable, and complete.</li> <li>• Verifies through inquiry or has direct knowledge that the goods were received or the service was performed.</li> <li>• Verify delegated authorities.</li> </ul>

## 6- Delegated Authority and Access Review and Maintenance

### Review

Good judgment and common sense are the guiding principles for performing an efficient and effective financial review of transaction activities. On a monthly basis lead administrators, regional offices or the YSSC should use the [Financial Management Checklist](#) as a minimum guide to ensure that all required monthly financial review of approved transactions is completed in a efficient and effective manner and to ensure that their designees are exercising delegated authority responsibly and appropriately. Lead Administrators must be satisfied that each designee has either documentation or specific knowledge to confirm that the transaction is:

- accurate,
- valid,
- complete, and
- in accordance with relevant financial, legal, and contractual requirements.

If the lead administrator is not satisfied that the above conditions have been consistently met, the employee's signature authority should be revoked.

## Appendices

The following Appendices include the applications that departments should review to verify delegation of authority and access to financial transactions.

- Appendix A – Alphabetical glossary of job functions found in the Access Review Report in the Data Warehouse Portal (formerly BUG112a), the majority are accessed through START
- Appendix B – BMS Web Security and Menu Access Review Reports
- Appendix C – Other University and Medical School significant applications. See Comment and Contact fields for access information. Note that you will be notified by the process owner on a yearly basis only if they do not have an automatic process to remove access for terminated employees.

## Ongoing Department Maintenance

Whenever there is a new hire, change in position, grade, function, termination, and transfer out/in, then you are required to review the following:

- Access Review Report in the Data Warehouse Portal (See Appendix A)
  - View Access by Person
  - If employees in your home organization have access outside of the department, contact outside departments to confirm access/responsibility is appropriate.
- If the Medical School is involved – BMS Web Security and Menu Access Review Reports
  - See Appendix B
- Contact Process owners for other systems/approvals not included above.
  - See Appendix C
  - Refer to the prior year's list supplied by the process owner and update as employee's access changes.
- Signature on Management Review Checklist attests to the completion of required maintenance.

**Please note that if an employee is retiring, transferring out of the department or being laid-off, you must review their access and make the necessary changes prior to close of business on their last day in your department.**

### Documentation:

- If Disbursement Approver limits are different from the University standard then the OK2Pay Internal Approvers Limits Template in the Access Review Report must be completed and retained for seven years.

## Annual Maintenance (Overall Review of Access and Responsibilities)

- **Department/Organization**

An annual review and update of access and responsibilities at fiscal year-end using the following reports is required.

- Access Review Report in the Data Warehouse Portal (formerly BUG 112a; see Appendix A)

- All Pivots in the Access Reports Section
- It is the responsibility of the Department that an employee is in to verify and make modification to any access the employee has that is outside of that department.
- If the Medical School is involved – Medical School Application Inventory
  - See Appendix B
- Respond to process owners for other systems/approvals checklists with any changes.
  - See Appendix C
- Sign the annual Controls and Business Process Questionnaire acknowledging completion of this annual review.
- **Process owners of systems in Appendix C (Other Significant Applications)**

Process owners for other systems/approvals in Appendix C will review and correct or provide departments with list of system access and approvals for review and update each year in the month of June if they do not have an automatic removal process for terminated employees. Those lists should be kept throughout the year and updated as employees access changes.

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The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.

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