

## SIGNATURE AUTHORITY

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## SIGNATURE AUTHORITY

I. INTRODUCTION

This chapter sets forth guidelines to be followed in connection with assigning signature authority, in both paper and electronic processing environments, to a department or program operating as a functional unit of a campus. The requirements and procedures detailed in this chapter do not apply to the Lawrence Berkeley National Laboratory (LBNL).

Accountability for the management of financial resources is delegated by the Chancellor to the organizational heads (Department heads) of functional units on campus, e.g., administrative and service departments such as accounting, purchasing, personnel, and storehouse, or the heads of academic departments. Accordingly, the Department heads are responsible for safeguarding University resources by establishing and maintaining sound business controls that are designed to *deter* and *detect* any potential misuse of resources. To ensure that proper controls are in place, responsibility for departmental transactions must be divided among at least two individuals in a department, the preparer of the transaction and a reviewer (the Department head or a designee). If a department is too small to have adequate separation of duties, a larger administrative unit should be involved to provide the required separation.

Department heads authorize specified individuals in their departments to initiate, process, and review business transactions. Some type of paper or electronic signature authorization form is customarily used for this purpose (see Sections II.C. and D). The following qualifications are recommended for individuals who are assigned signature authority:

- 1) Active involvement with the activity being conducted;
- 2) A working knowledge of the University budget process;
- 3) The technical skills required to use the administrative application systems involved in conducting the activity;

I. INTRODUCTION (Cont.)

- 4) Familiarity with the policies, rules, laws, regulations, and other restrictions on the use of funds sufficient either to ascertain compliance or to seek additional assistance when required; and
- 5) Authority to disallow a transaction without being countermanded or subject to disciplinary action.

Assigned signature authority represents one method of control. Proper management of the financial resources over which a unit has been assigned jurisdiction also includes separating the duties of individuals responsible for conducting the Department's business transactions, monitoring the effectiveness of controls established for paper and electronic processes, and reviewing reports and sampling completed transactions in a timely manner.

II. PROCEDURES

## A. SIGNATURE AUTHORITY FOR EXPENDITURES

The foundation of the expenditure process is **approval** of a department's budget by the Chancellor. The Chancellor's approval constitutes a delegation to the Department head of the Chancellor's authority to expend the funds budgeted for that Department.

Thus, for example, following completion of the annual budget process, the Chancellor funds programs presented in the approved budget by the Engineering Department with funds from the State General Fund, or by the Student Health Service with funds from Registration Fees.

In general, approved departmental budgets are published on July 1, in the Departmental Allocations--University of California Budget for Current Operation. For extramural awards, such as contracts, grants, or gifts, budgets are established on acceptance of such awards and, normally, are documented in a letter from the campus accounting officer to a departmental administrator. All approved budgets are recorded in the campus General Ledger.

In addition, each Department is responsible for managing its financial resources, as specified in Section I of this chapter.

## B. RESPONSIBILITY ATTENDANT TO SIGNATURE AUTHORITY

As specified in Section I., individuals authorized to expend funds from a Department's budget must comply with all the applicable policies, regulatory requirements, laws, regulations, and special restrictions on the use of those funds. For example, expenditure of State General Fund funds budgeted for the Engineering Department is contingent upon compliance with certain requirements embodied in the *control language* of the State Appropriation Act.

Similarly, expenditures for budgets that include Federal grants must comply with any applicable Federal requirements contained in Office of Management and Budget Circulars A-21, Cost Principles for Educational Institutions, and A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations. Expenditures of a budget funded from endowments must conform to the terms and conditions of the bequest(s) involved. For extramural awards, funds generally must be expended according to the terms of the award, the budget for the project as approved by the sponsor, and any other applicable sponsor requirements.

## C. SIGNATURE AUTHORITY DOCUMENTATION--PAPER PROCESSING

Before budgeted funds can be expended, a record of the signatures of those authorized to originate and approve specified departmental business transactions must be provided to administrative and service departments. These may include authorization to sign purchase requisitions, service department orders, requests for issuance of a check, payroll time reporting forms, etc. This requirement applies to the Department head and each staff member to whom signature authority has been assigned. The signature Authorization or Cancellation form (Form U242-1), or an equivalent form, may be used (see Exhibit I).

Such authorizations must be kept on file by the appropriate administrative or service department(s), reviewed periodically, and cancelled when no longer required.

## D. SIGNATURE AUTHORITY DOCUMENTATION--ELECTRONIC PROCESSING

In an electronic processing environment, manual controls over paper transactions are replaced by system

II. PROCEDURES (Cont.)

## D. SIGNATURE AUTHORITY DOCUMENTATION--ELECTRONIC PROCESSING (Cont.)

access controls over computer operations and resident information and databases. Any addition to, or deletion or alteration of, records must be controlled and logged only by individuals who have been assigned authority to originate and approve specified electronic business transactions. Therefore, before budgeted funds can be expended, some type of document is required to record the assignment of electronic signatures or authorization codes and the approval hierarchy levels and codes associated with a particular function or database (see Exhibit II for a sample System Access Request form).

A Departmental Security Administrator (DSA) should be assigned the responsibility for maintaining the official record and ensuring that it is kept secure, accurate, and current.

Authorization documents may be maintained as specified in Section C. above, or electronically by the DSA.

## E. REVIEW OF ASSIGNED SIGNATURE AUTHORITY

Administrative or service departments should periodically obtain a listing of terminated employees in order to update signature authorization form files in a timely manner, i.e., at least once a year (or more often if the department has significant turnover experience). Alternatively, a process should be developed to delete immediately employees who no longer have signature authority.

A computer listing of individuals authorized to conduct specified business transactions for the University may be used as a desk reference, *provided the listing is prepared and updated periodically*, based on information contained in the hard copies of completed signature authorization forms or electronic authorizations. The listing must be issued under the authorization of the accounting officer.

## F. RETENTION OF DOCUMENTATION

The University of California Records Disposition Schedules Manual, Section III.F., Other, requires that signature authorization or cancellation documents be retained for one year after cancellation. The office of record is Accounting or Purchasing.

### III. RESPONSIBILITIES

#### A. DEPARTMENT HEADS

Department heads are responsible for providing administrative and service departments with the signature specimens, where applicable, of all individuals under their jurisdiction who are authorized to conduct business transactions for the Department.

Department heads are also responsible for the prompt cancellation of signature authority of individuals who no longer have authorization to conduct business transactions for the Department.

It is the Department head's responsibility to ensure that expenditures incurred on behalf of the Department are made in accordance with the requirements detailed in Section II.B.

In addition, the Department head is responsible for ensuring that the financial resources over which it has control are properly managed as specified in Section I.

#### B. ADMINISTRATIVE AND SERVICE DEPARTMENT HEADS

Administrative and service department heads must ensure that valid signature authorities are maintained on file, and that requisitions, orders, and payments for goods and services are *properly authorized* in accordance with the guidelines presented in this chapter.

### IV. REFERENCES

#### Accounting Manual Chapters:

- A-000-7 Official Documentation Required in Support of University Financial Transactions
- D-371-16 Disbursements: Approvals Required.
- D-371-36 Disbursements: Invoice Processing.
- P-196-13 Payroll: Attendance, Time Reporting, and Leave Accrual.

IV. REFERENCES (Cont.)

University Policy on Whistleblowers:

- Whistleblower Policy
- Whistleblower Protection Policy

Business and Finance Bulletin:

RMP-5      Legal Requirements on Privacy of and Access  
to Information.

Office of Management and Budget Circulars:

A-21      Cost Principles for Educational Institutions.

A-110      Uniform Administrative Requirements for  
Grants and Other Agreements With Institutions  
of Higher Education, Hospitals, and Other  
Nonprofit Organizations.

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Historical note: Original Accounting Manual chapter published  
September 1, 1983. Revisions: 6/30/95, 3/31/07; and 9/30/09  
analyst—John Barrett.

**EXHIBIT I: SIGNATURE AUTHORIZATION OR CANCELLATION FORM**



**SIGNATURE AUTHORIZATION OR CANCELLATION**

U242-1 (R7/93)  
E0660

**INSTRUCTIONS:** A signature authorization remains in effect until cancelled. When a person's authorized status ends, the authorizing officer is responsible for cancelling that status by use of this form. Department Heads may make "Department Authorizations" as indicated for items A-H below. Other delegations, such as items I-K below, require the approval of the next higher officer as well. Such authorizations can only be made to acting or vice chairperson or their functional equivalent. Department Heads must also complete this form to place their own signature on file; no confirming signature is necessary for this. See the Accounting Handbook, Section G, for more details on campus policy governing signature authorization.

To assist the Accounting Office in processing this form, please indicate which statement(s) describes the action(s) to be taken. Then complete Sections 1 & 2 below.

- 1. Add a new signator to the file.
- 2. Add accounts (or account / funds) to a signator already on the file.
- 3. Delete accounts (or account / funds) associated with a signator who is to remain on the file.
- 4. Delete a signator from the file due to separation, etc.
- 5. Record a change in name & employee no. for someone already on file. Employee no. & name prior to change: \_\_\_\_\_  
 Old Employee No. \_\_\_\_\_ Old Name: Last, First, MI \_\_\_\_\_ Give new information & authorized delegations below.

**SECTION 1 ~ NAME INFORMATION**

Employee No. \_\_\_\_\_ Name: Last \_\_\_\_\_ First \_\_\_\_\_ MI \_\_\_\_\_ Payroll Title \_\_\_\_\_  
 Department Name \_\_\_\_\_ Effective Date \_\_\_\_\_

**SECTION 2 ~ AUTHORIZATION INFORMATION**

Accounts Covered

Employee No.	Recording No. Prefix	Loc.	Account No. (Give full 6 digits)	Fund No. (If all funds use '00000')
2				
2				
2				
2				
2				
2				
2				
2				
2				

- Delegations - Check appropriate boxes:**
- Department Authorizations -**
- A. Requisitions (i.e. Purchase, Printing, Physical Plant)
  - B. Univ. Service Dept. Orders / Chgs.
  - C. Travel
  - D. Invoices
  - E. Request for Issuance of a Check (Form U5)
  - F. Payroll Time Reporting Forms
  - G. Staff Personnel Transactions
  - H. Student Aid (incl. Fee Payment Reduction Cards, & all Financial Aid Payment Authorizations)
- Authorizations Requiring Approval of Next Higher Officer -**
- I. Academic Personnel Transactions
  - J. Budget Forms (Transfers of Funds)
  - K. ALL DEPT. BUSINESS Includes categories A-H & I-J above.

- Other -**
- L. Specify \_\_\_\_\_
  - M. Standard Entertainment
  - N. Exceptional Entertainment

DEPARTMENT HEAD'S APPROVAL \_\_\_\_\_

NEXT HIGHER OFFICER'S APPROVAL \_\_\_\_\_

SIGNATURE SPECIMEN as it will appear on Univ. documents

RETN: Accounting: 1 year after Cancellation  
Other Copies: Until Cancelled

**EXHIBIT II: SYSTEM ACCESS REQUEST FORM**



DSA SAR

ADMINISTRATIVE INFORMATION SYSTEMS (AIS)  
**SYSTEM ACCESS REQUEST (SAR)**  
 (Access to Information, Databases)

TO: AIS  
 3327 MURPHY HALL  
 143401  
 (310) 825-3822

**I. DEPARTMENT/ACCOUNT INFORMATION (MUST BE COMPLETED)**

PLEASE TYPE OR PRINT CLEARLY:

Date: \_\_\_\_\_  
 Prepared by: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Dept. Code: \_\_\_\_\_ Dept. Name: \_\_\_\_\_  
 Dept. Head: \_\_\_\_\_ Dept. Address: \_\_\_\_\_

REQUISITION NUMBER			
(Internal Use only)			

LOC	ACCOUNT	CC	FUND	PROJECT	FIN CLASS		SOURCE
					SUB	OBJECT	

Account Authorizer: \_\_\_\_\_ / \_\_\_\_\_  
Printed Name Signature Dept. Billing Contact: \_\_\_\_\_

**AUTHORIZER OR ACCOUNT ADJUSTMENTS ONLY**

The account number above is new to AIS.

Delete Account Number: \_\_\_\_\_

The authorizer listed above is new for the account number.

Delete Authorizer Name: \_\_\_\_\_

Dept. Head Signature: \_\_\_\_\_  
(Required if ANY of the above boxes are checked)

**2. FUNCTION INFORMATION (USE SEPARATE FORM FOR EACH INDIVIDUAL REQUESTING ACCESS)**

Person for whom access is requested: \_\_\_\_\_ Title: \_\_\_\_\_  
(Print: Last, First, MI)

Employee #: \_\_\_\_\_ AIS Logon ID: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_  
(if none use SSW) (if one exists) (if one exists)

Supervisor's Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
(Printed Name)

Departmental Approval: \_\_\_\_\_  
This approval implies requested access is necessary and proper. (Printed name/signature)

Please list each system function or database you want to access and describe what you want to do with each. (see instructions on back for guidelines)

DSA  Back-up DSA

Please add: CL001, EA001, FSTFA, FSINC, CGNC, ZBAR4025 (SBAR Inquiry),  
 ZBAR4015 (SBAR Update), PPDBINQ for hierarchy level \_\_\_\_\_,  
 hierarchy code \_\_\_\_\_

Remember to list E-Mail and Employee #

Function Approval (for central use only):

\_\_\_\_\_  
Signature/Date Function Code (s)

\_\_\_\_\_  
Signature/Date Function Code (s)

\_\_\_\_\_  
Signature/Date Function Code (s)