

Procedure Title:	Exercising Expenditure Authority				
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Approved for DHS By: *Jim Scherzinger, Chief Operating Officer*

Date Approved 7/10/11

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Date Approved 7/07/11

Procedure

Strong accountable business processes are the activities conducted in the course of the agency's operations that are expected to add value to our clients, employees and stakeholders and to the services the agency provides. Effectively monitoring financial transactions helps to strengthen regulatory compliance and increases the chances of detecting error, fraud, waste, abuse or preventing an improper activity before the agency's ability to achieve its operational objectives are materially affected.

This procedure emphasizes accountability and responsibility when delegating and receiving expenditure authority. Delegated expenditure authority is an important internal control designed to protect public resources.

Applicability

The agency must ensure that actual financial operations comply with applicable statutes, administrative rules, and legislative appropriation acts. The Department of Administrative Services (DAS) State Controller's Division established specific policies and procedures for accounting regulations, safeguarding assets and disbursing public funds which are binding upon the Department of Human Services and Oregon Health Authority.

This procedure is applicable to all employees. Failure to adhere to this procedure may result in disciplinary action, up to and including dismissal.

Step	Responsible Party	Action
1. Delegation of Authority	Director	<p>Per ORS 409.120, the Director of the agency has the authority to delegate expenditure authority.</p> <p>The signed and dated letter of <i>Appointment and Delegation of Authorities</i> designates the authority delegated by the Director.</p> <p>The letter is for the specific use by the Director only.</p>

Step	Responsible Party	Action
2. Expenditure Decision Authority Responsibility	Chief Operating Officers, Administrators, and Agency Managers	<p>Expenditure decision authority delegations are hierarchical in nature. A higher-level delegator may extend, revise or withdraw any delegation or sub-delegation to staff within his or her organizational span of control.</p> <p>The manager shall ensure the responsibilities associated with the level of delegated expenditure authority are commensurate with the designated employee's education, experience, knowledge, skills and training.</p>
3. Internal Control	Chief Operating Officers, , Administrators, Agency Managers, Designated Employees	<p>To minimize the risk associated with malfeasance, managers shall ensure there are adequate internal controls and segregation of duties when delegating expenditure authority to employees. Managers shall:</p> <ul style="list-style-type: none"> • Review the transaction to confirm the obligation is a responsible and appropriate use of funds and is in compliance with state and or federal laws and Agency policies and procedures. • Exercise managerial judgment and oversight to assess whether the obligation or expenditure passes the "public perception" test. • Ensure there are adequate budget resources available to incur the obligation or expenditure. • Review the accuracy and completeness of the information as well as the authorization of the transaction. • Identify problem areas and institute corrective actions before the problem affects operational efficiency. <p>The manager shall ensure no one individual is allowed to control all key aspects of an expenditure transaction. In those cases where staffing limitations may prohibit or restrict the appropriate segregation of duties, the manager shall exercise more active oversight of operations to the extent possible as compensating controls.</p>
4. Delegation Prohibited	Chief Operating Officers, Administrators, and Agency Managers	<p>Unless provided by law, managers may not delegate expenditure decision authority to temporary employees, volunteers, or any individual or organization under contract without the express written approval of the DHS Controller or designee.</p> <p>Represented employees may not sub-delegate expenditure decision authority.</p>

Step	Responsible Party	Action
4. Delegation Prohibited cont.	Chief Operating Officers, Administrators, and Agency Managers	In all cases, the person delegating expenditure decision authority may not delegate an amount or level of authority that exceeds his / her own expenditure decision authority.
5. Policies, Rules, Laws	Chief Operating Officers, Administrators, Managers and Designated Employees	<p>Managers are responsible for ensuring that the employees have read and understand the applicable statutes, rules, policies and manuals governing delegated expenditure authority prior to delegating the authority, including:</p> <ul style="list-style-type: none"> • The appropriate use of public funds to ensure expenditures aid or promote the agency achieving its mission and fulfilling its legal requirements. • Exercising reasonable due care when performing delegated expenditure authority. • Applying cash management principles. • Understanding personal liability issues. • Applying internal controls and procedures. • Authorizing negotiable instruments, e.g., gas vouchers, bus tickets, or other expenditures. • The appropriate methods for payments, e.g., SPOTS card purchases, travel, check, warrant, and electronic fund transfer. • The budgetary authority established by law and supported by actual revenues. • The accounting and budgetary structure applicable to the area(s) of responsibility.
6. Accepting Delegated Expenditure Authority	Manager, Delegated Employee	<p>The employee must confirm to the manager he / she:</p> <ul style="list-style-type: none"> • Has read and understands all applicable state laws, rules, policies, and manuals governing delegated expenditure authority, and • Understands and agrees to comply with the personal and professional accountability and responsibility standards associated with expenditure decision authority.
7. Authorizing Expenditures	Designated employee, Manager	<p>Expenditures must be consistent with the purpose intended by the appropriation. Any person who exercises expenditure authority shall be legally responsible and accountable for the appropriateness of the expenditure. Both the manager and designated employee may be held personally liable for any expenditure that is later determined to be an inappropriate use of public funds, or for which there was insufficient budgetary authority. To avoid personal liability issues, employees should refer any questionable expenditure request to their manager for determination.</p>

Step	Responsible Party	Action
<p>7. Authorizing Expenditures cont.</p>		<p>Designated employees authorizing expenditures are responsible for ensuring that the expenditures are an appropriate and legal use of public funds and proper funding sources are charged, e.g., grant, project and or program budget.</p> <p>The employee with delegated expenditure authority shall review payment documents for accuracy and appropriateness prior to signing signature approval for payment. Payment documents used to authorize expenditures include invoices, entitlements, grant awards and grant disbursement requests, vouchers, check requests, purchase requisitions/orders, contract requests, contracts, travel advances, travel claims, SPOTS applications and purchase logs, and other similar forms.</p> <p>Electronic approval requiring personal identification numbers (PIN) in automated financial systems, R*STARS, ADPICS, or TRIPS for payment documents are acceptable. Scanned and/or faxed documents are acceptable as long as the original signature is affixed to the source document and the document is retained in accordance to Oregon State Archive rules. Scanned/faxed payment documents must be noted as such in order to avoid duplicate payments.</p> <p>Initials are not authorized.</p> <p>See DHS-060-034, Reasonable Accommodation Policy.</p>
<p>8. Signature Authorization for Budgetary Expenditures, DHS 286 form</p>	<p>Chief Operating Officers, Administrators, Managers and Designated Employees</p>	<p>The Signature Authorization for Budgetary Expenditures, MSC 0286 form identifies the types of expenditures and dollar amounts the person receiving the delegation shall be authorized to incur or expend on behalf of the agency. The form is not valid if incomplete or unsigned by the manager delegating the authority and the employee receiving the authority.</p> <p>Managers who delegate expenditure decision authority to their employees will retain a copy of the MSC 0286 in a file of the delegations they have signed. Delegations need to be retained in accordance with State Archive requirements.</p> <p>Managers shall transmit the MSC 0286 to the Office of Financial Services. Forms can be e-mailed to Delegated.Authority@state.or.us</p>

Step	Responsible Party	Action
9. Control of the MSC 286 form	Agency-wide Disbursements	<p>The Office of Financial Services enters the delegated authority information on the MSC 0286 and <i>Appointment and Delegation of Authorities</i> letter into the Delegated Signature Authority system.</p> <p>Delegated Authority information will be made available to managers via the intranet.</p>
10. Changing Delegated Expenditure Authority	Chief Operating Officers, Administrators, Managers	<p>For internal control purposes all changes to the delegated expenditure authority require a new <i>Appointment and Delegation of Authorities</i> letter or MSC 0286. Hand amended copies are not acceptable.</p>
11. Withdrawing Delegated Expenditure Authority	Chief Operating Officers, Administrators, Managers	<p>To withdraw the delegation of expenditure decision authority, the manager shall complete and sign the <i>Rescind Delegated Authority</i> section at the bottom of MSC 0286 or <i>Rescinded</i> line on the <i>Appointment and Delegation of Authorities</i> letter. The signed document shall be transmitted to the Office of Financial Services or e-mailed to Delegated.Authority@state.or.us</p>
12. Changes in employee's work assignment	Chief Operating Officers, Administrators, Managers	<p>Managers are responsible for immediately updating the MSC 0286 as employees leave or transfer out of their supervision.</p> <p>Managers who fail to remove expenditure authority by updating the MSC 0286 or <i>Appointment and Delegation of Authorities</i> letter will be held accountable and responsible for any purchase authorized by the employee who left the manager's span of control.</p> <p>The manager's failure to timely revoke the employee's expenditure authority is an inappropriate action. The agency may apply the same standards and penalties for failure to revoke employee's expenditure authority as those included in the Oregon Accounting Manual, Internal Control-Expenditures 10.40.00.109-.113, <i>Penalties for Inappropriate Action</i>.</p>
13. Vacancy of a Management Position	Chief Operating Officers, Administrators, Managers	<p>When a manager with delegated expenditure decision authority leaves or transfers out of the work unit, the delegations he or she signed may remain in effect during the vacancy and for the first 30 days after a new manager is hired.</p> <p>During this period, the supervising manager of the vacated management position has the authority to add or remove expenditure decision authority from any employee who had received such delegation from the vacating manager.</p>

Step	Responsible Party	Action
13. Vacancy of a Management Position cont.	Chief Operating Officers, Administrators, Managers	<p>If an interim manager is selected the appointing supervisor may delegate expenditure decision authority by completing the MSC 0286 or <i>Appointment and Delegation of Authorities</i> letter, if appropriate.</p> <p>Without the completed and signed document on file with the Office of Financial Services, the supervising manager will be responsible for all expenditures made by employees with current delegations within the affected scope of authority.</p> <p>Within 30 days after receiving delegated expenditure authority, the new manager will:</p> <ul style="list-style-type: none"> • Review all Delegation of Expenditure Authority under his / her control, • Withdraw, change, or retain the delegated authority by completing and submitting a new document and or by completing the <i>Rescind Delegated Authority</i> section on the original MSC 0286 or the Rescinded line on the <i>Appointment and Delegation of Authorities</i> letter.
14. Personnel Database Report	Human Resources, Office of Financial Services,	<p>On or before the fifteenth of each month the Office of Financial Services will receive the Personnel Database report from Human Resources. The Office of Financial Services staff will review the report to verify if any employee with delegated expenditure authority has transferred or terminated employment. A reminder notice will be sent to those managers who have not revoked the employee's authority.</p> <p>The report will contain relevant information on the employees:</p> <ul style="list-style-type: none"> • Employee Name • Employee OR ID number • Effective Date of Action
15. Pre-audit and Payment Processing Responsibility	Office of Financial Services	<p>Pre-audit responsibility is separate and distinct from delegated expenditure authority. The Office of Financial Services shall exercise reasonable due care in performing their responsibilities and shall be held responsible only for the accuracy of their actions in processing the claim, based upon the information provided them.</p> <p>The Office of Financial Services staff shall perform a thorough review of expenditure documents for accuracy, completeness and for compliance to applicable policies and procedures, when practicable. At a minimum Financial Services shall:</p> <p>Verify the approver has delegated signature authority.</p>

Step	Responsible Party	Action
15. Pre-audit and Payment Processing Responsibility cont.	Office of Financial Services	<ul style="list-style-type: none"> • Confirm the expenditure is supported by the appropriate documentation. • Review the expenditure for reasonableness within the normal range of activity for the area and test the appropriateness of the use of public funds. • • Seek clarification or obtain additional documentation to meet the minimum documentation standards and properly account for the expenditure. <p>The Office of Financial Services shall rely on the economical, fiscal and fiduciary stewardship of the person authorizing the expenditure.</p>

Policy that applies:

[DHS-040-010: Delegation of Expenditure Authority](#)

Procedure(s) that apply:

[DHS-040-010-02: Inappropriate Actions](#)

Form(s) that apply:

[MSC 0286](#): Delegated Signature Authorization

[DHS 2117](#): Employee Separation Check List

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Procedure History:

Version 2.0:

- **07/01/2011** - New form MSC 0286, Delegated Signature Authorization, replaces DHS 0286. Wording revised to incorporate both Oregon Department of Human Services and the Oregon Health Authority Version.

Version 1.0:

- **07/01/2008** – Initial Release.