

<b>Section</b>		<b>Accounts Payable / Expenditure</b>
<b>Policy</b>	<b>Financial delegations</b>	
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<b>Responsible Officers</b>	Director Finance, Planning & Reporting and CFO	
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### 1. INTRODUCTION

The University is accountable for the application of its funds under the Financial Management Act 2006. As such, all University expenditure must be duly authorised and comply with the University's purchasing and procurement policies.

The Senate is responsible for authorising University expenditure. However, the Murdoch University Act 1973 specifies that the Senate may, in relation to any activity or function of

the University, by resolution, delegate all or any of its powers and functions to any committee or officer of the University. The Senate can therefore authorise University expenditure indirectly through delegation which provides University employees with the appropriate level of formal financial authority to enable them to discharge their responsibilities.

This delegation of financial authority within the University is an effective internal control mechanism to ensure a smooth operation of the financial and administrative processes. It minimises the steps in the decision-making process and increases the accountability of University employees for their performance.

## **2. SCOPE**

The Financial Delegation Policy identifies the requirements for authorisation of University expenditure. It relates specifically to purchasing of goods and services for University purposes only.

This policy is applicable to all University employees or appointed representatives who have been delegated with financial responsibility arising from their positions of office.

## **3. DEFINITIONS**

### **3.1 University:**

Murdoch University excluding all its controlled entities.

### **3.2 University Business:**

Work undertaken on behalf of the University for purposes directly associated with the functions of the University, including, but not limited to:

- official duties or operations, and
- conference, research, consultancy, administrative or academic duties.

### **3.3 University Expenditure:**

Expenditure incurred for the purpose of carrying out the University activities.

### **3.3 Financial delegation:**

The dollar amount a financial delegate is authorised to approve in respect of an individual financial transaction. All delegations are GST inclusive.

### **3.4 Financial delegates:**

University employees or appointed representatives who have been delegated a financial authority to approve University expenditure.

### **3.5 University employee:**

An employee is any member of the University by definition of their employment contract.

Students, consultants, contractors, casuals and all other members not meeting the above definition are not considered to be a University employee.

### **3.6 Appointed representative:**

Individuals, other than University employees, that have been approved by the Office of Finance, Planning & Reporting (OFPR).

### **3.7 Approved budget:**

University budget approved by Senate and Resources Committee.

## **4. POLICY**

### **4.1 Assignment of Financial Delegation**

- Financial delegations are assigned to University employees or appointed representatives who are holding positions that have been authorised with financial responsibility to approve University expenditure within limits.
- Financial delegations are not automatically attached to the position a University employee or appointed representative holds. Assignment of a financial delegation to any position within the University must be approved by the Director Finance, Planning & Reporting and CFO (Refer to point 5.1).

### **4.2 Use of Funds**

- Financial delegates are not permitted to use any University procurement methods or expenditure reimbursement processes to acquire goods, services or consultancy that is not University Business related.
- Financial delegates are not permitted to use any University procurement methods or expenditure reimbursement processes for payment of personal costs (which are the personal responsibility of the University employees irrespective of what duties were being performed at the time of incurring the cost), including, but not limited to:
  - fines (traffic, parking etc); and

- o gambling.

### 4.3 Operation of Financial Delegation

- Financial delegates must avoid any conflict of interest when carrying out their duties. They must not authorise expenditure for or reimbursement of expenditure incurred by and related to them. They should obtain authorisation from other financial delegates within the same accountability area, preferably from their supervisors.
- Financial delegates have authority to incur expenditure only within the limit of the approved budget or where other unbudgeted sources of funds are received or receivable.
- In relation to expenditure which is out of budget or not supported by other unbudgeted sources of funds, approval must be obtained from:

Senate Committee	Greater than \$5,000,000
Resources Committee	Greater than \$1,000,000
Vice-Chancellor	\$50,000 - \$1,000,000
Deputy Vice Chancellor	Less than \$50,000

- Those who incur expenditure which is unapproved, beyond the approved budget and/or without an additional source of funds may be accountable for that expenditure.
- The finance limit applicable to the delegation to incur expenditure relates to the total gross cost (including all taxes/duties and excluding all set-offs/trade-ins) of the transaction and over the term of the transaction. The transaction should not be assessed in parts (eg. by instalments) or the cost of individual items.
- Financial delegation also extends to limits held on purchasing cards (Policy 517 – Purchasing Card Policy and Concur Acquittal Process) issued to University employees. The approved credit limit assigned to the purchasing card holder is the delegated financial authority to incur expenditure on behalf of the University. This credit limit is a separate financial delegation which does not arise from the cardholder’s position of office but is subject to both the Financial Delegation Policy and the Purchasing Card Policy. OFPR maintains a record of all the purchasing cards issued to the University employees.

### 4.4 Maintenance of Financial Delegation

Financial delegation is maintained by OFPR. All matters relating to financial delegation must be communicated to OFPR in writing.

#### 4.5 Temporary Financial Delegation

- University employees appointed to “acting” positions on a temporary basis may exercise all the financial authority of the positions unless advised otherwise by their supervisor.
- The application request for temporary financial delegation varies according to the period of temporary assignment:
  - More than 4 weeks - Completion of Request for Financial Delegations (Form 592) is required, clearly indicating the effective period of the temporary assignment.
  - 4 weeks or less – Notification to OFPR is required, clearly indicating the effective period of the temporary assignment:
    - If the “acting” financial delegates have previously submitted Form 592 to OFPR, then a notification email will be sufficient. This notification email should be sent by the:
      - Vice-Chancellor; or
      - Deputy Vice-Chancellor; or
      - Faculty Dean; or
      - Dean of School/Director of Office

who is authorised with a higher financial delegation and within the same accountability area.

- Alternatively, the “acting” financial delegates will have to complete Form 592 and submit to OFPR for approval.
- Refer to “Application for Financial Delegations” for completion and approval of Form 592.

#### 4.6 Periodic Review of Financial Delegation

OFPR will conduct periodic review of the financial delegations that have been assigned to the University employees to assess the appropriateness of the financial delegates and the level of financial delegations.

#### 4.7 Level of Financial Delegations

The following table summarises the financial delegation by position title.

<b>Position title</b>	<b>Financial limit subject to approved budget provision (GST inclusive)</b>
Senate	Greater than \$5,000,000
Resources Committee	\$5,000,000
Vice-Chancellor	\$2,000,000
Deputy Vice-Chancellor (Corporate Services)	\$1,000,000
Director Finance, Planning & Reporting and CFO / Deputy Vice-Chancellors (except Corporate Services)	\$100,000
Faculty Dean / General Counsel	\$50,000
Director / Dean of School / Chief Executive Officer	\$10,000 - \$50,000
Manager (Faculty / Division) / Group Financial Controller	\$5,000 - \$20,000
Administrative / Technical Officer / Academics – Level 2	\$6,000 - \$10,000
Administrative / Technical Officer / Academics – Level 1	\$1,000 - \$5,000

**Exceptions** to the above financial delegation by position title are as follows:

<b>Position title</b>	<b>Financial limit subject to approved budget provision</b>
Director Commercial Services / Deputy Vice-Chancellor (Corporate Services)	Unlimited progress payments on approved capital works projects and operating budgets, including gas, electricity, telephone and repeat contracts with suppliers
Director Human Resources	Unlimited payroll related payments
Director Finance, Planning & Reporting and CFO / Financial Controller	Unlimited payments for cash investments and loans in accordance with loan agreements
Director University Library Services	Unlimited library book acquisitions
Vice-Chancellor / Deputy Vice-Chancellor (Corporate Services) / Director Finance, Planning & Reporting and CFO	Unlimited statutory payments (including but not limited to stamp duty, income tax, GST, etc.)

A detailed Schedule of Financial Delegations assigned to all relevant position titles for each faculty/division and school/office is maintained by OFPR.

#### **4.8 Reporting**

University payments greater than \$500,000 must be presented to the Resources Committee for noting at each scheduled Resources Committee meeting.

#### **4.9 Non Compliance**

- Financial delegates must not knowingly approve an expenditure that is inappropriate, fraudulent or in violation of the University's policies.
- Financial delegates will be personally accountable for the expenditure if they do not comply with the University's Financial Delegation Policy.
- University employees with knowledge of or suspicions of any policy breaches should refer the matter to OFPR. OFPR has the discretion to withdraw the financial delegations from the financial delegates.
- If circumstances warrant further reporting, OFPR will refer the matter to the Office of Human Resources for proceedings under the University's misconduct policy and code of conduct.

### **5. PROCEDURE (REFER TO APPENDIX 1)**

#### **5.1 Application for Financial Delegation**

- Request for Financial Delegation (Form 592) is used for:
  - New financial delegates - application for financial delegation.
  - Existing financial delegates - update of changes to financial delegation details.
- The form requires completion of faculty/division, school/office, name, position, the signature of the financial delegate, the amount of financial delegation applied for and the effective date of the financial delegation.
- Approval is required from the:
  - Vice-Chancellor; or
  - Deputy Vice-Chancellor; or
  - Faculty Dean; or
  - Dean of School/Director of Office

who is authorised with a higher financial delegation and within the same accountability area.

- Once completed and approved, the form has to be forwarded to OFPR for verification and approval by the Director Finance, Planning & Reporting and CFO.

- Confirmation will be sent to the financial delegate once the form is approved. Financial delegation is effective from the date of approval.

## **5.2 Removal of Financial Delegation**

Removal of a previously approved financial delegation must be notified to the OFPR in writing as soon as possible.

## **6. CONTACTS**

Director Finance, Planning & Reporting and CFO	Ext 7449
Group Financial Controller	Ext 2164
Manager, Financial Accounting	Ext 6168

## 7. APPENDIX 1

