



**DEPARTMENT OF CORRECTIONS  
Business & Finance**



<b>Title:</b>	<b>Delegation of Expenditure Authority</b>	<b>DOC Policy: 30.1.4</b>
<b>Effective:</b>	<b>12/10/13</b>	<b>Supersedes: 12/7/11</b>
<b>Applicability: All functional units</b>		
<b>Directives Cross-Reference:</b> OAM 10.40.00.PO, ORS 291.015, ORS 291.990, ORS 293.275, ORS 293.295, ORS 293.306, ORS 293.330, ORS 293.485, ORS 293.590		
<b>Attachments: Delegation of Expenditure Authority Form (CD 1439)</b>		

**I. PURPOSE**

Oregon statutes give agency heads the responsibility for approving the use of State resources for commitments, expenditures and disbursements of their agency. This policy establishes accountability standards and guidance for all employees with statutory or delegated commitment and expenditure authority.

**II. DEFINITIONS**

- A. **Accountability:** The recognition and acceptance that one is answerable for whatever happens within a particular area of activity regardless of the cause; also, the physical protection of assets, records and computer files.
- B. **Approving Officer:** The agency head or his/her designee lawfully possessing the authority to obligate or authorize an expenditure of state funds. The approving officer can delegate expenditure authority to responsible subordinates by dollar limits, expenditure type limits, or in total. Temporary employees may not be given expenditure authority without the express written approval of the assistant director of the division in which the temporary employee works.
- C. **Authorized Purchases:** Purchases that further the business of the State. A purchase will "further the business of the State" only when the purchase:
  - 1. Is authorized by statute and by the Department of Administrative Services (DAS) rule or policy or agency rule or procedure;
  - 2. Will promote or support the lawful operation of the agency on whose behalf the purchase is made; and
  - 3. Is covered by public funds that are currently available to the agency by appropriation, expenditure limitation or other legislative authority and where applicable, by DAS allotment for the purpose of the purchase.
- D. **Claim or Invoice:** A demand for payment.
- E. **Entitlements:** The amount of payment to which a state or local government or an individual is entitled, generally pursuant to state or federal statute.

- F. Grant: A contribution or gift of cash or other assets to be used for a specific purpose, activity or facility. Capital grants restricted by the grantor for the acquisition or construction of a capital facility. All others are operating grants.
- G. Payment Processors: The agency head or his/her designee lawfully possessing the authority to execute payment documents or cause their preparation. This authority is separate and distinct from that given an approving officer and is for the payment of an obligation, not for authorizing the obligation or expenditure.
- H. Expenditures: Decreases in net financial resources under the current financial resources measurement focus not properly classified as other financing uses.
- I. Expenditure Decision Authority: The authority given to a permanent state employee by an approving officer to expend state funds by review, approval, and signature of a claim or authorization document. Such documents may include purchase requests, invoices, charge or credit card invoices (SPOTS, Voyager, and Diners Club), contract invoice, or other documents that commit department funds.
- J. Oregon Accounting Manual (OAM) - A manual that is promulgated and maintained by the State Controller's Division of the Department of Administrative Services. It provides guidance to all State of Oregon agencies in matters of fiscal accountability.
- K. State Funds – Any funds held by the State Treasurer and disbursed to satisfy a claim, which includes federal funds, general funds, lottery funds, and other funds. Also includes any funds held by an agency such as petty cash or change funds or on deposit with another financial institution when allowed by law.

### III. POLICY

#### A. Accountability of Approving Officers

All employees authorized to make expenditure decisions are responsible for the good judgment and lawfulness of the expenditure. Approving officers are to ensure that the transactions are for authorized purchases as defined by DAS OAM policy 10.40.00.PO (see definitions above), and are a responsible and appropriate use of these funds. Negligent or fraudulent expenditures can result in personal financial responsibility and/or disciplinary action up to and including dismissal.

#### B. Expenditure Decision Authority Responsibility

1. The Director is authorized to make expenditure decisions by statute and legislative appropriation.
  - a. The Director may delegate expenditure decision authority to any ODOC staff in writing.
  - b. Any executive service or management service employee with delegated expenditure decision authority may sub-delegate, in writing, expenditure authority to staff under their direct supervision.
  - c. Represented employees may receive limited expenditure decision authority, but may not sub-delegate to others.

2. Expenditure decision authority delegations are hierarchical in nature. For example, a high level delegator may extend, revise or revoke any delegation or sub-delegation to staff within their organizational span of control. **In all cases, the person delegating expenditure decision authority may not delegate an amount that exceeds their own expenditure decision authority or legislatively approved budget.**
  - a. Any person who exercises expenditure decision authority shall be legally responsible and accountable for the expenditure.
  - b. Any person who delegate's expenditure authority to another may be held responsible or accountable when the person delegating the authority has reason to know the expenditure is unlawful or contrary to agency policy.
  - c. If a person exercising expenditure decision authority directs another person to make a purchase or incur expenditure, the person following this direction shall not be held accountable for the expenditure unless that person has knowledge that the expenditure is unlawful.
3. Central Accounting personnel who have not received delegated expenditure decision authority and who process a claim for payment are responsible only for the accuracy of their actions in processing the payment based upon the information available to them. Payment Processors do not have expenditure decision authority unless specifically designated, and may not make payments for purchases over which they have exercised expenditure decision authority.

C. Delegation of Expenditure Decision Authority by ODOC Management

1. Delegation of expenditure decision authority shall be made in writing. Delegation to expend monies by way of purchasing goods or services can be made using the Delegation of Expenditure Decision Authority form (CD 1439).
2. The delegation expenditure form shall describe the types of purchases and dollar amounts that the person receiving the delegation shall be authorized to incur or expend on behalf of ODOC. The forms will not be valid until signed by the person delegating the authority and the person receiving the authority. All delegation forms with original signatures shall be transmitted to the office of the Fiscal Services Administrator. The manager who signed the form should retain a photocopy of the original.
3. Managers who delegate authority will be responsible for notifying the Fiscal Services Administrator of any changes to the delegation including changes to dollar amounts, types of purchases authorized, or removal or revocation of the delegated authority.
  - a. To change the amount or kinds of expenditure decision authority delegated, a new form is required and must be signed by both the manager and the employee.
  - b. To revoke the delegation of expenditure decision authority, the manager may complete and sign the removal paragraph at the bottom of the original form, or a copy of the original form, and forward the revised form or revised copy with original signature to Fiscal Services.

#### D. Vacancy of a Management Position

1. In the event a manager who has delegated expenditure decision authority leaves or transfers out of the work unit, the delegations he or she has signed will remain in effect during the vacancy and for the first 30 days after a new manager is hired. During this period, the supervisor of the vacated manager position will have authority to add or remove expenditure decision authority from any employee who had received such delegation from the former manager. If an Interim Manager is assigned, his or her appointing supervisor may delegate expenditure decision authority to the interim manager by completion of the appropriate forms if desired.
2. When the new manager is hired, his or her supervisor will need to prepare a Delegation of Expenditure Decision Authority form (CD 1439) for the new manager in order to authorize the new manager to expend state funds or to sub-delegate authority to staff. Without this form, the supervisor will be responsible for all expenditures made by persons with current delegations within those affect cost centers.
3. The new manager, once authorized, will have 30 days to review all Delegation of Expenditure Decision Authority forms (CD 1439) on file for any cost center under his/her control. If the new manager wishes to continue the delegations unrevised, he/she will need to add his or her signature to the form below the signature of the previous manager, write the date signed beside the signature, retain a copy and transmit the copy with the original signature to Fiscal Services. Revised delegations will require completion of a new form signed by both the employee and the manager. The new manager may remove or revoke expenditure decision authority from any employee by signing and dating the removal paragraph at the bottom of the form.

#### E. Central Control of Expenditure Decision Authority Delegations

1. The Fiscal Services Administrator shall control all Delegation of Expenditure Decision Authority forms (CD 1439) centrally. As forms are received in Fiscal Services, a copy of the forms will be used to update the cost center approver records in the Automated Financial, Accounting, Manufacturing and Inventory System (AFAMIS) database. These copies shall be retained with system printouts documenting that the approver records have been updated. Copies of the forms will also be available to Payment Processors for use in verification of handwritten signatures. Original forms will be safeguarded.
2. Each month Fiscal Services will receive the Personnel Database Personnel Actions (PPDB) reports distributed by Personnel Records and review these reports to see if any employee with delegated expenditure authority has transferred or terminated employment. Fiscal Services will send a reminder notice to those managers who have delegated expenditure decision authority to staff found on the PPDB reports and those managers will be responsible for changing or revoking the authority by completing the appropriate form and transmitting it to Fiscal Services.

#### F. Payment of Expenditures

1. The following four criteria must be met for payment of a claim against monies belonging to or under the control of ODOC:
  - a. The signature of the approving officer must support the claim.

- b. Law and appropriation must make provision for payment of the claim.
  - c. The obligation or expenditure on which the claim is based must be authorized as provided by law.
  - d. The claim otherwise satisfies requirements as provided by law.
2. Payment documents used to authorize expenditures include invoices, entitlements, grant disbursement requests, vouchers, check requests, purchase requisitions/orders, travel claims, personnel actions, timesheets, and other similar forms. Approving officers may authorize documents using handwritten signatures, or in the case of transactions supported by the AFAMIS system, electronic signature may be used. Payment processors can rely on these approvals as the only necessary authorization required in making a payment where that payment meets all applicable laws and guidelines. Approving officers are encouraged to seek additional guidance from Fiscal Services for unfamiliar forms or documents.
  3. All approving officers who incur a claim shall review related payment documents for accuracy and appropriateness before signing to authorize any document. Payment processors who process documents for payment shall review all documents for accuracy and appropriateness before executing any payment.

#### G. Penalties for Inappropriate Action

1. Inappropriate expenditures can be defined as belonging to one of the following four categories, each carrying different levels of penalties:
  - a. Simple error – defined as an unintentional action that was thought at the time to be proper but was later discovered to be inappropriate. There are no penalties for a simple error, but a pattern of simple errors could move the action to the negligence category.
  - b. Negligence – defined as the failure to act reasonably under the circumstances then and there existing. An employee may incur disciplinary action for expenditures that are negligent or contrary to state policy or ODOC policy.
  - c. Gross Negligence – defined as wanton or reckless disregard of one's duty of due care. Penalties for gross negligence may include personal financial responsibility and/or disciplinary action up to and including dismissal.
  - d. Fraud – defined as an intentional material misrepresentation, omission when there is a duty to disclose, a loss, or unlawful diversion of public funds. Theft is defined as an intentional diversion of state property to personal use. Penalties for fraud and theft may include personal liability; disciplinary action up to and including dismissal, and criminal sanctions.
2. Any approving officer who authorizes an inappropriate expenditure may be subject to the penalties described above as well as others described in ORS 164.015-164.125 pertaining to theft, and ORS 162.415 pertaining to abuse of public office. Any ODOC employee who discovers an inappropriate expenditure or evidence of fraud or theft and seeks to conceal that finding or agree to forgive and forget may be charged as an accessory to the crime. A public officer with knowledge of a fraud or theft who takes willful action to prevent the state from finding the loss or recovering its funds will be held

personally responsible for the loss and will face similar penalties as the person who committed the fraud or theft.

3. The Code of Ethics for State employees (ORS 244.040) provides that no employee can gain personally from his/her employment. All ODOC employees who are authorized to incur expenditures or who are given responsibility over assets belonging to the department or the State of Oregon are bound by law and duty to exercise good judgment and common sense and to use the state's resources wisely. Recommended reading: DAS Risk Management Division Policy Manual, 125-7-203.

### **III. IMPLEMENTATION**

This policy will be adopted immediately without further modification.

Certified: signature on file  
Birdie Worley, Rules Coordinator

Approved: signature on file  
Mitch Morrow, Deputy Director