



Directive on Delegation of Spending and Financial Authorities

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Directive on Delegation of Spending and Financial Authorities

1. Effective date

- 1.1 This directive takes effect on April 1, 2017.
- 1.2 This directive replaces the following Treasury Board policy instruments:
 - Directive on Delegation of Financial Authorities for Disbursements (October 1, 2009)
 - Directive on Expenditure Initiation and Commitment Control (October 1, 2009)
 - Directive on Account Verification (June 1, 2014)

2. Authorities

- 2.1 This directive is issued pursuant to the authorities indicated in sections 7, 32, 33 and 34 of the [Financial Administration Act](#) (FAA).

3. Objectives and expected results

- 3.1 The objectives indicated in section 3 of the [Policy on Financial Management](#) apply to this directive.
- 3.2 The expected results indicated in section 3 of the [Policy on Financial Management](#) apply to this directive.

4. Requirements

- 4.1 Chief financial officers (CFOs) are responsible for the following:

Delegation of spending and financial authorities

- 4.1.1 Leading the development and implementation of the delegation of spending and financial authorities such that:
 - 4.1.1.1 Delegations are in writing;
 - 4.1.1.2 Delegations are to positions identified by title and not to individuals identified by name;
 - 4.1.1.3 The extent of delegations (full or restricted authority) are specified for each position and each type of spending and financial authority;
 - 4.1.1.4 Individuals with delegated spending and financial authority do not sub-delegate these authorities to others;
 - 4.1.1.5 The delegation chart has distinct signature areas for the minister and deputy head in order to clearly identify which parts apply to them;
 - 4.1.1.6 Financial authorities delegated to other departments require the signature of either the minister or the deputy of the minister;
 - 4.1.1.7 Roles, responsibilities and accountabilities are listed in the delegation chart or supporting notes;
 - 4.1.1.8 At a minimum, the following authorities are listed on the delegation chart:

Delegated spending authorities

- Expenditure Initiation Authority
- Commitment Authority (FAA, section 32)
- Transaction Authority

Delegated financial authorities

- Certification Authority (FAA, section 34)
- Payment Authority (FAA, section 33)

- 4.1.2 Ensuring that delegations proposed to the minister or deputy head are risk-based while balancing the timely delivery of programs and the empowerment of individuals with departmental controls and individual accountabilities;
- 4.1.3 Ensuring the signatures (written or electronic) of individuals with delegated spending and financial authorities can be authenticated before and after processing of the transactions for expenditure decisions;

- 4.1.4 Ensuring that delegation of spending and financial authorities documents are available to all individuals involved in the delegation and administration of spending and financial authorities;
- 4.1.5 Ensuring that individuals can be granted delegated spending and financial authorities only after the following conditions are met:
 - 4.1.5.1 Authorities have been formally delegated to the position through the delegation chart;
 - 4.1.5.2 The individual's supervisor has formally identified in writing the individual in that position;
 - 4.1.5.3 The individual has completed the required training, and subsequently revalidated his or her knowledge at least every five years, in accordance with the [Policy on Learning, Training, and Development](#) and the [Directive on the Administration of Required Training](#):
 - 4.1.5.3.1 For departments and individuals not subject to the [Policy on Learning, Training, and Development](#) and the [Directive on the Administration of Required Training](#), the CFO or a person designated by the deputy head must establish comparable training requirements;
- 4.1.6 Restricting or revoking delegated spending and financial authorities of individuals where:
 - 4.1.6.1 There is significant non-compliance with this directive or the departmental delegation of spending and financial authorities process; or
 - 4.1.6.2 The internal controls do not adequately mitigate risks associated with the delegation;

Maintenance of delegation of spending and financial authorities

- 4.1.7 Reviewing, at minimum, annually, the delegation of spending and financial authorities;
- 4.1.8 Updating the delegation chart and seeking the signature of the minister when:
 - 4.1.8.1 There are significant changes that impact the management of spending and financial authorities (e.g., changes to the organizational structure, business processes, legislation, Treasury Board policy); or
 - 4.1.8.2 A change in minister occurs, at which time the revised delegation chart is to be submitted for the minister's signature within 90 calendar days of his or her appointment date;
- 4.1.9 Providing the updated delegation chart to the minister for information purposes when the deputy head has the status of deputy of the minister;
- 4.1.10 Ensuring that the existing delegation chart is presented to new deputy heads for information purposes within 30 calendar days of their appointment;

Management and oversight of spending and financial authorities

- 4.1.11 Ensuring that segregation of duties is implemented so that:
 - 4.1.11.1 The same individual must not exercise both transaction authority and certification authority (FAA, section 34) on the same transaction, except if the transaction has been designated by a department as a low-risk and low-value transaction;
 - 4.1.11.2 The same individual cannot exercise both certification authority (FAA, section 34) and payment authority (FAA, section 33) on the same transaction;
 - 4.1.11.3 No individual exercises his or her delegated spending and financial authorities on a transaction through which he or she may personally benefit; and
 - 4.1.11.4 When the process or another circumstance does not allow the segregation of duties as identified, alternate control measures are implemented and documented;
- 4.1.12 Establishing risk-based management practices to ensure effective internal controls over account verification that specify the following:
 - 4.1.12.1 The verification required by individuals with delegated authorities responsible for exercising certification authority (FAA, section 34);
 - 4.1.12.2 The responsibilities of individuals with delegated authorities for the quality assurance of the payment verification process (FAA, section 33); and
 - 4.1.12.3 The approval and periodic review by the CFO of sampling plans detailing the level of quality assurance and verification responsibilities of individuals with delegated payment authority (FAA, section 33); and
- 4.1.13 Ensuring that individuals with delegated spending and financial authorities follow the mandatory procedures set out in Appendix A.

5. Roles of other government organizations

5.1 Not applicable.

6. Application

6.1 The directive applies to the organizations listed in section 6 of the [Policy on Financial Management](#).

7. References

- 7.1 Legislation
- [Financial Administration Act](#), sections 32, 33 and 34
 - [Interpretation Act](#), paragraph 24(2)(c)
 - [Appropriation Acts](#), section 4 or 5
- 7.2 Related policy instruments
- [Policy on Learning, Training, and Development](#)
 - [Contracting Policy](#)
 - [Directive on the Administration of Required Training](#)

8. Enquiries

- 8.1 Members of the public may contact [Treasury Board of Canada Secretariat Public Enquiries](#) regarding any questions about this directive.
- 8.2 Individuals from departments should contact their departmental financial policy group regarding any questions about this directive.
- 8.3 Individuals from a departmental financial policy group may contact [Financial Management Enquiries](#) for interpretation of this directive.
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Appendix A: Mandatory Procedures for Individuals With Delegated Spending and Financial Authorities

A.1 Effective date

- A.1.1 These procedures take effect on April 1, 2017.
- A.1.2 These procedures replace parts of the following Treasury Board directives:
- Directive on Delegation of Financial Authorities for Disbursements (October 1, 2009)
 - Directive on Expenditure Initiation and Commitment Control (October 1, 2009)
 - Directive on Account Verification (June 1, 2014)

A.2 Procedures

- A.2.1 These procedures provide details on the requirements set out in subsection 4.1 of the Directive on Delegation of Spending and Financial Authorities.
- A.2.2 Mandatory procedures are as follows:
- A.2.2.1 Individuals with delegated spending and financial authorities are responsible for the following:
- A.2.2.1.1 Ensuring they are aware of their responsibilities;
 - A.2.2.1.2 Acquiring and maintaining their knowledge; and
 - A.2.2.1.3 Exercising their delegated authorities in accordance with this directive and the departmental delegation chart;
- Commitment authority (FAA, section 32)**
- A.2.2.1.4 Reviewing each planned expenditure to confirm that there is sufficient unencumbered balance to cover all applicable costs and that related policy restrictions are considered;
 - A.2.2.1.5 Authorizing the planned expenditure before entering into a contract, human resources action or other arrangement, and making a commitment against the budget;
 - A.2.2.1.6 Recording commitments at the expected itemized value or seeking advice from the CFO if it

is impractical to record commitments individually;

Certification Authority (FAA, section 34)

- A.2.2.1.7 Verifying and documenting that the work has been performed, the goods supplied, or the services rendered as per the contract or agreement terms;
- A.2.2.1.8 Certifying in a timely manner prior to making a payment, including interdepartmental settlements, that the contract or agreement terms and conditions have been met, including price, quantity and quality;
- A.2.2.1.9 Ensuring that the payee is entitled to or eligible for the payment;

Payment Authority (FAA, section 33)

- A.2.2.1.10 Providing quality assurance and verifying payments, including interdepartmental settlements, so that:
 - A.2.2.1.10.1 Sufficient auditable evidence exists that demonstrates that the account verification practices set out in section 34 of the FAA have taken place and that certification has been performed;
 - A.2.2.1.10.2 A payment is not made if it:
 - A.2.2.1.10.2.1 Represents an unlawful charge against the appropriation; or
 - A.2.2.1.10.2.2 Will result in the appropriation being exceeded when existing commitments are also factored in;
 - A.2.2.1.10.3 All high-risk transactions are reviewed to ensure that the requirements of the FAA's certification authority (section 34) have been met;
 - A.2.2.1.10.4 A sample of medium- and low-risk transactions are reviewed to ensure that the requirements of the FAA's certification authority (section 34) have been met; and
 - A.2.2.1.10.5 The transaction is returned to the FAA's certification authority (section 34) for corrective action when required.

Appendix B: Definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund. (Financial Administration Act, section 2)

certification authority (pouvoir d'attestation)

The authority, according to section 34 of the Financial Administration Act, to certify contract performance and price, entitlement or eligibility of the payment.

commitment authority (pouvoir d'engager des fonds)

The authority, according to section 32 of the Financial Administration Act, to ensure that there is a sufficient unencumbered balance available before entering into a contract or other arrangement.

delegate (also delegated or delegation) (déléguer (aussi délégué ou délégation))

An action by which a person (i.e., delegator), vested with specific statutory or delegated authorities, assigns a specific power or function to another individual.

delegation of spending and financial authorities (délégation des pouvoirs de dépenser et des pouvoirs financiers)

A mechanism in which spending and financial authorities are formally delegated through documents and controls such as delegation charts and supporting notes, specimen signature documents, electronic authorization charts, and validation and authentication processes.

deputy of a minister (délégué d'un ministre)

The deputy of a minister referred to in paragraph 24(2)(c) of the [Interpretation Act](#).

expenditure initiation authority (pouvoir d'engagement des dépenses)

The authority to incur an expenditure (to spend funds) or to make an obligation to obtain goods or services that will result in the eventual expenditure of funds.

financial authorities (pouvoirs financiers)

Include:

- Certification Authority (Financial Administration Act, section 34)
- Payment Authority (Financial Administration Act, section 33)

full authority (pleins pouvoirs)

The authority that extends to the limit of the associated budget allocated to the position.

interdepartmental settlement (IS) (règlement interministériel (RI))

A mechanism used to transfer funds between any two departments or agencies that operate within the Consolidated Revenue

Fund.

payment authority (pouvoir de payer)

The authority to requisition payments according to section 33 of the [Financial Administration Act](#).

restricted authority (pouvoirs restreints)

Spending or financial authorities limited by applicable legislation, policies and directives. Such authorities are also limited by specific departmental restrictions included in the delegation of spending and financial authorities documents.

spending authorities (pouvoir de dépenser)

Consist of three elements:

- Expenditure initiation authority
- Commitment authority (FAA, section 32)
- Transaction authority

transaction authority (pouvoir d'exécuter une opération)

The authority to enter into contracts, including acquisition card purchases, or sign off on legal entitlements (e.g., employment insurance payments).