I. PURPOSE AND SCOPE

This document establishes guidelines to ensure prudent management of all funds entrusted to the University of Houston for carrying out its programs and activities. While budgetary planning and fund allocation will prescribe the purposes for which funds will be expended, this document outlines the principles governing university expenditures and prescribes guidelines for ensuring appropriate signature authority for all university expenditures. These guidelines are provided to assist all university departments in meeting their obligation of public accountability to the State of Texas, governmental agencies and to other constituencies that have provided funds for the university's use.

This document is in compliance with University of Houston System Administrative Memorandum 03.A.01 and is applicable to all University of Houston funds.

II. POLICY STATEMENT

All university expenditures shall be consistent with applicable state and federal laws and regulations; with any restrictions, rules or regulations placed on the use of the funds by donors and granting or contracting agencies; and with prudent management practices. In addition, all expenditures must be reasonable and necessary for carrying out the programs and activities of the University of Houston within the budget allocations approved by the Senior Administrative Official, and shall be documented in a way that clearly substantiates such reasonableness and necessity.

It is the responsibility of the Senior Vice President for Administration and Finance, through the business management personnel in each college and division, to provide controls that ensure accountability for all university funds. The Senior Administrative Official is responsible for certifying all transactions within their budgetary allocations or delegating authority (not responsibility) to subordinates to certify such transactions. Such delegations are required to be in writing in the format prescribed in this document.

III. DEFINITIONS

A. Senior Administrative Officials: Personnel charged with the responsibility of ensuring that all transactions of budget allocations in their area are certified in compliance with university policy. Senior Administrative Officials include the President, Vice Presidents, Deans, Directors, Department Chairs, Principal Investigators, and College/Division Administrators.

B. Certify:

1. To approve an expenditure by signing the appropriate document (either with a pen and ink signature, a digital signature, or a signature capture device), e-mail approval, or through electronic workflow. The type of approval accepted for each type of transaction is defined by the processing unit that reviews and approves
these transactions. Such certification ensures that:

a. The expenditure is made for the purpose for which funds were budgeted;

b. The expenditure is properly authorized;

c. The procurement process was followed and the documents are prepared in accordance with all state, federal, System and university guidelines;

d. The funds required are available; and

e. The transaction complies with pertinent rules and regulations required by external funding sources and/or oversight entities.

2. To certify revenue transactions by approving GL Journals through workflow, indicating a cash receipt or receivable.

3. To certify budgetary transactions by approving Budget Journals through workflow.

4. To certify any other transactions involving assets, liabilities, fund equity, revenue, or expense through signature, e-mail, or workflow.

C. **Certifying Signatory:** The university employee who is authorized to certify expenditures for a department, project, college or division and whose signature must appear on any expenditure document or indicate approval by e-mail for any transactions initiated by that unit that are not approved through workflow.

D. **College/Division Business Administrator:** The chief business officer within each college or division.

E. **Department Approver:** The university employee who is authorized to certify financial transactions for a college or division that are processed through electronic workflow. The Department Approver’s workflow approval has the same meaning and effect as the signature or e-mail approval of a Certifying Signatory on a non-workflow document.

F. **Digital Signature:** Signature applied to an electronic document that utilizes public-key cryptography (PKC)/public-key infrastructure (PKI) to verify the identity of the signer and record the date and time of the signature. Only vendors authorized to provide digital signature processes in the State of Texas may be utilized. Questions about authorized digital signatures should be directed to the university Controller.

G. **Expenditure and Other Financial Documents:** Generally, documents committing or eliciting payment from university funds, which require a certifying signatory’s signature or e-mail approval or the workflow approval of a Department Approver.

H. **Principal Investigator (PI):** The full-time tenure-track faculty, research faculty or full-time permanent staff member with responsibility for directing the technical aspects of a project, carrying out research efforts within the scope authorized by the agency, and authorizing all expenditures of award funds within administrative constraints imposed by the agency, the state and/or the university.

I. **Processing Departments:** The university administrative departments responsible for processing of the documents. For the purposes of this document, the definition includes any department that reviews and approves documents committing or expending the
financial resources of the user department: e.g., the Purchasing Department, the Accounts Payable Department, the Student Financial Services Department, the Human Resources Department, the Payroll Department, Contracts Administration, etc.

J. Signature Capture Device: Device that captures the image of a handwritten signature and inserts it into an electronic document. This device does not verify the identity of the signee. However, this device may be used for any documents where a scanned signature is acceptable.

K. Sponsored Program or Sponsored Project Accounts: Cost centers (including ATP/ARP) over which the Office of Contracts and Grants (OCG) has stewardship responsibility.

L. Stored Signatures and Rubber Stamp Signatures: Electronically stored signatures and rubber stamp signatures are not permitted because there is no way of knowing if the signature was applied by the authorized approver. Anyone with access to the approver’s computer or rubber stamp can use the signature.

M. University Funds: All monetary resources available in institutional cost centers – from all funds, all sources – except for funds held by the institution as fiscal agent for individuals or organizations (Fund Code 9XXX).

IV. PROVISIONS

To provide controls that ensure accountability for all university funds, the following principles shall govern:

A. Senior Administrative Officials (i.e., the President, Vice Presidents, Deans, Directors, Department Chairs, Principal Investigators, and College/Division Business Administrators) within each college and division are assigned the responsibility for ensuring that procurement, expenditure, cash handling and other financial matters are managed in accordance with this, other institutional policies and procedures, and any pertinent rules and regulations required by external funding sources and/or oversight entities.

B. Only Senior Administrative Officials shall have authority to approve transactions as a certifying signatory or Department Approver for expenditure of university funds from any source, or to delegate such authority. Authority will be delegated only to a very limited number of personnel within each college or division.

C. In addition, the following expenditure documents must be submitted to OCG for approval when sponsored project funds are used:

1. All reallocations (including payroll);
2. Equipment purchases in the last six months of an award;
3. Non-standard sponsored project contractual agreements;

   NOTE: Standard sponsored project contractual agreements still need to be submitted to OCG for encumbrance of funds;
4. Expenditure documents in certain departments in which staff have not attended the required certification seminars; and
5. Overload Requests on sponsored funds must be approved by OCG.
D. The certifying signatory or Department Approver must review transactions within their area for compliance with all applicable internal and external rules and regulations, and by signature, e-mail approval, or workflow approval must assume responsibility for that compliance.

E. Certain specialized purchases require additional approval by the department with oversight responsibility for those items. See MAPP 04.01.01.

F. University departments responsible for procurement, payment or other financial activities shall not approve or process any procurement or expenditure request that has not been approved by the properly authorized employee or employees. It is the responsibility of the university department that initiates a procurement or expenditure request to verify that the appropriate certifying signatory or workflow approver approves the request as outlined in University policy or by processing unit procedures. The department that initiates the procurement or expenditure document must also ensure that any additional signatures or e-mail approvals, such as PI or Vice President, are obtained when required.

G. A procedure is provided herein for providing lists of names of authorized certifying signatories to the processing departments and maintaining the lists (see Sections VII and VIII below).

V. DOCUMENTATION STANDARDS

A. Before expenditures are incurred or reimbursement sought against any university funds, there must be evidence that procurement guidelines have been followed that ensure a valid commitment of university funds. Any obligation incurred by a university employee contrary to university guidelines becomes the personal obligation of the employee and not of the University of Houston.

B. Requests for expenditures against all university funds shall be fully documented prior to certification for payment in accordance with these guidelines, and with all other state, institutional and governmental agency guidelines. Relevant institutional guidelines are noted in the reference section of this document.

C. Every expenditure request must contain the signature approval, e-mail approval, or workflow approval of the individual who is authorized to approve expenditures for the cost center(s) included in the expenditure request. Expenditure commitments made through purchase requisitions are certified at that level. An up-to-date list of authorized signatories and Department Approvers shall be provided through the Controller's Office. If a certifying signatory or Department Approver is approving a document that is charged to a cost center that they are not authorized to approve (e.g., the document contains more than one cost center, one of which is for another department), they must attach written approval from the other authorized certifying signatory or Department Approver in the backup documentation.

D. Generally, payment or reimbursement for purchases of materials and services requires at the minimum an invoice or receipt from the vendor. Purchases made by purchase requisition also require a purchase order (PO) and PO voucher to issue payment, unless an alternative payment method is approved by the university Controller. Documentation pertinent to each procurement method is specified in the relevant procurement MAPP.

E. Requests for expenditures not meeting the documentation standards required for that document and other institutional guidelines will be rejected by the processing department and returned to the originating department with the reason for rejection stated. Unless
the problem is resolved in accordance with appropriate guidelines, the payment will not be approved.

VI. PROCESSING AND CERTIFICATION OF EXPENDITURE TRANSACTIONS

Each college and division shall have in place a business management structure that ensures all financial transactions are handled in accordance with all relevant University of Houston policies and with standards of good business management and accountability. To ensure this accountability, each college and division must assign responsibility to a limited number of business management personnel to approve or certify financial transactions.

VII. CERTIFYING SIGNATURE LISTS

A. In relation to the internal business/administrative structure, each college and division shall develop and maintain an internal approval (certification) hierarchy in which:

1. Certain expenditure/financial document categories shall be certified only by Senior Administrative Officials; and

2. Certification of all other expenditure/financial documents shall be limited to a restricted number of business staff at the department or project level, as designated by the Senior Administrative Officials.

B. Developing Certifying Signature Lists:

1. Approximately two months prior to the start of each fiscal year, the Controller’s Office will solicit from each College/Division Business Administrator a list of authorized signatories for their college or division. This list will be limited to a small number of business management signatories.

2. The lists will be prepared using the Certifying Signature List Form located at: http://www.uh.edu/finance/pages/forms.htm. Each College/Division Business Administrator will ensure that original signatures are provided and that names and department IDs are also affixed by typing or printing in the space provided on the form.

3. Each college or division office will scan and e-mail their Certifying Signature List to the Controller’s Office, which will compile and e-mail the lists to the processing units that review non-workflow documents.

4. All non-workflow documents received by the processing departments will be reviewed against the Certifying Signature List, and any document submitted without the proper signature or e-mail approval will be returned to the College/Division Business Administrator.

It is the responsibility of the university processing department that initially receives any non-workflow procurement or expenditure request to verify that the request has an appropriate certifying signature or e-mail approval and other necessary approvals required by University policy or processing unit procedure prior to approving the document.
VIII. MAINTENANCE OF AUTHORIZED SIGNATURE LISTS

When any change occurs in signature authorization through change in personnel or responsibilities, the College/Division Business Administrator is responsible for updating the Certifying Signature List through the Controller’s Office.

IX. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance

Review: Every three years on or before January 1

X. APPROVAL

Jim McShan
Interim Vice President for Administration and Finance

Renu Khator
President

Date of President’s Approval: January 4, 2016

XI. REFERENCES

- SAM 03.A.01 - Expenditures of All Funds Administered by the University of Houston System
- MAPP 04.01.01 - Purchase of Goods, Materials, and Supplies through the Purchasing Department
- MAPP 04.01.03 - Vouchers
- MAPP 04.03.01 - Service Center and Auxiliary Purchases
- MAPP 04.04.01A - Contracting – General
- MAPP 05.01.01 - Cash Handling

All state and university travel policies

REVISION LOG

<table>
<thead>
<tr>
<th>Revision Number</th>
<th>Approved Date</th>
<th>Description of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10/30/1992</td>
<td>Initial version (Originally a Policy and a Procedure)</td>
</tr>
<tr>
<td>2</td>
<td>12/17/1998</td>
<td>Applied revised MAPP template. MAPP policy and procedure were rewritten to reflect current operating requirements</td>
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<tr>
<td>Revision Number</td>
<td>Approved Date</td>
<td>Description of Changes</td>
</tr>
<tr>
<td>-----------------</td>
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<tr>
<td>3</td>
<td>08/29/2003</td>
<td>Combined Policy and procedure in to one document. Added Senior Administrative Officials and removed Business Management Personnel from Section III. Documentation updated to emphasize the responsibilities for Senior Administrative Officials. A list of expenditure document to submit to the OCG for approval was documented in Section IV.C. Added Sections VI, VII, and VIII on certifying expenditure transactions and authorizing signature lists. Removed all other Procurement MAPPs (Section 4) from Section XI, References. Removed Index terms. Changed Addendum A and B documentation</td>
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<tr>
<td>4</td>
<td>05/31/2007</td>
<td>Documentation was updated to reflect current procedures for the authorization of expenditures within the colleges and divisions of the University of Houston. Documented new practice of approving some university transactions (like work requests with Plant Operations and Telecommunications) using e-mail messages</td>
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<tr>
<td>5</td>
<td>09/07/2011</td>
<td>Applied revised MAPP template and added new Revision Log. The Controller's Office was placed in charge of gathering information for certifying signature lists. Section VII was rewritten; a web site form is used to develop input for certifying signature lists. Applied hyperlinks to documents as needed. All addendums were removed</td>
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<tr>
<td>6</td>
<td>03/09/2015</td>
<td>Added pen and ink signature, digital signature, or signature capture device to Section III.B on certifying. Added Section III.F on definition of digital signature. Added Section III.J on definition of signature capture device. Changed web site location in Section VII.B.2, and added department ID for developing certifying signature lists</td>
</tr>
<tr>
<td>7</td>
<td>01/04/2016</td>
<td>Added information concerning questions about digital signatures to Section III.F. Added Section III.L on Stored Signatures and Rubber Stamp Signatures. Revised Section IV.C.3 to be non-standard sponsored project contractual agreements. Updated Section IV.C.5 to indicate that overload requests on sponsored funds must be approved by Office of Contracts and Grants (OCG). Removed Section IV.D. Revised Section IV.F on responsibilities for departments initiating procurements or expenditure requests. Revised Section V.C on expenditure requests. Added alternative payment method to Section V.D. Revised title for Senior Vice President for Administration and Finance in Sections II and X</td>
</tr>
</tbody>
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