FINANCIAL SIGNING AUTHORITIES HANDBOOK

Financial Policy and Systems
Government Accounting
Financial Management Board Secretariat
Government of the Northwest Territories

Second Edition
January 2000

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FORWARD

This handbook is primarily for people employed in departments and public agencies of the Government of the Northwest Territories. It gives the basic requirements for authorizing the most common financial transactions. If after reading this handbook you have any doubt about whether you have legal signing authority or whether you should sign a financial transaction document, please consult the detailed directives in the Financial Administration Manual. If you still have doubts, you must consult with your financial supervisor or the Financial Management Board Secretariat.

We hope you find this book useful and informative, and we welcome your questions, comments, and suggestions at:

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TABLE OF CONTENTS

1. YOUR SIGNING AUTHORITY

1.1 General

In order to authorize financial transactions for the Government, you must have signing authority and place your hand-written signature on the required documents. When your Government department or public agency gives you signing authority, you sign a Specimen Signature Record or, in some cases, an Instrument of Delegation, which describes your personal authority. By signing, you provide your department with a specimen of your signature and certify that you know the conditions and limits of your authority. You receive a copy of your Specimen Signature Record and your department files the original so an auditor can verify your signing authority (see section 1.5). Your signing authority may be temporary or occasional (see section 1.7).

Having financial signing authority makes you one or more of the following three types of signing officer.

- expenditure officer
- contract authority
- accounting officer

You may not subdelegate (pass on) your signing authority to anyone else unless your Specimen Signature Record or Instrument of Delegation authorizes you to do so. In that case, you may subdelegate temporary or occasional signing authority to someone else.

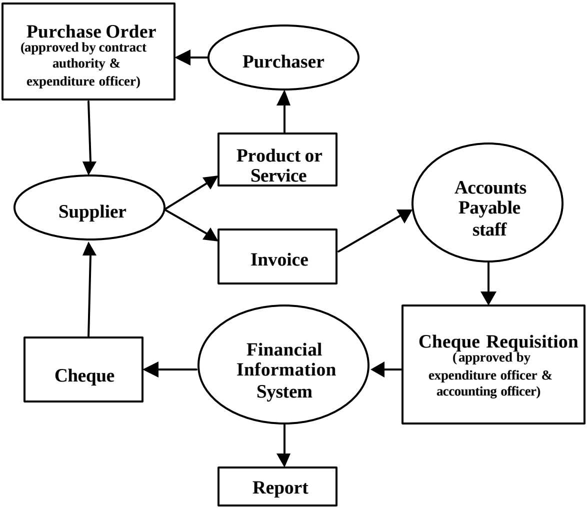
The most common financial transactions are purchase contracts and payments for goods and services. In order to make a contract legally, your Specimen Signature Record must designate you as a contract authority and state the conditions and monetary limits of your authority to make contracts. For practical reasons, most expenditure officers are also designated as contract authorities.

With very few exceptions, every spending transaction requires at least two people to sign – an expenditure officer and a separate accounting officer. Expenditure officers are responsible to justify purchases and control budgets. Accounting officers are responsible to control payment and ensure that the Government's accounting policies and procedures are followed. No one is permitted to act as both expenditure officer and accounting officer on the same transaction. Separation of spending and accounting duties is a very important internal control principle in any organization.

You may not separate parts of a transaction into smaller transactions in order to bypass monetary limits or other restrictions on your signing authority. If your signing authority limit is $15,000, for example, you may not split a $20,000 purchase into smaller purchases of $15,000 or less.

You may not authorize any part of a financial transaction from which you, your relatives, or anyone residing in the same household as you can benefit. Relatives include parents, brothers and sisters, married and common-law spouses, children, stepchildren, foster children, parents-in-law, and grandparents.

The arrows in the diagram below show the flow of a typical transaction that involves spending. The ovals are people, offices or systems and the rectangles are the documents they sign or things they produce.



1.2 If You Are a Contract Authority

In order to make a contract, you must be a contract authority for the particular type of goods or services being purchased. The authorization documents you sign have a “Contract Authority” line for your signature. Most contract authorities have Local Contract Authority (LCA), which applies only to local contracts costing $5,000 or less. Generally, Directors and Regional Superintendents are contract authorities for the types and dollar values of contracts normally used in the programs they manage. (Section 2, Making Contracts, deals with contract types in detail.)

Before you make a contract, you must verify that your Specimen Signature Record gives you authority to make contracts of the type and dollar value you have in mind. Your authority is limited to the conditions, budgets, and dollar values shown on your Specimen Signature Record (see section 1.1). For example, your contract dollar limit might be lower than the maximum LCA contract value of $5,000.

On contracts other than LCA contracts, an expenditure officer must also sign (along with you as contract authority) for contract initiation and the acceptance of contract performance and price. As explained later, you might be that expenditure officer yourself, but not necessarily (see section 1.3). Further, an accounting officer must sign for all commitments and payments in all your contracts. You may not sign as contract authority and accounting officer in the same contract.

As a contract authority, you must be familiar with the Government Contract Regulations and related directives in the Financial Administration Manual (FAM). You should have access to a copy of the FAM, which you may obtain from Financial Policy and Systems at the address given in the Forward to this handbook.

1.3 If You Are an Expenditure Officer

Most financial signing officers in the Government are expenditure officers with one or more forms of expenditure authority. As an expenditure officer, you may approve expenditures from particular budgets. Your expenditure authority is limited to the conditions, budgets, and dollar values shown on your Specimen Signature Record (see section 1.1). The approval documents you sign have an "Expenditure Authority" or "Spending Authority" line for your signature. You may not sign on the "Contract Authority" line unless you are also a contract authority for the type of goods or services being purchased (see section 1.2). All contract authorities are expenditure officers, but not all expenditure officers are contract authorities.

As an expenditure officer, your Specimen Signature Record will give you one or more of the following types of expenditure authority:

a) authority to contract;
b) authority to initiate expenditures; and,
c) authority to confirm contract performance and price

Authority to contract permits you to make contracts for goods and services and sign on the "Contract Authority" line of various documents. As a contract authority, you may not sign on the “Expenditure Authority” or “Spending Authority” lines unless you are also the expenditure officer responsible for the affected budget. In that case, you may sign the same document twice – once as contract authority and once again as expenditure officer. Note: Local Contract Authority (LCA) contracts do not have an “Expenditure Authority” or “Spending Authority” line. An LCA contract authority is automatically the responsible expenditure officer.

Authority to initiate expenditures permits you to approve the use of particular budget funds. You may sign the “Expenditure Authority” or “Spending Authority” line on various documents and the “Contract Authority” line on LCA contracts. If a document is not for an LCA contract, you may not sign the “Contract Authority” line unless you are also a contract authority for the type of goods or services being purchased. Only an expenditure officer who is also a contract authority may sign as both expenditure officer and contract authority on the same document.

Authority to confirm contract performance and price permits you to certify your acceptance or rejection of purchased goods and services, based on approved quality at an accepted price, in order to approve or reject a contractor’s invoice. You do not have to be a contract authority to confirm contract performance and price, but you must be an expenditure officer.

You may not act as both expenditure officer and accounting officer on the same transaction.

1.4 If You Are an Accounting Officer

As an accounting officer, you may have one or both of the following payment authorities:

a) commitment certification authority; and,
b) payment certification authority.

Your payment authority is limited to the conditions, budgets, and dollar values shown on your Specimen Signature Record (see section 1.1). The authorization documents you sign have a "Payment Authority" line for your signature. The payment authorities you may have are described as follows.

Commitment certification authority permits you to certify that:

a) the particular budget has sufficient funds available for an expenditure;
b) an expenditure officer has signed to authorize the expenditure; and,
c) if the expenditure is being made under a contract for the purchase of goods or services, a contract authority has signed to authorize the contract.

Payment certification authority permits you to sign in order to:

a) certify that an expenditure officer has signed to confirm contract performance and price; and,
b) authorize the release of payment.

You must also remember that if you have acted as an expenditure officer on any transaction, you may not also act as accounting officer on that same transaction.

1.5 Record Keeping

Although the Government does most of its accounting electronically, the original paper documents you sign in each transaction are kept on file for seven years. The date of your signature must be recorded on each document you sign. Your signature and the date can then be compared with your Specimen Signature Record or Instrument of Delegation in order to show that you had the authority to sign (see section 1.1) on the day you signed.

1.6 Some Basic Common Sense Rules

You may use your signing authority only when the transaction is clearly legitimate.

Every expenditure must use funds that the Legislative Assembly has appropriated (voted) for the purpose. For example, for operations or maintenance purposes, you may only use funds that have been appropriated under Vote 01, Operations and Maintenance. You may not use funds appropriated for a project under Vote 02, Capital.

You must have authority to make the type of expenditure you are considering. You should be particularly careful to confirm this when the expenditure is not a usual part of your work. For example, to have something changed in the architectural, electrical or mechanical design of a building that the Government owns, leases, or pays for, you must have the project approved and managed by the Department of Public Works and Services.

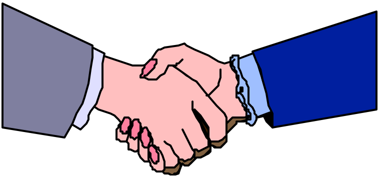
1.7 Temporary and Occasional Signing Authority

You may be called upon to act (fill in) for someone else who is absent. For example, you may be appointed to act for your supervisor who is away on duty travel or annual leave. When you act for another person, you do not automatically assume their financial signing authorities. Your Specimen Signature Record will tell you what authorities you have already (see section 1.1). If you do not already have the authority to sign for someone else, a new or revised Specimen Signature Record must be prepared for you before you sign.

Temporary authority is called *acting* authority. It permits you to act for another position or person for a specified time and ceases automatically when that time is past.

Authority to act from time to time over an unspecified period is called *standing acting authority*. You may receive standing acting authority if you are likely to be called upon to act for another position or person when they are absent. You are permitted to act for the person who would normally sign only if they are also unable to be present and unable to exercise financial signing authority while absent and only if it would not be in the public interest to delay the action until that person returns. Standing acting authority continues indefinitely until it is revoked or you leave your position.

2. MAKING CONTRACTS



2.1 Contracts Based on Competitive Tender - the Basic Rule

As explained in Section 1, a contract authority must be authorized to contract for the particular type of goods or services being purchased. As a rule, every contract for the purchase of goods, services, or construction must be tendered so as to promote the submission of competitive bids. Exceptions to this rule are dealt with later.

Essentially, a contract based on competitive tender is awarded to the contractor who submits the lowest price to do the work, as the lowest price is considered to be the best deal. The type and amount of work must be described accurately and all interested contractors must be given identical information so they all know exactly what is to be done. Dealings with contractors must be absolutely fair to every competing contractor and must also appear to be absolutely fair. Wherever possible, the description of goods or services being purchased must be as generic and universal as possible so as not to favour a particular supplier.

<u>A contract authority must never accept from a contractor anything that a reasonable person would identify as a benefit, incentive, gift, or favour.</u> Public officers are not allowed to accept any compensation for their Government work other than their ordinary salary and employment benefits. The following things are not considered to be benefits, incentives, gifts, or favours, and may be accepted.

- ordinary hospitality, e.g., food and refreshments offered equally to everyone at a conference or trade fair
- employee awards for merit or long service
- inexpensive advertizing items, e.g., calendars, caps, pens, etc.
- *token gifts* such as certificates of appreciation or trophy items that have no resale value

2.2 Local Contract Authority and Contracts of $5,000 or Less

Many Government contracts are under $5,000 in value. If a contract is to be made for $5,000 or less, you may conduct a tender orally (e.g., on the telephone) or in writing and you may accept bids by fax. However, as discussed later in this section, you must keep a written record of all the bids you receive if you expect any prices higher than $1,000.

If a contract is for $5,000 or less, you will probably use a Local Contract Authority (LCA) form. If your Specimen Signature Record authorizes you to use the LCA form, you have the authority to contract for small, local purchases of goods and services. However, you may not use the LCA form for certain types of contracts, e.g., construction, legal services or insurance contracts, unless the department responsible for those types of purchases has authorized you specifically to make them. Any such special authority will likely be given to you on an Instrument of Delegation.

The LCA contract form may not be used for contracts of more than $5,000. Since your department sets most of the specific conditions of your signing authority, your authority to contract may be limited to contracts with some other maximum that is lower than the $5,000 LCA limit. Also, you might be restricted from making certain types of purchases. No one may split a contact into smaller contracts in order to evade the $5,000 LCA limit or their own signing authority limits.

A contract authority and an expenditure officer must both sign for every contract. However, the LCA contract form does not call for separate contract authority and expenditure officer signatures. If you sign as contract authority for an LCA purchase, you are automatically the expenditure officer as well (see sections 1.2 and 1.3). However, you may not also act as accounting officer (by signing for payment) on that same purchase (see section 1.1).

An LCA contract may only be used for goods or services supplied in the Northwest Territories. (There are rare exceptions to this rule, e.g., at some Government of the Northwest Territories offices elsewhere in Canada.) In all cases, the requirements for signatures and processing must be met and contract completion must be expected within 30 days of the date of the supplier's signature.

The original LCA form and all carbon copies must describe the goods or services, state the purchase price, and bear the signatures of the contract authority, the supplier, and the person who receives the goods or services. (Anyone working for the Government may sign to receive.) The original and both carbon copies must remain inside the LCA booklet until the description and price have been written, the goods or services have been received, and all three signatures have been made. Then the original copy is separated from the carbon copies, removed from the booklet, and given to the supplier as a receipt. When the supplier submits an invoice for the goods or services, the first carbon copy is attached to the invoice and forwarded to an accounting officer for certification and payment processing. As explained below, you may need to attach tender information to the invoice as well. The second carbon copy stays in the LCA booklet.

You do not have to conduct a formal (written) tender to set up an LCA contract. Tenders for contracts of $5,000 or less may be conducted orally (informally) or in writing (formally). If possible, you should try to get at least three bids in every tender, but it is usually not practical to request more than five. A good way to conduct tenders for contracts up to $5,000 is to request bids by fax or phone and let suppliers choose whether to submit their bids by phone, by fax, by email, in person, or on paper. (A faxed price request helps ensure that you give every supplier exactly the same information, and a faxed bid is considered to be in writing.)

<u>The accounting officer who approves payment is responsible to ensure that there is a written record of bids for every LCA contract that exceeds $1,000. Whether you receive bids orally or in writing, you must submit a written record to the accounting officer.</u> (If you are not sure whether

bids will exceed $1,000, record all bids until you know the outcome.) The LCA booklet cover has a place to record bids, but the accounting officer might not have ready access to your booklet. In that case, whenever you forward LCA contracts to your accounting officer for payment approval, attach a separate bid record for each contract that exceeds $1,000.

A contract of $1,000 or less does not have to be tendered competitively. However, everyone is responsible to spend economically, so there is no reason not to shop for the best deal whenever practical.

If you have authority to call for proposals (see subsection 2.6.3), you may use the LCA contract form for a proposal-based contract. You may also use the LCA form to make purchases under a Standing Offer Agreement, as long as all applicable conditions and requirements are met (see section 2.5)

The LCA form is not always suitable for a contract of $5,000 or less. Where delivery comes from outside the community or contract completion within 30 days cannot be guaranteed, the Service Contract (SC) form or Purchase Order (PO) form must be used. (See section 2.4).

2.3 The Business Incentive Policy

Almost all contracts are affected by the Government's Business Incentive Policy (BIP). Recognizing the higher cost of operating in the north, the BIP helps northern businesses compete with southern suppliers by granting limited bidding preferences. To qualify for preference, a business must be registered with as a northern or local business the Department of Resources, Wildlife and Economic Development (RWED).

Pricing preferences do not apply on contracts of $1,000 or less, but the BIP requires all goods or services valued at $1,000 or less to be purchased from registered northern businesses. The nearest RWED office will give you detailed printed information on how to apply the BIP.

2.4 Contracts of More than $5,000

Ordinarily, a contract expected to exceed $5,000 must be based on a formal, (written) tender. (For exceptions, see section 2.6.) You may advertise for bids publicly, inviting all interested contractors to bid. If appropriate, you may invite selected contractors only. Ask your financial or purchasing staff for guidance on the appropriate approach for your specific case.

The signature of a contract authority and an expenditure officer are both required for a goods or services purchase contract. (The contract authority may be the expenditure officer initiating the purchase or another individual such as a designated purchasing officer – see sections 1.2 and 1.3.)

On a contract exceeding $5,000, an expenditure officer initiates the contract by signing in the “Spending Authority” signature block on a Requisition for Supplies and Services (RS) form. This form provides the specifications and estimated cost of what is to be procured. It should specify the goods or services closely enough to satisfy the need, but not closely enough to favour or exclude particular suppliers unfairly.

Next, an accounting officer signs commitment certification (see section 1.4) on the RS form. The accounting officer should register a commitment of the required funds on the Financial Information System (FIS) if:

a) the contract is expected to exceed $10,000;
b) the contract is not expected to be decommitted (i.e., paid or cancelled) within 30 days; or,
c) the contract forms part of a series of related or similar expenditures exceeding a total of $10,000 in a thirty-day period (see section 2.8).

Note: the amounts above are guidelines that may vary by program budget.

After being signed by the expenditure officer and accounting officer, the RS form is forwarded to the department's purchasing officer, who selects a contractor through the tender or proposal process. The purchasing officer accepts the best price and orders the goods or services using a pre-numbered Purchase Order (PO) form (for goods) or Service Contract (SC) form (for services), along with any supporting documents, e.g. other formal contract documents. The responsible contract authority/expenditure officer and an accounting officer must sign the PO or SC form and any other formal contract documents. If the actual contract price varies from the initial RS commitment amount, the initial commitment is removed from FIS (decommitted) and replaced with a new commitment for the actual amount of the PO or SC.

Note: a department may choose to bypass the RS form and use only the PO or SC form, but a commitment should still be entered on FIS at the requisition stage.

PO and SC forms may be used for contracts of $5,000 or less, but most such contracts use the Local Contract Authority (LCA) form (see section 2.2).

2.5 Standing Offer Agreements

If your department or agency purchases certain goods or services often, a contract authority may enter into a Standing Offer Agreement (SOA) with a particular supplier, based on a competitive tender or proposal process. The supplier in an SOA is obligated to provide goods or services at a price that is no higher than the price specified in the agreement. No one is obligated to buy from that supplier, so you should still shop for the best deal whenever practical.

Expenditure officers who are not contract authorities may authorize purchases under an existing SOA (see sections 1.2 and 1.3). However, they may not use a Local Contract Authority (LCA) form if their Specimen Signature Records do not give them authority to make LCA purchases. (Anyone authorized to make LCA purchases is a contract authority.)

2.6 Exceptions to the Tender Rule

2.6.1 General

The tender rule does not apply to every contract. If a contract is very small, or the type or amount of work cannot be described accurately, or other exceptional circumstances exist, the contract may be made as described in the following paragraphs.

2.6.2 Sole Source Contracts

A contract authority may omit the competitive tender or proposal process if he or she believes, on reasonable grounds, that:

a) the goods, services or construction are urgently required and delay would not serve the public interest;
b) only one party is available and capable of performing the contract; or,
c) the contract is an architectural or engineering contract that will not exceed $25,000 in value or is any other type of contract that will not exceed $1,000 in value.

In circumstances (a) and (b) above, the contract authority must document on file the reasons for omitting the competitive tender or proposal process. In circumstance (c), the contract authority is still responsible to spend wisely and should make a reasonable effort to find the best deal wherever practical.

2.6.3 Contracts Based on Proposals

A contract may be based on requested proposals if:

a) the work cannot be described in sufficient detail for a tender that is fair to all bidders and accurate about the work to be done; and,
b) it is in the public interest and fair to ask interested contractors to propose their own descriptions for the work, along with prices based on that work.

Every request for proposals must promote the submission of competitive proposals. The criteria and degree of importance of each criterion to be used in evaluating proposals must be communicated clearly and identically to each contractor, early in the request process. No criterion that is not communicated in time to be addressed adequately by every contractor may be used in the evaluation.

If you are a contract authority that does not report directly to a Deputy Minister or Assistant Deputy Minister, <u>you may not call for proposals unless your Specimen Signature Record or Instrument of Delegation authorizes you specifically to do so</u>.

A competitive proposal-based contract must be awarded to the proponent who offers the best value to the Government. The best value cannot be based on price alone, because a detailed description of the work is not possible. The type, quality and amount of work proposed, the methods proposed, and the proponent's experience and qualifications are usually as important as price. The best proposal can even be the most costly, which is very different from a tender-based contract.

2.6.4 Negotiated Contracts and Other Exceptional Contracts

The Executive Council may override any of the usual rules and make a contract or direct a contract authority to make a contract with any person. Executive Council approval or direction is required for any departures from the normal rules, e.g., a contract negotiated with a selected contractor at the exclusion of other available contractors or a contract that does not follow Government policy.

2.7 Special Contracts

2.7.1 General

Certain types of contracts have special conditions or limitations, as discussed in the following subsections.

2.7.2 Personal Service Contracts

Personal service contracts are made with self-employed people who provide services under arrangements that do not resemble employment. A personal service contract must not imply or resemble an employer-employee relationship, for legal and policy reasons. (Self-employed people make investments and assume risks and responsibilities that are not taken by general employees.) You should seek senior advice in your department in order to be sure that any personal service contract you make is clearly not an employment arrangement. (See section 2.7.3 below and refer to Financial Administration Manual Directive 808-5, Personal Service Contracts, for the tests used to determine whether a contract is for personal service or employment.)

Personal service contracts may be made with any qualified person, including an individual who also happens to be a Government employee, as long as the contract does not conflict with that employee's regular duties or create a conflict of interest. Employees are permitted to have outside business or employment unless their department denies it with good reason, but they may not use Government property, Government equipment, or their regular work time for outside activities.

2.7.3 Employment Contracts

Whether you hire casual, temporary or permanent staff, you should consult with human resources personnel in your department. Employment contracts have many requirements well beyond the scope of this handbook. If you need someone to perform the primary work of a particular project with defined limits, a personal services contract may be an option, but only if the contract does not imply or resemble an employment contract. (See subsection 2.7.2 above and Financial Administration Manual Directive 808-5, Personal Service Contracts.)

2.7.4 Legal Service Contracts

Only the Department of Justice and the Superintendent of Child Welfare have primary authority to make contracts for legal services. Unless the Department of Justice delegates this authority to you, you may not contract for legal services. (See the Government Contract Regulations, reproduced as Directive 9904 in the Financial Administration Manual.)

2.7.5 Construction Contracts

Only the Department of Public Works and Services and the Department of Transportation have primary authority to make contracts for construction. Unless one of these departments delegates this authority to you, you may not contract for construction. (See the Government Contract Regulations, reproduced as Directive 9904 in the Financial Administration Manual.)

2.7.6 Real Estate Contracts and Real Property Leases

The Department of Public Works and Services has the authority to make real property lease contracts. Unless the Department of Public Works and Services delegates this authority to you, you may not lease real property. (See the Government Contract Regulations, reproduced as Directive 9904 in the Financial Administration Manual.) Authority to contract for dedicated program space, excluding general office space, has been delegated to Deputy Ministers only and may not be subdelegated (passed on) to others. (See section 1.1)

2.7.7 Insurance Contracts

Only the Department of Finance has authority to make insurance contracts. Unless the Department of Finance delegates this authority to you, you may not contract for insurance coverage. (See the Government Contract Regulations, reproduced as Directive 9904 in the Financial Administration Manual.)

2.8 Contract Commitments

An expenditure officer and an accounting officer must certify approval of every expenditure. Each officer certifies (among other things) that all reasonable measures have been taken to ensure that there are sufficient uncommitted funds in the budget to cover the expenditure. In order to ensure that sufficient funds are held in reserve against unpaid expenditures, commitments are recorded electronically on the Financial Information System (FIS). If an expenditure has been incurred without an electronic commitment, the uncommitted (free) balance shown on FIS will not represent the true amount of funds available, so it is important to record significant commitments on FIS. Although not every commitment has to be recorded electronically, an expenditure should be committed if:

a) it is expected to exceed $10,000;
b) it is not expected to be decommitted within 30 days; or
c) it forms part of a series of related or similar expenditures exceeding a total of $10,000 in a thirty-day period.

A department with a significant volume of small contract purchases, e.g., LCA contracts, Travel Warrants, Accommodation Warrants, etc., should set up general commitments for effective monitoring and control of the overall totals.

3. PAYING FOR COMPLETED CONTRACT WORK

In order to authorize payment for contract work performed, an expenditure officer must sign to provide certification of contract performance and price, and an accounting officer must provide an additional certification in order to authorize payment (see sections 1.1 through 1.4). Each officer provides his or her certification by signing on the same internal payment document, e.g., an invoice apron or cheque requisition. There is an exception for contracts using the Local Contract Authority (LCA) form (see section 2.2). In that case, the accounting officer signs a carbon copy of the original LCA form, which already bears a carbon copy of the contract authority/expenditure officer's signature and serves as both the commitment and payment document.

Progress payments on major contracts, particularly construction contracts, may have a contractual or legal requirement to have a percentage deduction (holdback) taken from the invoice amount of each payment to cover potential deficiencies or liens. Amounts held back are released to the contractor at substantial or final contract completion or other specified time, depending on the reason or legal requirement for the holdback. For detailed information and advice on major contracts for construction, goods or services, refer to contract and purchasing guideline manuals published by the Department of Public Works and Services. Also, please note that staff or professional consultants engaged by departments or public agencies that are directly responsible for construction, architecture, and engineering projects are the only people ordinarily authorized to make and administrate construction, architectural and engineering contracts on behalf of the Government. Within that authority, they are responsible to conduct or oversee design work, design approvals, work inspections, and payment approvals in those types of contracts.

4. COMMON CONTRACTS

4.1 Air Charters

This section does not apply to air charters used in direct response to forest fires by the Forest Management Division of the Department of Resources, Wildlife and Economic Development. Air charters may only be used if more economical travel, e.g., scheduled air service, is unavailable or impractical, and the most economical and practical air charter available must be used.

In order to charter an aircraft, you must be both an expenditure officer and a contract authority with authority to contract for air charters, unless the charter is made under a Standing Offer Agreement or other previously approved contract. In any case, you must be an expenditure officer with initiation certification authority that does not exclude air charters.

Every regional office of every department is required to appoint an Air Charter Liaison Officer to:

a) record, for audit purposes, the purpose, flight details and cost of all air charters in the individual department and region;
b) provide information on alternative economical transportation; and,
c) assist with coordinating and sharing air charters.

Before chartering, you are required to:

a) communicate your air charter requirements to the Air Charter Liaison Officer for your region and department; and,
b) review with the Air Charter Liaison Officer any existing air charter plans of other staff for opportunities to share charters economically.

4.2 Duty Travel

Duty travel must maximize employee safety and effectiveness, be economical, and benefit Northwest Territories community businesses where practical. These principles, combined with the collective bargaining agreements, make the rules for duty travel quite complicated. You may also consult the Financial Administration Manual, the Human Resources Manual, and the collective agreements.

Subordinate employees may not approve the duty travel or duty travel expenses of more senior staff. Except as described below, the approval officer must authorize duty travel and related expenses before the trip is taken, using the Travel Authorization and Expense Claim Form. The approval officer and the traveller must sign the form. Ministers may authorize their own duty travel and related expenses. Deputy Ministers and Regional Superintendents may authorize their own duty travel and related expenses within a pre-approved overall duty travel plan. All other public officers must have their duty travel expenses authorized by a more senior public officer. (For more detail, see the Financial Administration Manual.)

Unless permitted otherwise in Financial Administration Manual Directive 820-1, Duty Travel, the following procedure is to be followed for approving travel and related expenditures and disbursements.

1) Before travelling, the traveller obtains authorization, submitting to the responsible expenditure officer a partially completed Travel Authorization and Expense Claim Form as specified in Directive 820-1. This form must be completed in order to authorize the trip, even if no expenses will be claimed and regardless of whether cash travel advances are requested. Duty travel must always be approved in advance in order to eliminate any doubt about whether a traveller is officially on duty travel. This protects the interests of the traveller and his or her dependants in the event of injury, death or property damage.

2) Before the trip is taken, the authorizing expenditure officer:

a) determines that travel is necessary, ensures that forms are completed correctly and, in writing on the specified forms, authorizes (as applicable) the travel plan, travel mode, class of commercial transportation, and the use of a Government travel credit card, travel warrants, accommodation warrants, or cash advance;
b) makes Directive 820-1 available to the traveller; and;
c) ensures that travel and accommodation arrangements, cash advances and expenses comply with Directive 820-1.

Cash advances for travel and accommodation are not permitted except in unusual cases, e.g., where a carrier or hotel will not accept the Government travel credit card or a Government warrant.

3) After the trip is taken or cancelled, the traveller resubmits the Travel Authorization and Expense Claim Form, listing expenses claimed, attaching substantiating receipts, Government travel credit card slips and other documents, and returning the unused portion of any cash advance. If a cash advance has been taken, the form, unused cash, and related documents must be submitted within ten working days of the end of the trip or, if the trip has been cancelled, within five working days of the cancellation. If an advance has not been taken, the form and all required attachments must be submitted within 30 working days.

4) The expenditure officer:

a) reviews all expense claims and cash advance returns and ensures the presence of all required receipts;

b) approves the clearance of any cash advance and the reimbursement of expenses claimed; and,
c) compares transportation and accommodation invoices with warrants issued and compares travel credit card invoices with actual card charges incurred, in order to ensure against duplicate payments and any potential payment of wrongly invoiced charges.

4.3 Travel Credit Cards

Government travel credit cards may only be used for approved Government travel and related accommodations.

The employee is strictly and entirely responsible to pay for any fees charged by the credit card company in order to allow the him or her to accumulate travel points. The Government must not be charged for such fees under any circumstance.

For accommodations, a Government travel credit card may only be used for room charges. The only exception to this rule is where meals are included within the room price. (In this respect, a travel card is exactly like an accommodation warrant.) Under no circumstances are alcoholic beverages to be charged to a Government travel credit card. Meals, phone calls, etc., that are charged to the room must be paid for separately by the employee (e.g., with cash or a personal credit card) and reimbursed through the expense claim process described in 4.2 above.

4.4 Lease Contracts Other Than Real Property Leases

As mentioned in subsection 2.7.6, only Deputy Ministers may enter into real property lease contracts. You may enter into other types of lease contracts, e.g., for equipment and vehicles, etc., but only if permitted on your Specimen Signature Record or Instrument of Delegation.

4.5 Grant and Contribution Agreements

The Government transfers large parts of its annually appropriated departmental budgets through contributions and grants and to public agencies, community governments, non-government organizations, and individuals. Chapter 400 in the Financial Administration Manual sets out the requirements for such transfers. If you are responsible to approve a grant or contribution you must be aware that your Minister is responsible to:

a) establish and publish, for the information of all eligible transfer recipients:
   i) equitable criteria for selecting recipients; and,
   ii) equitable recipient selection methodology;
b) ensure that your department complies with its published criteria and methodologies; and,
c) ensure that your department and the transfer recipient comply with applicable requirements in the Financial Administration Manual.

A grant is an essentially unconditional transfer of money from the Government to an organization or individual whose program or project compliments the Government's objectives. For example, a department may support the promotion of Northwest Territories art and artists for cultural or business development reasons. Accordingly, it may issue a grant to a local arts organization in order to help pay for the costs of an annual community music festival. A grant recipient is not required to account to the Government for its use of granted funds, and the only binding condition on a grant is that the recipient will continue to meet eligibility criteria during the time period to which the grant applies. A grant is very different from a contract. If you are responsible to approve a grant application or payment you must ensure that the grant is for a purpose for which an appropriation has been made and that the recipient is eligible to receive the grant.

Unlike a grant, a contribution payment is always made with conditions. A contribution agreement is a Government contract. The particular conditions attached to a contribution agreement depend on the nature of the program or project being supported, the type of organization receiving the contribution, and the size of the contribution. The most important condition, common to all contributions, is that a contribution recipient is required to account to the Government for its use of contributed funds. Accordingly, all contribution payments are accountable and subject to stringent controls.

In order to approve a contribution agreement that includes an accountable advance, you must be a contract authority with specifically delegated authority to issue an accountable advance of the type and amount called for in the agreement (see section 1.2). In order to approve a contribution agreement that does not include an accountable advance, you must still be a contract authority with authority to contract for the type and amount of contribution agreement.

In order to approve an expenditure under an existing contribution agreement, you must be an expenditure officer with authority to certify both expenditure initiation and confirmation of contract performance and price for expenditures and disbursements of the type and amount called for in the agreement (see section 1.3).

If you are responsible to approve a new contribution agreement or an expenditure under an existing contribution payment, you must ensure that the contribution is being made for a purpose for which an appropriation has been made and that the recipient is eligible to receive the contribution. Contribution approval and grant approval responsibilities are similar in this way. However, the prior obligations of the recipient of a contribution payment are considerably more strict than they are for those of a grant recipient. You must also ensure that all prior conditions have been met before you approve any new contribution agreement or any expenditures to be made under an existing contribution agreement.