

Schreiner University

SPENDING AUTHORITY POLICY (effective October 2024)

Purpose

To establish internal controls, practices, and guardrails to safeguard those who are authorized to obligate the University with external parties and to identify those who have access to financial systems and authority to approve financial transactions.

This policy designates who, within the university, is authorized to incur financial or contractual obligations on behalf of the university and complements University Bylaws where it relates to spending.

Scope

This is a University policy that applies to all employees and members of the Board of Trustees.

General Policy

Pursuant to the Amended and Restated Bylaws of Schreiner University, the Board of Trustees has delegated to the President of the University general control and supervision over all educational, financial, and administrative matters pertaining to the university. The President, in turn, delegates certain spending authorizations to the officers of the university including signing and approval authority under their respective organizational jurisdictions.

Definitions

"Signature authority" for contracts and other commitments is the authority to execute transactions that obligate the university up to dollar limits established by the Board, the President or by relevant university policies and procedures. The signer of a contract or any other financial commitment is ultimately responsible for the appropriateness and correctness of the transaction and its terms.

"Approval authority" is the authority to approve expenditure of university funds within specified dollar limits or to recommend execution of a contract or other commitment by one with signature authority. Approval attests to the appropriateness of the transaction within the university's program objectives, that funds are available, and that the accounting information is correct.

Policy Specifics

The Board of Trustees retains some approval authority that is unique unto itself. The contracts and actions listed below must be approved by the Board of Trustees, or if not restricted by any legal requirement, an authorized committee of the Board of Trustees. The resolutions approving such contracts may specifically designate one or more officers

or employees of the University to execute the proposed contracts and all related instruments.

The Board of Trustee's approval authority includes:

- any Corporate Transactions that amend the University's Certificate of Formation or Bylaws, any proposal for the dissolution or winding up of the University or contract in furtherance thereof, or any contract that changes or materially affects the corporate structure of the University, its subsidiaries or affiliates, including the purchase or sale of all or substantially of the assets of any third party, the sale of all or substantially all of the assets of the University, and any merger, reorganization, or conversion;
- the annual University budget (including capital budget);
- any contract or transaction that involves the purchase of real property or any interest therein having a purchase price exceeding \$100K;
- any contract or transaction that involves the disposition of real property or any interest therein;
- any loan agreement, bond, contract or other instrument pursuant to which the University incurs or assumes debt or secures debt by mortgage, deed, of trust, or other pledge of assets. Operating leases for capital equipment shall not be considered debt instruments;
- any settlement agreement involving the resolution of any litigation, arbitration, claim, or administrative investigation the total cost of which exceeds \$100K;
- the remuneration of the President; and
- any contract for the engagement and retention of an independent accounting firm to serve as the University's independent auditors.

The Officers of the Board are notified of gifts over \$500K, and the Officers may request other expenses or purchases be brought to the attention of – or be approved by – the full Board.

At the annual meeting, the Human Resources Committee passes a resolution establishing the Signature Card and access to all financial and investment systems for the following year. Typically, the Signature Card includes the President, the Vice President for Planning and Finance, and the Controller. Access to financial systems typically is granted to the President, the Provost, the Vice President for Planning and Finance and the Controller.

Otherwise, signature authority to approve and execute expenses and contracts rests with the President or Vice President for Planning and Finance depending on the nature of the transaction. The President may delegate signature authority within defined limits to the Provost, Vice Presidents, or other employees of the University for particular transactions as per the Procurement and Gift Acceptance policies. With the approval of the President, these individuals may further delegate in writing or electronically such signature authority within defined limits to deans, vice provosts, directors, or managers who report to those individuals.

Approval authority for general operating expenditures within a budget approved by the President is delegated to Vice Presidents who may further delegate such approval authority to individuals who report to them.

There are limitations on signature and approval authority. An individual may not:

- approve one's own reimbursement or the reimbursement of someone to whom one reports, except for the President whose reimbursement is approved by the Vice President for Planning and Finance;
- sign or approve a personnel notice change form or salary form that impacts one's own salary, including stipends;
- sign or approve a transaction that is or may present a conflict of interest without first adhering to the University's policies and procedures on disclosure and resolution of conflicts of interest; or
- sign or approve a transaction beyond the financial limits or funding sources of their delegated authority (see the Procurement Policy for further details).

Any contract for goods or services or that commits the University in an amount equaling or exceeding \$10K per year must be approved by the Vice President for Planning and Finance who ensures that the financial obligation is properly recorded and funds are available in the respective budget. Multi-year contracts totaling \$100,000 or more over the length of the contract come under this requirement. Any contract for goods or services or that commits the University in an amount equaling or exceeding \$250K per year must be approved by the President. Multi-year contracts totaling \$250K or more over the length of the contract come under this requirement. Any contract for goods or services that commits the University to more than three years must be signed by the President or delegated to the Vice President for Planning and Finance for signature.

The Director of IT will approve technology-related contracts in order to confirm capability with the University's existing technology infrastructure. In certain circumstances, if approved in advance by the President, signature authority for such contracts may be delegated to the Vice Presidents overseeing the operational area and approval authority may be delegated to a dean, director, or manager who reports to the Vice President. Any contract involving investments, financial instruments or interests, securities, or management of financial assets must be signed by Vice President of Planning and Finance. When multi-year contracts are built into the budget that the Board approves on an annual basis, those contracts and expenses will be considered approved. On occasion, funding plans are submitted with new initiatives being proposed. In the case of Board approval of these plans and initiatives, the resulting contracts and expenses should be considered approved.

No contract in excess of \$100,000 shall be signed without prior review by the University's General Counsel and the Director of Budget and Procurement, unless the language of the contract has previously been approved and it appears in the Board-approved budget within the base budget expenses. The \$100,000 limit applies also to multi-year contracts totaling \$100,000 or more. All contracts that have rights or commitments in excess of three (3) years, or which provide indemnification against claims (whether by or for the benefit of the university), or seek to limit the amount or type of liability in any way also must be reviewed by the University's General Counsel prior to approval and signature. The University's

General Counsel also will review all contracts with provisions establishing the choice of law or the forum if other than Texas or means for resolution of disputes and all contracts with confidentiality or non-disclosure obligations. A copy of the signed contract must be maintained on file with the Vice President for Planning and Finance for the period of the contract plus seven (7) years or the period required by law or the contract, whichever is longer.

Spending Authority as it Relates to Grants

Grant opportunities over \$25,000 or that include capital spending and/or matching funds must be approved by the President and reviewed by the Vice President for Planning and Finance before they are submitted. Once a grant is received, spending authority is considered having been granted by the Grantor, and the grant's expenditures and contracts are guided by the limits, thresholds, and procedures documented in the Spending Authority policy. The receipt of a grant does not invalidate the University's Spending Authority policy.

Accountability, Documentation, and Reporting

Failure to abide by the Spending Authority Policy will result in corrective action up to and including termination from employment.

When spending authority requires more than one approver (see the accompanying Spending Authority Matrix), appropriate documentation will be kept on file to illustrate that all of the steps for approval have been completed.

On an annual basis, the Financial Services Committee, will receive a report from the Chief Financial Officer, Controller, or Coordinator of Budget and Procurement regarding any spending or contracts over \$100K or a three (3) year or longer contract.

Cross References to Related Policies

- Procurement Policy
- Gift Acceptance Policy
- Investment Policy
- Contract Approval Policy
- Document Retention Policy

Administrative Oversight: Financial Resources Committee

Responsible for Implementation: President and Vice President for Planning and Finance

Created: October 2024

Reviewed: N/A

Spending Authority Table

	Approver One	Approver Two	Approver Three	Board Notification Necessary (Y or N)	Board Action Necessary (Y or N)
Procurement					
<\$10K	VP	N/A	N/A	N	N
\$10K - \$50K	VP	VPPF	N/A	N	N
>\$50K	VP	VPPF	PRES	N	N
>\$25K from PRES budget	PRES	VPPF	N/A	N	N
Gift Acceptance					
<\$50K	VPSEM	N/A	N/A	N	N
\$50K - \$500K	VPSEM	PRES	N/A	N	N
>\$500K	VPSEM	PRES	N/A	Y	Y
Contracts					
Technology-Related	Dir. of IT – then follow dollar thresholds below				
Investment, Financial, or Asset-Related	VPPF – then follow dollar thresholds below				
<\$10K	VP			N	N
>\$25K or multi-year contracts >\$100K	VP	VPPF		N	N
>\$250K or multi-year contracts >\$250K	VP	VPPF	PRES	N	N
Contract for more than three years	VP	VPPF	PRES	N	N
>\$100,000 or multi-year contracts >\$100K	Director of Budget and Procurement	Legal Review – then follow procedure above			

All contracts beyond three years	Legal Review – then follow procedure above				
Contracts outside of the University's typical operating procedures	Legal Review – then follow procedure above			Y	Y or N
Annual Budget	Cabinet	PRES	N/A	Y	Y
Borrowing Money	VPPF	PRES	N/A	Y	Y
Remuneration of President	N/A	N/A	N/A	Y	Y
Remuneration of Auditor	VPPF	N/A	N/A	N	Y (Audit Committee)
Purchase of Land					
<\$100K	VPPF	PRES	N/A	N	N
>\$100K	VPPF	PRES	N/A	Y	Y
Sale of Land	VPPF	PRES	N/A	Y	Y or N
New Initiatives with Funding Plans	VPPF	PRES	N/A	Y	Y or N or N/A
Grants Submission					
Leading to capital projects	VPPF	PRES	N/A	N	N
>\$25K	PRES	N/A	N/A	N	N
Settlement					
<\$100K	VPPF	PRES	N/A	N	N
>\$100K	VPPF	PRES	N/A	Y	Y