



Issue Date: <b>March 2009</b>	Effective Date:	Responsible Agency: <b>Office of the Comptroller General</b>	Directive No: <b>803</b>
Chapter: <b>Control of Expenditures</b>			
Directive Title: <b>VERIFICATION AND APPROVAL OF EXPENDITURES AND DISBURSEMENTS</b>			

## 1. POLICY

All expenditures and disbursements from the Consolidated Revenue Fund must be certified by an Expenditure Officer and an Accounting Officer and comply with s.44 and s.49 of the *Financial Administration Act (FAA)* as well as this and other directives in this manual.

## 2. DEFINITIONS

**Expenditure** means the act of spending money for goods or services. S.44 of the *FAA* requires expenditure officers and accounting officers to certify, among other things, that all expenditures are incurred pursuant to an appropriation. Expenditures are reported on the Statement of Operations in the Public Accounts or on the Statement of Financial Position as tangible capital assets.

**Disbursement** means the act of paying out money. S.49 of the *FAA*, which deals with disbursements that are not made with respect of an expenditure, requires expenditure officers and accounting officers to certify, among other things, that there is money available and that the disbursement is in accordance with a contract or other authorization. These disbursements are for such things as loan payments, advances, payments from revolving funds and the like. They are not pursuant to an appropriation and tend to be items that affect the Statement of Financial Position rather than the Statement of Operations.

**Expenditure officers and accounting officers** are public officers who have been designated as such in accordance with s.40 (1) of the *FAA*. They have the responsibility of providing the certifications required for expenditures and disbursements under s.44 and s.49 of the *FAA*.

### **3. DIRECTIVE**

The Comptroller General has overall responsibility for ensuring that all disbursements are properly authorized and Executive Finance Officers (EFO) have a functional responsibility to that office.

Deputy Heads are responsible for ensuring that the proper controls are in place within their departments to ensure that expenditures and disbursements comply with *s.44 and s.49* of the *FAA*.

The primary functional responsibility for the system of controls in each department rests with the EFO as designated by the Deputy Head.

### **4. PROVISIONS**

- 4.1. Segregation of duties is a key element of internal controls. A person cannot act as an expenditure officer and accounting officer on the same transaction.
- 4.2. An expenditure officer or accounting officer shall not act in that capacity involving any transaction in which they have, or can obtain, a direct or indirect personal benefit. This includes benefits to immediate family or organizations from which they receive a benefit.
- 4.3. Deputy Heads must ensure that the responsibilities and duties of accounting officers and expenditure officers are clearly communicated and understood.
- 4.4. All procedures developed and employed by departments covering the approval of expenditures and disbursements shall be made available to the Comptroller General upon request. In addition to the requirements of *s.44* and *s.49* of the *FAA*, departmental procedures must provide assurance that disbursements are only made after qualified officers have certified that the goods or services being paid for have been received and are what was ordered or required.
- 4.5. The expenditure officer or accounting officer who provides certification at the payment stage does not have to be the same expenditure or accounting officer who provides the certifications at the purchase order or contract stage.
- 4.6. Expenditure officers and accounting officers may only certify expenditures or disbursements that relate to activities over which they have been



delegated authority. S.41 of the *FAA* allows accounting officers to act in that capacity for another department with the consent of the Comptroller General and the Deputy Head of the other department. Expenditure officers may act for another department with the consent of the Deputy Head of the other department.

- 4.7. Disbursements for goods or services not yet received (accountable advances) may be made by the Comptroller General (or delegate) under s.54 of the *FAA*. Under FAM Directive 802, the Comptroller General has delegated this authority to various public officers depending on the type of accountable advance involved. Accountable advances are dealt with in FAM Directives in the 817 series.

Since accountable advances are made before goods or services are received, s.54 (2) of the *FAA* exempts them from the certification required under s.49 (2) (a) (iv) of the *FAA*.