

SECTION:	FINANCE	POLICY NUMBER:	FN 10-025
SUB-SECTION:	The Purchasing Cycle	EFFECTIVE DATE:	2005-09-08
SUBJECT:	Expense Authorization	LAST REVISION DATE:	2019-11-20

POLICY

All employees shall obtain authorization for any expenditure of Hospital funds in accordance with Hospital Corporate Policies.

1. All capital and financial expenses shall be authorized and approved by designated signing officers in accordance with Table 1 - Capital Expenses and Table 2 - Operating Expenses.
2. Expenses must relate directly to the mandate of the signing officers' department within the limits set out in this policy and within approved annual budgets.
3. All signing officers are expected to act in good faith and in the best interest of the Hospital and at all times avoiding conflicts of interest.
4. All signing officers shall comply with the Broader Public Sector Directives and ensure that the Hospital's Corporate Purchasing Policy is adhered to (FN 10-050).
5. Signing officers may further delegate, on a temporary basis, signing authority to other staff with equal authority to the person delegating signing authority. The Chief Executive Officer and Chief Financial Officer may delegate to any Vice-President.
6. Transactions will be approved by all positions identified in the approver hierarchy up to the approval authority required for a particular expense.

Table 1 - Capital Expenses

Item	Board of Directors	CEO	CFIO	VP's	Director/Manager	Additional Requirements
Approval of Annual Capital Budget and Major Capital Projects	BOD Approval					
Board Pre-Approved Capital Budget and Capital Projects Budget		Up to approved amount, including contingency amounts	Up to 25,000	Up to 5,000	Up to 2,000	
Capital Purchases (in excess off Approved Capital Budget) or an item not budgeted	Over 250,000	Up to 250,000	Up to 25,000	Up to 5,000	Up to 2,000	Items required for patient safety reasons can be processed above these amounts may be approved by the CEO only. All amounts over 25,000 will be reported to Finance and Audit at next meeting
Progress payments on Construction Contracts		All amounts				Certified by Architect & reviewed by Senior/Project Manager
Approval of Construction Change Orders within cash		All amounts				Certified by Architect, where applicable

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Item	Board of Directors	CEO	CFIO	VP's	Director/Manager	Additional Requirements
allowances and/or total project budget (incl. contingency)						

Table 2 - Operating Expenses

Item	Board of Directors	CEO	CFIO	VP's	Director/Manager	Designated Employees *	Additional Requirements
Approval of Annual Operating Budget	BOD Approval						
Day to Day – Goods and Services (to provide services per our mandate)		Greater than \$10,000	Up to 10,000	Up to \$10,000	Up to \$2,000	Up to 500.00	Purchase order or cheque requisition must be completed and authorized by the employees direct report
Approval of supplier invoices not processed through purchasing system		Over 10,000	Up to 10,000	Up to 10,000	Up to 2,000		Operating budget must be available. Utilities, travel expenses and credit card expenses are excluded and detailed below.
Approval of hydro, gas & water invoices for payment		VP Support Services					All payments over 10,000 are reviewed by CEO
Approval of payments to Physicians on approved contracts/agreements		Over 25,000	Up to 25,000				Authorized by Chief of Staff or Chief of the Department
Approval of business, travel & Other re-imbursments		Greater than \$10,000	Up to 10,000	Up to \$10,000	Up to \$2,000		One reporting level higher; minimum Manager/Director
Approval of monthly Credit Card Expenditures		Greater than \$10,000	Up to 10,000	Up to \$10,000	Up to \$2,000		One reporting level higher; minimum Manager/Director
Petty Cash		Up to 50.00	Up to 50.00	Up to 50.00	Up to 50.00	Up to 50.00	One reporting level higher; minimum Manager/Director
Cheque signing authorities per signing authorities registered by the bank	As per Board's Banking Resolution						All cheques require 2 signatures and payments over 5,000 must be signed by the CEO

*VP authorizes designated Employees and authority level up to 500

PROCEDURE

1. Goods and Services less than \$50

- a) Goods and Services costing less than \$50 required in the normal course of business may be paid from Petty Cash.

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- b) All withdrawals from Petty Cash and all expenditures using Petty Cash must have supporting receipts and must be authorized by the employee's direct report or the direct report's delegate.

2. Goods and Services greater than \$50 and less than \$500

- a) Goods and Services greater than \$50 and less than \$500 necessary in the normal course of business require a purchase order or a cheque requisition. Limited exceptions are allowable in emergency circumstances, but must be authorized by the respective Manager or Director prior to purchase. To process payment:
 - i) A cheque requisition with supporting receipts must be completed by the employee and authorized by the employee's direct report
 - ii) Invoices without purchase orders numbers must be sent to the employee's department and authorized for payment by the employee's direct report.

3. Goods and Services greater than \$500

- a) For individual goods and services costing more than \$500 required in the normal course of business, the purchase order process must be used, except in the case of regular predictable expenses such as rent or utilities.
- b) For purchases of a recurring nature from major suppliers, or for standing order purchases, and required in the normal course of business, the purchase order process must be used regardless of the amount.
- c) For all purchases of a recurring and non-recurring nature required in the normal course of business authorization is required as follows:
 - i) Any purchase with a gross value under \$2,000 shall be reviewed and authorized by a Director/Manager or his/her delegate.
 - ii) Any purchase with a gross value over \$2,000 but less than \$10,000 shall be reviewed and authorized by a Vice-President.
 - iii) Any purchase with a gross value greater than \$10,000 shall be reviewed and authorized by the Chief Executive Officer or approved designate.
- d) Authorizations for any activity, unless specified otherwise in another policy, shall be as follows:
 - i) Any agreement and/or contract that materially affect the direction or the finances of the Hospital shall be reviewed and authorized by the Chief Executive Officer. This includes, but is not restricted to:
 - Acquisitions, or the purchase of a business
 - Divestitures, or the sale of part of the business
 - Any contract out of the ordinary course of business
 - Any contract extending beyond 5 years (other than operating leases)
- e) Authorization levels from time to time may be lowered by the Chief Executive Officer when deemed necessary, i.e. fiscal restraint.

4. Purchases Initiated by Management

All purchases made on behalf of the Hospital must have an authorizing signature other than that of the initiator of the purchase, unless the purchase is a catalogue item.

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5. Authorization by Board of Directors

- a) The Board of Directors authorizes the annual expenses of the Hospital by approving the annual operating and capital budget.
- b) For major purchases not incorporated into the fiscal budget, the Board of Directors will delegate authorization responsibility to the Chief Executive Officer.
However, the Board of Directors shall be informed of major purchases that have the potential to affect the direction or the financial results of the Hospital.
- c) For major purchases not incorporated into the fiscal budget, the Board of Directors requires the Chief Executive Officer to obtain Board authorization for major purchases with a gross value greater than \$250,000.
- d) Purchases initiated by the Chief Executive Officer must be authorized by the Board Chair.

APPENDICES:	None
REFERENCE DOCUMENTS:	Sherman, J. and Smith, S. <i>Finance & Accounting Policy Pro</i> , First Reference Inc., Concord, Ontario, 2004 Broader Public Sector Procurement Directives, Ministry of Finance (2011) CPA Canada Standards and Guidance Collection, 2019 CCH Policy FN 10-050 – Corporate Purchasing Policy
REPEALED POLICIES:	RHSJHC Internal Control Policy Number V-4 <i>Approval of Invoices</i>
APPROVAL PROCESS:	Senior Administration Team – 2019-11-20 Finance and Audit Committee – 2016-02-17 Board of Directors – 2016-03-03
APPROVAL SIGNATURE:	Jeanette Despatie Chief Executive Officer

Ce document est disponible en français sous l'objet : « Autorisation de dépenses »

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