Expense Authorization

Policy:

1 POLICY

1.01 No expenditure shall be authorized unless the Board of Directors has approved the purchase, either through the budgeting process or through specific requests that have received the approval of the Board.

1.02 All employees shall obtain appropriate authorization for any expenditure of Lansdowne Children's Centre funds.

2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to establish internal controls over the authorization of expenses.

3 SCOPE

3.01 This policy applies to all individuals making purchases on behalf of the Centre.

4 RESPONSIBILITY

4.01 All Operating Departments are responsible for ensuring that expenditures made on behalf of Lansdowne Children's Centre represent good value and represent a benefit to the Centre.

4.02 The Business Department is responsible for ensuring that no payments are made without appropriate authorization. See also A **5-d-30 – Cheque Issuance**.

5 DEFINITIONS

5.01 "**Petty Cash**" means a small amount of cash kept on hand at a work site to be used for necessary minor purchases.

5.02 "**Cheque Requisition**" means a form requesting a cheque be prepared for payment of a purchase invoice.

5.03 "**Budget**" means a financial plan outlining expected revenues, expenses and expenditures for fixed assets that is formally reviewed and approved by the Board of Directors.

5.04 "**Service Cost**" means the total dollars spent over the contract term.

Expense Authorization

Procedure:

7 PROCEDURES

7.01 **Goods and Services less than $30**

(a) Goods and services costing less than $30 required in the normal course of business may be paid for from Petty Cash (see **SPP FN 2.02 — Petty Cash**).

(b) All expenditures using Petty Cash must be authorized by the Service Director.

7.02 **Goods and Services greater than $30 and less than $2,000**

(a) For individual goods and services costing more than $30 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) Purchase order authorizations are as follows:

(i) Any purchase with a gross value under $2,000 shall be reviewed and authorized by a Service Director.

(ii) Any replenishment of office supplies shall be reviewed and authorized by the Business Director.

7.03 **Goods and Services greater than $2,000 and less than $10,000**

(a) For individual goods and services costing more than $2,000 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) Purchase order authorizations are as follows:

(i) Any purchase with a gross value under $10,000 shall be approved by the Service Director before it's forwarded to the Business Director.

(ii) The Business Director or person delegated thereof must obtain three (3) verbal quotes for the item(s) requested.

(ii) If conditions exist that result in the inability to obtain three quotes, a record must be made of the effort to obtain quotes.

(iv) The Business Director or person delegated thereof must analyze the quotes and make a recommendation.

(v) Selection and final authorization of purchases under $10,000 must be made by the Business Director.

7.04 **Goods and Services greater than $10,000 and less than $50,000**

(a) For individual goods and services costing more than $10,000 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) Purchase order authorizations are as follows:

(i) Any purchase with a gross value under $50,000 shall be approved by the Service Director before it is forwarded to the Business Director.

(ii) The Business Director or person delegated thereof must obtain three (3) written quotes for the item(s) requested.

(ii) If conditions exist that result in the inability to obtain three quotes, a record must be made of the effort to obtain quotes.

(iv) The Business Director or person delegated thereof must analyze the quotes and make a recommendation.

(v) Selection and final authorization of purchases under $50,000 must be made by the Business Director.

7.05 **Goods and Services greater than $50,000**

(a) For individual goods and services costing more than $50,000 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) Purchase order authorizations are as follows:

(i) Any purchase with a gross value over $50,000 shall be approved by the Service Director before it is forwarded to the Business Director.

(ii) The Business Director must forward the purchase requisition to the Executive Director, who in turn will forward it to the Finance and Personnel Committee.

(iii) The Finance and Personnel Committee or delegate thereof must formally obtain quotes through a competitive bidding process (as defined in **SPP FN 2.06 – Purchase Orders**)

(iv) If conditions exist that result in the inability to obtain three quotes, a record must be made of the effort to obtain quotes.

(v) The Finance and Personnel Committee must forward their recommendation to the Board of Directors for final approval.

(vi) Once approved by the Board of Directors, the section of the minutes approving the purchase is attached to the Request for Materials by the secretary to the administration/ Executive Director, and then returned to the Business Director.

(vii) The Business Director must prepare a formal Purchase Order. The purchase order must accompany the original purchase requisition when it is forwarded to the purchase support staff for order placement.

7.06 **Purchases initiated by Management**

(a) All purchases made on behalf of the Centre must have an authorizing signature

other than that of the initiator of the purchase. Where a Service Director initiates a purchase, the authorization will be as per paragraph 7.03 above or the individual's direct supervisor, whichever level is higher.

7.07 **Authorization by Board of Directors**

(a) The Board of Directors authorizes the annual expenses of the Centre by approving the annual budget.

(b) For major purchases not incorporated into the fiscal budget, the Board of Directors delegates authorization responsibility to the President. However, the Board of Directors shall be informed of major purchases that have the potential to affect the direction or financial results of the Centre.

8 Conflict of Interest

(a) A member of the Board of Directors is considered to have a conflict of interest if the member:

(i) is a shareholder in or a director or senior officer of a corporation that does not offer its securities to the public;

(ii) has a controlling interest in or is a senior officer of a corporation that offers its securities to the public;

(iii) is a member of a body that has a financial interest in a matter under discussion by the Board; or

(iv) is a partner of a person or is in the employment of a person or body that has a financial interest in the matter.

b) For the purposes of this policy, the financial interests of a parent, spouse, same-sex partner or any child of the member shall be deemed to be a financial interest of the member.

9 Acceptance of Favours and Gratuities

The image and integrity of the employees and board of the Centre must be preserved at all times. Only the acceptance of infrequent and reasonable hospitality or business gifts of a small intrinsic value is allowed. The frequency and nature of gifts or hospitality should not be allowed whereby the recipient might be deemed by others to have been influenced in making a purchasing decision as a consequence of accepting such hospitality or gifts.