

OPERATIONAL POLICY and PROCEDURE STATEMENT			
Manual:	Finance	SPP No.	FN 2.01
Section:	Purchasing Cycle	Issued:	Oct. 6, 2010
Subject:	EXPENSE AUTHORIZATION	Effective:	Apr. 16, 2021
Issue to:	All Manual Holders	Page:	1 of 4
		Replaces:	Jun. 22, 2016
Issued by:	Director of Corporate Services	Dated:	Apr. 16, 2021

1 POLICY

- 1.01 All employees shall obtain appropriate authorization for any expenditure of Agency 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 agency.

4 RESPONSIBILITY

- 4.01 All locations are responsible for ensuring that expenditures made on behalf of the agency represent good value and represent a benefit to the agency.
- 4.02 The Finance Department is responsible for ensuring that no payments are made without appropriate authorization. See also **FN 5.03 – Cheque/EFT 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 “**Purchase Requisition**” means a form requesting a purchase be approved.
- 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**.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- FN 2.02 — Petty Cash

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FN 5.03 — Cheque/EFT Issuance
Community Living Chatham-Kent Bylaws.

7 PROCEDURES

7.01 Goods and Services less than \$50

- (a) Goods and services costing less than **\$75.00** required in the normal course of business may be paid for from Petty Cash (see **FN 2.02 — Petty Cash**).
- (b) Mileage claims up to and including **\$50.00** can be made from Petty Cash.
- (c) All withdrawals from Petty Cash and all expenditures using Petty Cash must be authorized by the employee's manager or the manager's designate. This authorization may occur at the time that the petty cash fund is replenished.

7.02 Goods and Services greater than \$75

- (a) If the individual goods and services cost more than **\$75** the purchase order process or purchase requisition must be used. Regular predictable expenses such as rent being the exception.
- (b) Purchase order authorizations are as follows:
 - (i) Any purchases greater than **\$75** and less than **\$2,500** with the exception of those purchases noted in 7.01 and 7.02(a) shall be requested using the Purchase Requisition Form and authorized by the applicable **Director**.
 - (ii) The **Facilities Manager** is authorized to make purchases without the approval of a **Director** when the purchase is required according to routine operations, and is less than or equal to **\$2,499**. Purchases over **\$2,499** require the approval of a **Director**.
 - (ii) Any purchase with a gross value greater than **\$2,499** and noted in the approved budget shall be requested using an agency Purchase Order and approved by the applicable **Director** or **Director of Corporate Services**.
 - (iii) Any purchase with a gross value greater than **\$2,499** and not approved in the budget, shall be reviewed with the **Director of Corporate Services or designate** prior to ordering. When approved, the order shall be made using a Purchase Order.
- (c) Authorization for any activity, unless specified otherwise in another policy,

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shall be as follows:

(i) Any agreement that may materially affect the direction or the finances of the company shall first be approved by the **Executive Director**. The **Executive Director and Director of Corporate Services** shall then present the request to the Finance Committee and the **Board of Directors** for approval. This includes, but is not restricted to:

- (A) Acquisitions, or start-up of a new business
 - (B) Divestitures, or the sale of part of the business
 - (C) Any contract out of the ordinary course of business
 - (D) Any contract extending beyond **2 years** (other than operating leases)
 - (E) Any contract with a gross value greater than **\$100,000**
- (d) Any **new** agreement with a gross value greater than **\$49,999**, or a term greater than **3 years** shall be reviewed and authorized by the **Executive Director**.
- (e) Credit card purchases require the same authorizations as noted above.
- (f) All financial affairs are to be conducted in accordance with Community Living Chatham-Kent bylaws.
- (g) Per Article 4.03, paragraph 2 of the agency bylaws, "Corporation reserves cannot be used for direct operation without the approval of the **Board of Directors**. A seventy-five percent (75%) majority vote of the **Board of Directors** is required to allow the funds to fall below the minimum amount set annually by the **Board of Directors**. A seventy-five (75%) majority vote would be required to change the minimum amount."

7.03 Purchases initiated by Management

- (a) A **Director** is authorized to initiate purchases less than or equal to **\$2,499** without a second authorizing signature.
- (b) A **Director** is authorized to initiate purchases greater than **\$9,999** without a second authorizing signature if the item is noted in the approved budget.
- (c) Authorization of the **Director of Corporate Services or the Executive Director** is required where a **Director** initiates a purchase greater than **\$2,499** that is not noted in the approved budget.

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7.04 **Authorization by Board of Directors**

- (a) The Board of Directors authorizes the annual expenses of the company by approving the annual budget.
- (b) Major purchases (**over \$29,999**) that are not noted in the approved budgets may be approved by the **Executive Director or Director of Corporate Services**, providing the purchase can be made without affecting the approved overall financial position subject to the requirements of the Procurement Policy. However, the **Finance Committee and the Board of Directors** shall be informed.

7.05 **Consultants and Other Contractors**

Hospitality, incidental, or food expenses are not allowable expenses for consultants and contractors and cannot be included in any contract.

8 **Attachments**

None.