



**THUNDER BAY REGIONAL HEALTH RESEARCH INSTITUTE
STATEMENT of POLICY and PROCEDURE**

Manual:	Finance and Accounting	SPP No.	FN 2.01
Section:	Purchasing Cycle	First Issued:	December 20, 2013
Subject:	EXPENSE AUTHORIZATION	Effective:	January 1, 2018
Issue to:	All Manual Holders	Page:	1 of 4
		Replaces:	January 1, 2017
Issued by:	Chief Operating Officer	Dated:	January 1, 2018

1 POLICY

1.01 All employees shall obtain appropriate authorization for any expenditure of Institute 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 Institute.

4 RESPONSIBILITY

4.01 All employees are responsible for ensuring that expenditures made on behalf of the Institute represent good value and represent a benefit to the Institute.

4.02 The Finance Department is responsible for ensuring that no payments are made without appropriate authorization. See also SPP FN 5.04 – Cheque Issuance.

5 DEFINITIONS

5.01 “**Petty Cash**” means an amount of cash kept on hand to be used for necessary minor purchases. Petty Cash for TBRHRI is handled through TBRHSC Patient Billing.

5.02 “**Cheque Requisition**” means a form requesting a cheque be prepared for payment of an Institute expense.

5.03 “**Budget**” means a financial plan outlining projected revenues, expenses and expenditures for capital assets that is formally reviewed and approved by the Board of Directors.



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5.04 **“Gross Value”** means an individual item being purchased or a group of similar identical items being purchased. All components required to make an asset operational are considered to be part of a single gross value.

5.05 **“Barter Transactions”** means an exchange of goods or services between two or more parties where no money changes hands.

5.60 **“Manager”** means the person who has signing authority and control over the functional centre to which the expense is being charged.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- SPP FN 2.02 — Petty Cash
- SPP FN 5.04 — Cheque Issuance

7 PROCEDURES

7.01 Goods and Services less than \$100

- (a) Goods and services costing less than \$100 required in the normal course of business and that cannot be reasonably paid by cheque on a monthly basis may be paid for from Petty Cash.
- (b) All withdrawals from Petty Cash and all expenditures using Petty Cash must be accompanied by the original receipt or invoice and be authorized by the Manager **or the next level of signing authority if the Manager is the payee.**

7.02 Goods and Services \$100 or greater

- (a) The purchase order process must be used for goods and services costing \$100 or greater, except in the case of regular predictable expenses such as rent, utilities, or reimbursement for travel etc.
- (b) For purchases of a recurring nature from major suppliers, or for standing order purchases, the purchase order process must be used regardless of



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the amount.

(c) Purchase order authorizations are as follows:

(i) Non-Capital (Supplies)

Amount	Signed By
< \$5,000	Account Holder (scientist or signing authority)
\$5,001 - \$25,000	Account Holder and one of (COO or Chief Scientist)
\$25,001 - \$100,000	Account Holder, COO and Chief Scientist
> \$100,000	Account Holder and COO and CEO

(ii) Capital

Amount	Signed By
< \$5,000	Account Holder and one of (COO or Chief Scientist)
\$5,001 - \$25,000	Account Holder, COO and Chief Scientist
\$25,001 - \$100,000	Account Holder, COO and Chief Scientist
> \$100,000	Account Holder and COO and CEO

(d) Agreement authorizations are as follows:

(i) Any agreement with a gross value less than \$20,000 shall be reviewed and authorized by the appropriate Manager and then by any one of the Chief Scientist or the Chief Operating Officer.

(ii) Any agreement with a gross value of \$20,000 or greater or a term greater than 1 year shall be reviewed and authorized by the Chief Operating Officer or Chief Executive Officer.

(e) The intent of the policy is to capture the total value of the purchase and in no case should a purchase be broken into a component to reduce the level of authorization required.

7.03 Authorization by Board of Directors

(a) The Board of Directors authorizes the annual operating and capital expenses of the Institute by approving the annual budget.



Thunder Bay Regional
Health Research
Institute

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- (b) Any agreement that may materially affect the direction or the finances of the Institute shall be reviewed and authorized by the Board of Directors. This includes, but is not restricted to:
- i. Any purchase with a gross value of \$25,000 or greater and not approved in the budget
 - ii. Any contract out of the ordinary course of business
 - iii. Any contract or purchase commitment longer than two years or with a gross value of \$200,000 or greater
 - iv. Acquisitions, or the purchase of a business
 - v. Divestitures, or the sale of part of a business.

7.04 Barter Transactions

- (a) Barter transactions represent an expense to the Institute in the amount of the cost of the items the Institute is bartering. Authorizations for barter transactions shall follow the same process as for a standard purchase, in the amount of the value of the barter. Sales taxes must be accounted for as for a standard purchase.

8 Attachments

None.