



POLICY

SECTION:	Administration	NUMBER:	FIN 08
APPROVED:	Chief Financial Officer	ORIGINAL:	March 1977
	Chief Executive Officer	REVIEWED/REVISED:	April 2013

EXPENSE APPROVALS AND PURCHASING

The purpose of this Statement of Policy and Procedure is to establish internal controls over the authorization of expenses. At Nipigon District Memorial Hospital, all employees making purchases on behalf of the Hospital, shall obtain appropriate authorization for any expenditure of hospital funds prior to commencing the purchase.

All staff are responsible for ensuring that expenditures made on behalf of the hospital represent good value and represent a benefit to the hospital. Personal purchases for employees will not be allowed and staff will not accept any gifts from suppliers.

The Finance Department is responsible for ensuring that no payments are made without appropriate authorization and original supporting documents.

PROCEDURES

Goods and Non-consulting Services less than \$100

- Goods and services costing less than \$100 required in the normal course of business and cannot be reasonably paid by cheque on a monthly basis may be paid for from Petty Cash
- All withdrawals from Petty Cash and all expenditures using Petty Cash must be authorized by the employee's supervisor. This authorization may occur at the time that the petty cash fund is replenished.
- Goods and Services less than \$100 required in the normal course of business may be purchased without a purchase order.
- Invoices must be sent to the employee's department and authorized for payment by the employee's supervisor before the Finance Department will pay the invoice.
- A cheque requisition must be completed by the employee and authorized by the employee's supervisor.

Goods and Non-consulting Services greater than \$100

- The purchase order process must be used for goods and services costing more than \$100 except in the case of regular predictable expenses such as service contracts, rent, utilities, reimbursement for travel etc.
- For purchases of a recurring nature from major suppliers, or for standing order purchases, the purchase order process must be used regardless of the amount.
- Three written quotes should be obtained for purchases over \$3,000.
- The purchase of items or services exceeding \$25,000 will be subject to a competitive process such as tender or public request for proposals.
- Purchase order authorizations are as follows -
 - (i) Any purchase with a gross value less than \$3,000 and approved in the budget shall be reviewed and authorized by the appropriate supervisor.
 - (ii) Any purchase with a gross value greater than \$3,000 and approved in the budget shall be reviewed and authorized by the appropriate director.
 - (iii) Any purchase with a gross value less than \$10,000 and not approved in the budget shall be reviewed and authorized by the appropriate director and Chief Executive Officer with a notice to the Chief Financial Officer.
 - (iv) Any purchase with a gross value greater than \$10,000 and not approved in the budget shall be reviewed and authorized by the Chief Executive Officer and the Board of Directors with notice to the Chief Financial Officer.
- Authorization for the following activities shall be as follows -
 - (i) Any agreement that may materially affect the direction or the finances of the hospital shall be reviewed and authorized by the Board of Directors. This includes, but is not restricted to -
 - Acquisitions, or the purchase of a business
 - Divestitures, or the sale of part of a business
 - Any contract out of the ordinary course of business
 - Any contract extending beyond 2 years.

Authorization by Board of Directors

The Board of Directors authorizes the annual expenses of the Hospital by approving the annual operating and capital budgets. Out of budget expenditures are subject to authorization levels specified in this policy. The Operations Committee of the Board will review all monthly disbursements and gross payroll.

Expenditure Authorization Chart

Expenditure Level	Signing Authority	Example
Any	Any	Appropriate Authorization required. A supervisor or director cannot approve a cheque payable to themselves. It must be approved by the next level of authorization. For example Chief Executive Officer travel reimbursement must be signed by Board or Operations Chair
Less than \$100 may use petty cash (More than \$100 must use purchase order process or procurement card)	Lead hand and up	If an employee buys a supply for < \$100 their lead hand may authorize the petty cash voucher. If a lead hand or a supervisor makes the purchase then their director must sign the voucher. If a director makes the purchase then the Chief Executive Officer must sign the voucher etc.
More than \$100 must use purchase order process or procurement card	See signing authority levels defined below	
Up to \$3,000 and approved in budget	Supervisor e.g. Sr. Lab Tech and Maintenance Supervisor.	Example; Chemistry/Reagent supplies up to \$3,000 invoice authorized by Sr. Lab Tech.
More than \$3,000 and approved in budget	Director e.g. Chief Executive Officer, Director of Patient Services or Finance Director.	
Up to \$10,000 but not in budget	Applicable Director and Chief Executive Officer with notice to Finance Director.	Director of Finance needs to know for cash & variance analysis.
More than \$10,000 and not in budget	Chief Executive Officer and Board with notice to Finance Director.	Director of Finance needs to know for cash & variance analysis.
Any agreement that may materially affect the direction or finances of the hospital	Board	