

FINANCE	DESIGNATED FINANCIAL EXPENDITURES AUTHORIZATION	Total Pages: 7
Approved By: SENIOR MANAGEMENT		Approval Date:

POLICY

The Agency annually prepares and updates quarterly expenditure planning for the Agency. These expenditure plans (the Budget) are approved by the Board of Directors. The Budget reflects the strategic plan, the priorities and financial resources of the Agency.

The Executive Director has overall responsibility to ensure Agency expenditures are consistent with the approved Budget. The Executive Director has the authority to delegate authority for financial decisions within the approved Budget to ensure effective operation of the Agency.

All expenditures or commitments to expend must be authorized by an employee with the appropriate delegation of financial authority.

Delegation of financial authority confers responsibility for prudent and fiscally responsible expenditure decisions, balancing budget constraints and professional judgment. Exercise of financial authority confers responsibility for understanding of and compliance with accountability requirements as outlined in the supporting procedure to this Policy and with the Agency’s Procurement Policy.

Applicable Legislation and Regulations

Ministry of Government Services Ontario, Broader Public Sector Procurement Directive
 Ontario Child and Family Services Act, 2012
 Ontario Management Board of Cabinet, Broader Public Sector Expenses Directive

Related References, Policies, Procedures and Forms

Annual/Quarterly Agency Financial and Service Submissions	Document
Procurement	Policy/Procedure
Travel and Hospitality	Policy/Procedure

Purpose

Delegation of financial authority is an essential internal control mechanism that ensures the Agency’s funds are utilized in a manner that supports organizational priorities, including sound financial management, while empowering employees of the organization to efficiently and effectively achieve the work of the Agency.

The purpose of this Policy is to ensure the responsible and risk based delegation of financial expenditure authorization.

Financial accountability mechanisms to support compliance with this Policy are outlined in the supporting Procedure.

Employees with delegated financial expenditure authorization are responsible to ensure procedures as outlined within this document are completed to support financial expenditures or financial expenditure commitments.

Definitions/Background/Explanatory Notes:

'Budget' means the Agency's annual financial budget and includes quarterly updates to the Budget and subsequent Board approvals. The annual budget and quarterly updates are specifically approved by the Agency's Board of Directors and such approval is noted in the Corporation's minutes.

'Client Related Expenses' means expenditures intended to support client personal needs, health and related expenses exceeding the standard KARE plan limits and professional services to clients/client families.

'Designate' is the individual to whom financial expenditure authority has been granted in accordance with Appendix 'A'.

'Designated Financial Expenditure Authority' (DFEA) is the financial maximum which may be committed by a Designate in accordance with Appendix 'A'. DFEA may relate to a commitment to procure goods and services within the Agency's approved budget or to approve invoices for expenditures incurred.

'Functional Expenditure Authority' is the nature of financial expenditure decision that is permitted to various individuals within the Agency.

'General Expenditures' means expenditures not classified as Client related as defined within this procedure. These expenses are:

- Usually ongoing in nature and relate to general overheads, infrastructure, utilities, communications, banking, etc.
- May relate to the ongoing maintenance of capital assets, the replacement of existing capital assets or acquisition of new capital assets
- Includes non-client professional services such as accountants/auditors, legal supports, etc.
- Includes information technology (IT) expenses for low dollar value hardware and software acquisitions and/or IT professional supports
- Includes human resources (HR) expenses for legal and/or consulting or other human relations expenses

'Procurement/Expenditure Amount' is the commitment to immediate or future financial expenditure on behalf of the Agency. For the purposes of this procedure, the commitment dollar amount does not include applicable taxes. Single procurements may not be artificially subdivided into segmented purchases to avoid exceeding expenditure limits as outlined in this

procedure. Procurements include the total life of the commitment where the financial commitment will extend over future periods or be paid in installments.

'Segregation of Duties' means that no more than three of the five procurement roles (budgeting, requisition, commitment, receipt and payment) related to any single procurement may be performed by any one individual. The Agency's Segregation of Duties rules are attached to this procedure as Appendix 'B'.

Exclusions

This procedure does not apply to the following disbursements, which are addressed in separate and distinct policies and procedures.

1. Savings disbursed to youth under OCBE Policy
2. RESP disbursements under RESP Policy
3. Placement services for children in care
4. Expenditures of a nature and amount normally paid through the KARE plan

PROCEDURE:

1. Client Related Expenditures

Client related expenditures are intended to provide supports of a professional or emergency nature to clients/client families. Client related expenditures include health and related expenses related to children and youth in care which exceed the standard KARE plan limits.

Client related expenditures are requested and documented on the Agency's electronic request system. Information to support client expenditures shall include:

- a) Client name
- b) Case number
- c) Date of proposed expenditure
- d) Service provider/vendor name and address
- e) Rationale for the expenditure/circumstances giving rise to the need
- f) Outline of alternative (non-Agency) funding sources considered

Expenditures related to professional services, (therapy, counseling, assessments, medical specialties not covered by the Agency's KARE plan or the Ontario medical plan, as examples) shall be supported by a written submission from the proposed service provider. The submission shall include:

- a) The professional credentials of the service provider,
- b) The service to be provided
- c) The rate of remuneration
- d) The total financial commitment being requisitioned
- e) An outline of the desired outcomes as the result of the service being provided
- f) Rationale for the choice of service provider, where there are several available

In making the determination to approve client related expenditures, Designates will consider:

- a) The spending norms or culture of the Agency. Expenses not normally undertaken by the Agency, once approved, may give rise to unsustainable precedents.
- b) The potential for outside – Agency funding.
- c) The outcomes indicated as being achieved by the expenditure and a consideration of possible means to achieve the outcomes in a more cost effective manner.
- d) Previous financial supports or expenditures related to the individual client/client family.
- e) The potential for long term savings creation or long term enhanced outcomes for client/client families due to near term investments in client/client family supports.
- f) For expenditures related to direct financial supports to clients, Designates will ensure to the greatest extent possible that financial disbursements are made to service providers or vendors rather than direct payments to clients.

The Agency's electronic funds request form shall be the document of record for client related expenditures. When the funds request has been approved according to the Agency's designated financial expenditure authority (See Appendix 'A'), the electronic supporting documentation will reside with the Finance Department. Details on expected outcomes are to be reflected in the plan of care.

2. General Expenses

Formulation of the Budget includes the justification and rationale for General Expenses, including but not limited to IT, HR, Minor Capital and Non-Client Professional Services expenditures. Approval of the Budget by the Agency's Board of Directors provides the necessary approval for included general expenses, per the DFEA (Appendix 'A').

Within approved Budget, it is the responsibility of the 'Designate' to approve purchase commitments prior to their release and/or to approve invoices after goods and services have been received.

3. Accounting Procedures

Upon receipt of invoices or documentation for client related or general expenses:

- a) The Finance department shall enter the expense into the accounts payable records with a 'hold' on the payment issuance.
- b) The invoice shall be forwarded to the Designate approving the initial expenditure that will have responsibility to review the invoice and confirm that the services being invoiced have been appropriately received. Invoice amounts exceeding the designated financial expenditure authority of the Designate shall be electronically countersigned by a Designate with sufficient designated financial expenditure authority within five working days.
- c) The Finance Department shall review monthly the list of 'held' payments and will have responsibility to follow up with the Manager, Finance for outstanding approvals on held invoices to ensure that vendors are paid in a timely manner.
- d) Documentation related to the purchase shall be retained according to the Agency's Procurement Procedures.
- e) From time to time, the Agency may issue payment where there is no vendor invoice. This may be the case for certain emergency support payments for clients/client families. In this instance, supporting documents to be scanned with the Request for Funds to support payment issuance.

Procurement Policy

Provisions of this procedure and all procurements are subject to Procurement Policy/ Procedure.

Procurements which would normally require competitive procurements but which are exempted by virtue of Appendix 'B' of the Procurement Procedure to be approved for expenditure commitment and invoice approval at one level higher on the DFEA table (per Appendix 'A').

DELEGATION OF FINANCIAL EXPENDITURE AUTHORITY

Appendix 'A'

DESIGNATED FINANCIAL EXPENDITURE AUTHORITY			
Designate	Functional Expenditure Authority	Designated Financial Expenditure Authority Amount	Limitations & Exclusions
Executive Director	All	Any within Board approved Agency Budget	
Associate Director	All	\$10,000.00	
Directors	Client related expenditures and other expenses within approved budget	\$5,000.00	
Managers	Client related expenditures and other expenses within approved budget	\$2,000.00	
Manager, Finance	Mandatory Payroll Deduction remittances	Any	
	Payroll expenses related to a single employee	Any	For payroll commitments as outlined in the Agency's approved pay grids and human resource policies and procedures
Property Coordinator	Consumable office supplies and small office equipment	\$1,000.00	Any single order
Front Line Worker	Client related expenditures	\$200.00	Where disbursements to a single client or client family exceed \$500.00 in total over a 12 month period, manager approval is required.
	Single food voucher	\$100.00	
<p>**For procurements excluded from competitive process by virtue of excluded goods and services under Procurement Policy, approval level is one higher.</p> <p>Exceptions to this table may be granted the Executive Director where the expenditure is a routine part of the defined position function – i.e. staff that are required to regularly book travel and accommodation can be granted a higher level of authority for that specific function.</p>			

DELEGATION OF FINANCIAL EXPENDITURE AUTHORITY

Appendix 'B'

SEGREGATION OF PROCUREMENT FUNCTIONS – All purchases over \$100.00		
Procurement Activity	Responsible Person	Approval Requirement
Requisition to expend funds	Any staff member	Requisitions include any request or requirement to expend Agency funds. Requisitions to be approved at the appropriate level on the Designated Financial Authorization Chart prior to any commitments to purchase being extended. The individual making the requisition <i>may not also commit to purchase. Commitments to purchase to be performed by a different staff member.</i>
Budget	Executive Director, Manager, Finance	Board of Directors approves the annual budget and changes thereto. Reallocations between budget lines may be approved by the Executive Director, where the overall budget total does not change.
Commitment	Any staff member	May commit Agency funds within the approved Budget only where approval has been obtained per Appendix 'A' of this procedure. <i>The individual requisitioning the goods or services may not provide the purchase commitment.</i>
Receipt of goods and/or services	Any staff member	The individual making the requisition (per Appendix 'A') shall confirm the receipt of goods or services prior to payment being processed.
Payment	Finance Department	Finance shall prepare payments to vendors once approvals have been appropriately documented. Release of payment (approval of cheques or electronic funds transfers) is subject to the Agency's banking agreements.
Requisitions Originating in Finance	Executive Director	Where a purchase requisition originates in the Finance Department, special rules will apply. The commitment of funds will not be generated by Finance. This role will be performed by the Executive Director to ensure appropriate segregation of duties. Confirmation of receipt of goods may originate with finance, however payment release to be confirmed by a non-financial staff member (Associate Director, Director, Executive Director)