

5.5 FINANCIAL AUTHORIZATION

Overview

To make sure that all use of money is appropriate and approved, so interested parties can be confident that funds are spent in a responsible, efficient, effective, and ethical manner.

Policy

All expenditures will be in accordance with BACI's policies, procedures, audit, and contract requirements.

All expenditures must be properly approved. For example, supplies and equipment purchased via credit card must be approved in advance (following BACI's spending authorities). Further, all persons making expenditures on behalf of BACI must exercise prudent financial discretion to ensure that purchases are reasonable and cost-effective.

Tendering

Three written quotes are required for the purchase of goods or services that exceed \$10,000. However, written quotes may also be required for purchases under \$10,000. Purchases may not be split in order to avoid this spending limit.

BACI is not bound to accept the lowest price offered. Factors that shall inform the selection of a successful tender include: quality, warranty, financial stability of the supplier, experience, references, ability to accommodate our program and scheduling needs, and cost.

Quotes, including proof of the contractors' service, business legality, and compliance with appropriate screening practices, must be attached to the applicable receipts/invoices. In cases of capital asset purchases, copies of this information will be used to adjust capital assets schedules and will be maintained in Asset files.

Successful tenders for substantial capital expenditures (over \$10,000) will include a schedule of payments, holdbacks, and/or advances.

BACI will comply with tendering processes and requirements outlined in government or funder agreements and contracts.

The policy guidelines of Purposeful Purchasing, Disability Confidential, and Conflict of Interest & Code of Ethics, will be considered in the contractor tendering processes.

Purchase Orders and Requisitions

Completed and approved Purchase Orders, approved as per BACI's spending authorities, are required by all staff without purchasing authority, who are making any expenditures.

Supplier Gratuities

Under no circumstances may a BACI employee receive gratuities, benefits or gifts from current or potential vendors or suppliers. All such offers or acceptances of such offers must be disclosed as per BACI's Conflict of Interest & Code of Ethics Policies.

Warranties

In the event that warranties are available at an additional cost, the decision to purchase a warranty shall be supported by a simple cost/benefit analysis.

Holdbacks

Typically, holdbacks of 10% - 20% will be required for capital projects that exceed \$10,000. However, the amount of the holdback will depend on industry standards, legal requirements and the size of the expenditure. Holdbacks will not be released until there is confirmation that the project has been satisfactorily completed¹.

BACI will not pay carrying charges for holdbacks other than in exceptional cases approved by the Chief Executive Officer (CEO).

Where capital purchases are made and capital budgets have not been provided, BACI will attempt to negotiate the appropriate depreciation costs into applicable program contracts.

Spending Approval

Purchases must not be split to avoid purchase authorization limits. All invoices must be approved (by initials) by the appropriate staff member or have attached an approved purchase order for staff that do not have any spending authorities. Only original approved invoices are accepted for payment.

Operating Purchases

Purchase limits for operating budget expenditures are assigned as follows:

- a) Chief Executive Officer: \$50,000
- b) Senior Managers: \$10,000

1. Confirmation will consist of final inspection reports and the necessary permits, which verify that the project meets or exceeds both the contractual agreement and the relevant industry standards.

- c) Managers: \$5,000
- d) Coordinators/Supervisors: \$350.
- e) Front-line employees: As per individual program budgets or amounts pre-authorized by persons with appropriate spending authority (above). Anything purchased outside of regular program needs (i.e. groceries, recreation, etc) must be accompanied by an approved purchase order.

In the event that an expenditure of greater than \$10,000 and less than \$20,000 is required on an urgent or emergency basis and the CEO is unavailable, the expenditure may be approved, provided it is authorized in writing by two Senior Managers. In dire circumstances, verbal authorization is acceptable, provided it is later accompanied by supporting documentation (outlining the urgent nature of the request and written authorization(s)). Expenditures or commitments in these circumstances cannot exceed \$20,000.

Capital Purchases

Purchase limits for capital budget expenditures are assigned as follows:

- a) Chief Executive Officer: \$50,000

All capital purchases require prior assessment, review, and approval from the CEO. Capital purchases are assets such as properties, vehicles, and equipment.

Linking Policies

- 1.11 Risk Management Policy
- 1.12 Corporate Responsibility Policy
- 5.1 Financial Governance Policy
- 5.2 Financial Records Policy
- 5.3 Financial Statements & Reporting Policy
- 5.4 Annual Budget Policy
- 5.5 Financial Authorization Policy
- 5.6 Program Financial Reporting Policy
- 5.14 Signing Authority Policy
- 5.15 Capital Expenditures Policy