

Expense and Purchasing Policy

STATEMENT of POLICY and PROCEDURE			
Manual	MakeWay	SPP No.	004.02
Section	Financial Management	Issued	Feb 2018
Subject	Expense & Purchasing Policy	Effective	Feb 2018
Issued to	All Manual Holders	Pages	6
		Replaces	004.01
Issued by	Finance Department	Dated	Dec 2016

1. PURPOSE

1.01 The purpose of this Statement of Policy and Procedure is to provide guidance on the treatment of expenses and purchases of the organization as well as appropriate controls over expenses and purchases.

2. SCOPE

2.01 This policy applies to all employees involved in the handling of expenses and purchases.

3. POLICY

3.01 All purchases of goods or services or agreements to purchase goods or services shall be subject to appropriate authorization.

3.02 All contracts or agreements shall be subject to approval per detailed level of authority as outlined under **Appendix A**

3.03 Capital and operating purchases (including approval of purchase orders or invoices) are subject to approval per detailed level of authority as outlined under **Appendix B**.

3.04 Expense claims shall be approved by the submitters' designated approver (generally the submitter's immediate supervisor or in the case of a Project Director a member of the Project Steering Committee). Individual expenses shall not be approved by a non-arm's length person.

3.05 Expense claims must be made on a timely basis, preferably monthly. Expense claims/invoices submitted that are over 90 days will not be paid without a valid reason for the delay. Payment of expense claims submitted past the 90-day deadline will be subject to review by Senior Management on a case by case basis.

3.06 Expense claims must be submitted with valid supporting documentation (with the exception of per diem claims). Expense claims submitted without appropriate and

complete supporting documentation shall not be approved and will be returned to the submitter.

3.07 In the case where receipts are lost, submitters must complete a Missing Receipt Affidavit. Submitters are responsible to keep all receipts and the Missing Receipt Affidavit should be used as a last resort.

3.08 Payables are processed on a weekly basis. Invoices and expense claims submitted electronically or in person by midnight Pacific time Thursday will be processed by the following Friday.

3.09 Reimbursement for meal expenses may include a tip of up to 18% before sales tax.

3.10 In general, the organization will sustain relationships with two or more suppliers for any major recurring type of expense. Periodically, supplier performance will be reviewed and assessed by each responsible Department Head

3.11 Expense advances may be provided to employees when the nature and approximate amount of the expense is approved beforehand. Reconciliation shall be submitted on or before the agreed date.

3.12 All employees or board members travelling on organizational business will adhere to the "Travel and Per Diem Policy."

3.13 Costs shall be recognized at the time of submission of expenses or include in the accounting period where appropriate unless they qualify for treatment as an asset under the capitalization policy.

3.14 The following expenses cannot be claimed as they are not considered 'reasonable business use':

- expenses for travel between home and office/ work-site (where one lives is a personal choice, not a business decision)
- bills for fuel or repair of personal vehicle (these would be taxable as they are considered to be a component of the allowable mileage rate established by CRA)
- tickets for driving or parking infractions (these are not permitted business expenses for any entity)

3.15 *Purchase Orders*

(a) PO's shall be created for the following situations:

- ① Contracts where the billable total is \$3,000 or more
- ② Lease or Rental Agreements, regardless of the length of the rental term
- ③ Signed Estimates or Statements of Work where the billable total is \$3,000 or more
- ④ PO's may be created for agreements where the billable total is less than \$3,000 if requested by the Contract Manager

- (b) Contracts are drafted using the MakeWay template whenever possible, otherwise, the Contractors format can be used if all necessary information is present in the agreement.
- (c) PO's are created prior to the Contract or Lease Agreement being signed in order to reference the PO number within the Contract.

4. RESPONSIBILITY

4.01 It is the responsibility of the Department head/Supervisor to ensure that expenses are authorized appropriately, both at time of commitment and at time of payment, that they are consistent with the intent of the expense budget, and that appropriate internal controls are established over all expenses. Detailed level of authority is outlined under **Appendix A and Appendix B.**

4.02 The Project Director is responsible for authorizing all expenses and purchases of the project. This is to ensure that the Project Director is aware of the expenses and can make sure that the project's money is being spent appropriately.

4.03 A member of the Steering Committee is responsible for authorizing all project's expense submitted for reimbursement by the Project Director.

4.04 Responsibilities of the employees when they submit expenses;

- Submit expenses in a timely manner
- Submit copies of supporting documents
- Provide appropriate coding for the related expense (designation, award)

4.05 Expense approvers are responsible to complete a thorough review of submitted expense claims to ensure expenses are valid, reasonable and the claim is complete prior to approval.

4.06 The Director of Finance will ensure that all invoices and receipts processed capture the amount of HST/GST paid. The Director of Finance will apply for reimbursement of the allowable portion of HST/GST paid.

5. DEFINITIONS

5.01 **"Purchase Order"** A record within the financial system which allows MakeWay to track invoices relating to a particular Contract or Lease Agreement.

5.02 **"Contract"** A signed agreement between MakeWay and a third party where MakeWay is paying for services or deliverables based on an agreed cost

5.03 **"Contract Manager"** The individual responsible for overseeing the work of the Contractor, including management of deliverables, oversight of work performed, and the review and approval of invoices. This is generally the Fund Advisor or Project Director.

5.04 **"Accounts payable"** is an expense recorded as a liability of the organization until the account is paid.

5.05 **“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.

5.06 **“RFP/RFQ process”** means a series of predefined steps where potential suppliers of goods or services are requested to make a proposal or quote on that supply. Used as a formal way to compare and select a supplier for a major expense.

5.07 **“RFP”** stands for Request for Proposal, the process generally followed before awarding a major service contract. RFP's identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.

5.08 **“RFQ”** stands for Request for Quote, the process generally followed before awarding a major supply contract. RFQ's identify the specific requirements and terms of the proposed contract and request a price quote only.

6. REFERENCES

6.01 Travel and Per Diem Policy

6.02 Petty Cash Management Policy

6.03 Capital Assets Policy

Appendix A

Signing Authority Levels for Contracts and Agreements

C-level and VP	Sole signatory up to \$99,999. Purchases of \$100,000 and over require second signature by CEO, COO or VP
Director	Sole signatory up to \$49,999. Purchases of \$50,000 and over require second signature by CEO, COO or VP
Department Managers / Program Leads	Sole signatory up to \$19,999. Purchases of \$20,000 and over require second signature by Director, VP, CEO or COO

Appendix B

Signing Authority Levels for Capital & Operating Expense Purchases

C-level and VP	Sole signatory up to \$99,999. Purchases of \$100,000 and over require second signature by CEO, COO or VP
Director	Sole signatory up to \$49,999. Purchases of \$50,000 and over require second signature by CEO, COO or VP
Information Systems	Sole signatory up to \$49,999. Purchases of \$50,000 and over

Department Manager	request a second signature by a Director, VP, CEO or COO
Department Managers / Program Leads (excluding Information Systems Department Manager – see above)	Sole signatory up to \$19,999. Purchases of \$20,000 and over require second signature by Director, VP, CEO or COO
Specialists	Up to \$500 at Manager's discretion
Coordinators / Administrators	Up to \$500 at Manager's discretion
Others	Up to \$500 at Manager's discretion