

## Expenditure Approval Policy

**Issue date:** DRAFT  
**Approved by:** Council

**Review date:** January 31, 2007  
**Review responsibility:** Director- Administrative Services & Treasurer

<b>Policy Statement</b>	PEO shall establish authorities, responsibilities, and accountabilities, as the key components of its internal control mechanism, for entering into contractual agreements and for releasing and spending of its financial resources, according to the approved budget and in compliance with the PEA, Regulation, By-Law No. 1, and other policies and procedures.
<b>Policy Objectives</b>	<ol style="list-style-type: none"> <li>1. To create a culture in which PEO's financial resources are only released for the approved and budgeted expenses incurred in the conduct of the affairs of the association.</li> <li>2. To specify holders of approval/signing authority at PEO, and to assure that all documents, including deeds, transfers, contracts, and cheques issued in PEO's name are properly signed and executed and enforceable</li> <li>3. To outline the responsibilities of those individuals who have authority to release or spend funds and exercise signing authority in a prudent manner regarding invoices and financial transactions</li> <li>4. To act as a key component of the internal control mechanism</li> <li>5. To outline the conditions under which approval/signing authority may be delegated</li> <li>6. To clarify PEO's By-Law No. 1</li> </ol>
<b>Rationale</b>	<p>Ensuring expenditures are budgeted and are from an appropriate approved line item of PEO's budget is a key component of PEO's internal control mechanism to properly use PEO's financial resources.</p> <p>Specifying holders of approval/signing authority for the contracts, agreements, invoices, and financial transactions and releasing and spending PEO's funds will ensure PEO's financial resources are released properly for only approved expenses incurred in the conduct of the affairs of the association.</p>
<b>Scope</b>	This policy applies to all PEO departments and committees.
<b>Authority for Processing Payments</b>	"All payments from the funds of the association shall be authorized by the head of the department from whose budget the funds are being paid and shall be processed by the Treasurer or his/her designate." (Proposed Section 41 of By-Law No. 1)
<b>Authority for Agreements and Contracts</b>	<p>"Deeds, transfers, contracts and other instruments requiring the signature of the association shall be signed by:</p> <ul style="list-style-type: none"> <li>• any one of the volunteer members of the Executive Leadership Team, and</li> <li>• any one of the CEO/Registrar or the Director Administrative Services &amp; Treasurer. " ( Proposed Section 45 of By-Law No. 1)</li> </ul> <p>"None of the governing body of a chapter, the officers of a chapter or the members of a chapter shall have any power or authority as such to contract in the name of the association or to assume any obligations on behalf of the</p>

## Expenditure Approval Policy

	<p>association.” (Section 8 of By-Law No. 1)</p> <p>Prior approval by Council shall be required with respect to:</p> <ul style="list-style-type: none"> <li>• any contract or agreement which, in the opinion of the Executive Leadership team, exposes PEO to an uncertain and potentially significant liability;</li> <li>• any contract or agreement which, in the opinion of the Executive Leadership team, is not in compliance of PE Act, Regulations, and By-Law No. 1;</li> <li>• any contract or agreement which, in the opinion of the Executive Leadership team is precedent-setting or involves sensitive issues;</li> <li>• any contract which includes actions which, under the PE Act, Regulations, and By-Law No. 1, require the prior approval of Council; and</li> <li>• any contract or agreement that Council directs be brought before Council for approval.</li> </ul> <p>Depending on the nature of the agreement to be signed, the above signing/approval authority responsibility shall include an assessment of some or all of the following:</p> <ul style="list-style-type: none"> <li>• the ability to meet the terms specified in the agreement;</li> <li>• compliance with all related Act, Regulation, By-Laws, and legislation regulatory requirements and PEO’s policies that may be impacted by the agreement (e.g. labour legislation, intellectual property requirements, approvals or waivers that may be required from individuals other than those signing the agreement);</li> <li>• the financial impact of the agreement on PEO;</li> <li>• whether legal advice should be obtained prior to signing the agreement.</li> </ul> <p>The purchase of goods and services, the selection of all suppliers and contractors, and the preparation of the new contracts and agreements that PEO enters into shall comply with the PEO Procurement Policy.</p> <p>The Director–Administrative Services &amp; Treasurer shall be the responsible authority for safekeeping of all agreements and contracts, including renewals.</p>
<p><b>Approval Authorities for Expenditures related to Suppliers and Contractors</b></p>	<p>Any expenditure related to a department or committee’s approved activity shall be related to an appropriate line item (resource category and resource type) in the approved budget and shall not exceed the budgeted funds.</p> <p>Any expenditure that is not budgeted shall be authorized according to the Extraordinary Expenditures Policy.</p> <p>Expenditure Authorization and Approval form shall be completed for any expenditure within the department or committee’s budget and shall be approved and authorized for payment according to the principle of segregation of duties by the following two individuals:</p> <ul style="list-style-type: none"> <li>• approval by any one of: committee staff advisor, managers or supervisors department’s deputy registrar/director; and</li> <li>• authorization by any one of: department’s deputy</li> </ul>

## Expenditure Approval Policy

	<p style="text-align: center;">registrar/director/committee chair/CEO-registrar/President.</p> <p>The deputy registrars/directors and managers/supervisors shall be the responsible authorities to ensure the planned departmental expenditures are from an appropriate budgeted line item and do not exceed the approved budget prior to issuing a purchase order, releasing/approving funds or expending.</p> <p>The deputy registrars/directors and managers/supervisors shall be the responsible authorities to ensure the department's budgeted expenses are charged accurately against the appropriate general ledger accounts.</p> <p>Each committee's chair, committee staff advisor, and department's deputy registrar/director shall be the responsible authorities to ensure the planned committee expenditures are from an appropriate budgeted line item and do not exceed the approved budget prior to issuing a purchase order, releasing/approving funds or expending. The staff advisor for the committee shall ensure the committee chair has the access to all required information.</p> <p>The committee's chair, committee staff advisor, and department's deputy registrar/director shall be the responsible authorities to ensure the committee's budgeted expenses are charged accurately against the appropriate general ledger accounts.</p> <p>Expenditure supporting documents including invoices, receipts shall be attached and kept in the Financial Services for documentation and records.</p> <p>The Director–Administrative Services &amp; Treasurer shall not authorize payment(s) for expenses that are not budgeted or approved by Council or the Executive Leadership team, as specified in the Extraordinary Expenditure Policy.</p>
<p><b>Approval Authorities for the Staff Expenditures</b></p>	<p>Each request for reimbursement of expenses incurred by a staff member shall be signed by the staff member, and approved by his or her immediate supervisor. In the case of the CEO/Registrar, the President or his designate from among the volunteer members of the Executive Leadership team shall approve the expense claim. (See Expense Reimbursement Policy)</p>
<p><b>Approval Authorities for Volunteer Expenditures</b></p>	<p>Each request for reimbursement of expenses incurred by a volunteer member shall be signed by the volunteer member, and approved by staff advisor.</p> <p>Signing authorities for the approval of the transactions related to volunteer expenditures shall be:</p> <ul style="list-style-type: none"> <li>• committee staff advisor; and</li> <li>• any one of: department's deputy registrar/director, managers or supervisors.</li> </ul> <p>(See Expense Reimbursement Policy)</p>

## Expenditure Approval Policy

<b>Authorities for Payroll Audit</b>	The Director of Human Resources and the CEO/Registrar shall review and sign the payroll register after each pay period.
<b>Delegation of Approval/Signing Authority</b>	<p>The conditions under which delegation of approval/signing authority shall be allowed, include:</p> <ul style="list-style-type: none"> <li>• only when the holder of the approval/signing authority authorizes the delegation, as specified in this policy. (i.e. delegates must be informed that they shall not delegate their authority to others.);</li> <li>• the Director - Administrative Services &amp; Treasurer and Manager of Financial Services and Business Planning shall be notified in writing (e-mail) of the designated approval/signing authority and/or the normal "second in command";</li> <li>• the extent to which authority/signing is delegated, or restrictions thereon, should be clearly specified;</li> <li>• approval/signing shall only be delegated to staff and/or volunteers with the appropriate authority;</li> <li>• delegation is invalid if precluded by other PEO policies;</li> <li>• the holder of the approval/signing authority shall retain sufficient control to ensure their responsibilities are fulfilled (e.g. the delegation of authority must not alter the responsibility to exercise approval/signing authority).</li> </ul>
<b>Perceived or Potential Conflict of Interest</b>	<p>The authorities specified in this policy shall not exercise their approval or/and signing authorities in circumstances where potential conflicts of interest exist or could be seen to exist. Perceived or potential conflict of interest shall be communicated to the appropriate authorities.</p> <p>The approval/signing authorities or the delegates shall not authorize disbursements for which they are the recipients (e.g. travel expense reports);</p>