

<b>TITLE:</b>	<b>Signing Authority</b>		
<b>Manual/Policy#:</b>	Board of Directors # IV –1	<b>Division:</b>	CPDMH
<b>Original Issue:</b>	March 2019	<b>Issued by:</b>	Board Chair and Secretary
<b>Previous Date Reviewed:</b>	March 2021	<b>Approved by:</b>	Board of Directors
<b>Last Date Reviewed:</b>	January 2022	<b>Cross Reference(s):</b>	N/A

### 1. POLICY STATEMENT

The Carleton Place & District Memorial Hospital (CPDMH) is committed to meeting all leading practices and guidelines for ensuring that the appropriate controls are in place respecting financial commitments made on behalf of the Organization.

### 2. SCOPE

The purpose of this policy is to establish the rules for the approval of financial commitments which include any obligation, by way of contract, purchase order, timesheet, lease or other agreement or arrangement eventually settled through either cash payment or exchange of equipment, goods or services of equivalent value. The value of the financial commitment means the total indebtedness to be incurred by the Organization as a result of the commitment being made, including all related taxes and freight charges.

### 3. GUIDING PRINCIPLES

This policy is based on the following principles:

1. Approval of the annual operating and capital budgets by the Board confers authority to the President and CEO to make expenditures within the amounts and scope allocated in the budgets in accordance with Organization's policies, procedures and values. In absence of approved budgets, interim spending power must be granted by the Board to establish such authority.
2. The President and CEO assigns financial signing authority to officers of the Organization to balance the needs of operational efficiency and effective control.
3. The level of authority required to enter into contracts and agreements relating generally to the operation of the Organization shall depend on the dollar amount, terms and duration of such agreements as set out in this policy;
4. Signing Officers may delegate their signing authority to accountable nominees during periods of absence from the Organization, subject to the following conditions:
  - The Vice-President & CFO must be notified in writing of the designated signing authority delegate;
  - The authorized dollar limits shall not exceed the normal limits set out for the original signing authority;
  - Accountability for expenditures, agreements and transactions authorized during this acting period will rest with the designating individual.

5. The signing authority or delegate cannot authorize disbursements for which they are the recipient (e.g. travel/employee expense reimbursement) and wherever there may be a potential or perceived conflict of interest, approval must be provided by the next higher authority.
6. The enclosed approval authority levels do not relieve the signing authority from meeting budgetary obligations as approved by the Board of Directors.
7. Participation within a buying group allows the Organization to benefit from negotiations of a larger **group** with vendors **to** receive better pricing and terms on goods and services.
- 8.
9. Code of Ethics - Signing Officers are required to inform the Vice-President & CFO of any commitments that are sensitive in nature, including those that might bring the activities of the CPDMH under public scrutiny or involve controversial matters.

#### 4. DEFINITIONS

N/A

#### 5. PROCEDURE

In addition to the authority granted through the budget approval process, the Board also grants signing authority for financial instruments including cheques, bank transfers and contractual arrangements.

Signing officers can approve commitments or expenditures within the context of the budgets or funding for which they are responsible.

The authority for payroll processing is delegated to the Payroll Department, subject to review by the President & CEO, Vice-President & CFO and departmental signing authorities.

Where CPDMH policies have been issued relative to specific financial transactions, then that policy shall prevail (e.g. Expense Policy).

In most financial transactions, signing authority is required for approval of the document that best represents the point of decision to make the financial commitment, such as a purchase requisition or contract. Where a purchase order or contract has been issued, and goods/services have been received, a vendor invoice may be processed for payment by the Accounts Payable Department after appropriate matching. Where a purchase order or contract has not been issued, the appropriate signing authority must approve the vendor invoice prior to payment.

As additional verification, the Controller will review all payments prior to the cheque being issued and the CFO will review the monthly list of cheques issued with the associated bank reconciliation.

The CEO will sign the bank reconciliation for months in which a third authority is absent to ensure segregation of duties.

From time to time, the CFO may invite existing buying groups to the Joint Finance and Audit Committee for the purpose of education and to provide the Committee with a review of the buying group's processes of procurement to ensure that the Organization meets its legislative obligations.

When entering into an arrangement with a new buying group, a summary of due diligence, procurement processes in place and other relevant information will be shared with the Joint Finance Committee to ensure that legislative obligations are met under the Broader Public Sector Accountability Act.

Contracts within the buying group do not require Board approval regardless of duration of contract.

**Evaluation**

This policy will be reviewed every two years.

## APPENDIX 1: SIGNING AUTHORITIES FRAMEWORK

The following individuals are authorized to enter into financial and contractual agreements on behalf of the Organization, in accordance with budgetary and noted approvals:

### Signing Authority for Banking Transactions

Transaction Type	Signing Authority Required
Line of Credit	<ul style="list-style-type: none"> <li>Changes to credit limits require Board approval</li> </ul>
Investments	<ul style="list-style-type: none"> <li>Authority to make investments is delegated by the Board to one or more Investment Advisors within the bounds established by the Board.</li> </ul>
Bank Signing Authorities	Any two of: <ul style="list-style-type: none"> <li>Board Chair</li> <li>Board Vice-Chair</li> <li>Board Finance and Audit Committee Chair</li> <li>President &amp; CEO</li> <li>Vice-President &amp; CFO</li> </ul>
Credit Cards – Issuance and Limits	<ul style="list-style-type: none"> <li>Requires Board approval</li> </ul>

### Contracts and Agreements

Transaction Type	Signing Authority Required
Term of Agreement does not exceed current fiscal year and is within approved budget.	<ul style="list-style-type: none"> <li>Vice-President &amp; CFO</li> </ul>
Term of Agreement does not exceed current fiscal year and exceeds approved budget.	<ul style="list-style-type: none"> <li>Vice-President &amp; CFO and President &amp; CEO</li> </ul>
Term of Agreement exceeds current fiscal year and is less than or equal to 4 years.	<ul style="list-style-type: none"> <li>Vice-President &amp; CFO and President &amp; CEO</li> </ul>
Term of Agreement exceeds 4 years excluding buying groups.	<ul style="list-style-type: none"> <li>Board Approval</li> </ul>

### Operating Expenditure Purchase/Cheque Requisitions (one-time product/service commitment)

Transaction Type	Signing Authority Required
Less than \$10,000	<ul style="list-style-type: none"> <li>Department Manager</li> </ul>
Greater than \$10,000 and less than \$25,000	<ul style="list-style-type: none"> <li>Department Manager and Vice-President &amp; CFO</li> </ul>
Greater than \$25,000	<ul style="list-style-type: none"> <li>Department Manager and Vice-President &amp; CFO and President &amp; CEO</li> </ul>

**Human Resources & Payroll**

<b>Transaction Type</b>	<b>Signing Authority Required</b>
Permanent postings within existing budget	<ul style="list-style-type: none"> <li>• Director of Human Resources and President &amp; CEO</li> </ul>
Additions to Staff Complement in excess of approved departmental operating budget	<ul style="list-style-type: none"> <li>• Department Manager and Senior Management Team</li> </ul>
Posting for temporary replacement of staff on leave	<ul style="list-style-type: none"> <li>• Department Manager and Director of Human Resources</li> </ul>
Approval of hours worked	<ul style="list-style-type: none"> <li>• Departmental Manager</li> </ul>

**Other**

<b>Transaction Type</b>	<b>Signing Authority Required</b>
Authorization of Expenses for all members of the Board of Directors	<ul style="list-style-type: none"> <li>• Per Expense Policy</li> </ul>
Travel and Expense reimbursement	<ul style="list-style-type: none"> <li>• Per Expense Policy</li> </ul>
Capital Expenditures within approved Capital Budget less than \$10,000.	<ul style="list-style-type: none"> <li>• Departmental Manager</li> </ul>
Capital Expenditures within approved Capital Budget greater than \$10,000 and less than or equal to \$25,000.	<ul style="list-style-type: none"> <li>• Department Manager and Vice-President and CFO</li> </ul>
Capital Expenditures within approved Capital Budget greater than \$25,000.	<ul style="list-style-type: none"> <li>• Department Manager and Vice-President &amp; CFO and President &amp; CEO</li> </ul>
Capital Expenditures outside of approved Capital Budget and Capital Contingency Budget	<ul style="list-style-type: none"> <li>• Requires Board approval</li> </ul>
Real Estate Property Transactions	<ul style="list-style-type: none"> <li>• Requires Board approval</li> </ul>

**Note:**

Where the purchase of a capital asset is bundled with the purchase of a maintenance contract, the maintenance contract should be considered separately under the rules for operating expenditures.