COMMUNITY LIVING DURHAM NORTH

PROCUREMENT, PURCHASING AND ACCOUNTS PAYABLE PROTOCOLS

Policy No. A-14   (Finance)

Effective Date: May 1, 2007
Last Revision: March 4, 2019
Last Review: March 15, 2023

Rationale:

To ensure that Community Living Durham North adheres to sound financial management practices and is in compliance with the Broader Public Sector Directives concerning Procurement, Expenses and Perquisites.

Policy Statement:

CLDN has procedures in place that govern how goods and services are procured, how purchases are requested and authorized, and how payment is processed. These procedures will comply with Ministry guidelines and reflect generally accepted accounting principles.

The conduct of all employees and volunteer directors involved in "supply chain activities" will be ethical, professional and accountable, as per the *Ontario Broader Public Sector (BPS) Supply Chain Code of Ethics* (see policy A-22).

It is a requirement of the Broader Public Sector Procurement Directive that we conduct an open competitive procurement process if the estimated value of the goods or services is $100,000 or more. Between $10,000 and $99,999 it is a recommendation of the same directive that agencies hold an invitational competition and invite at least three potential suppliers to bid.

CLDN will comply with the requirement regarding procurements valued at more than $100,000 and it will strive to always implement the recommendation concerning those between $10,000 and $99,999.

Where this directive and recommendation run up against certain realities, e.g. the fact that very few insurers seek the business of agencies in our sector, either our commercial insurance or group health benefits, the CEO or designate will consult with the Business Practices Unit of MCCSS in order to arrive at an outcome that is practicable and also acceptable to MCCSS. Alternatively, with regard to our commercial insurance needs that have a value of well under $100,000 per annum, and which cannot be purchased on a multi-year basis, we may elect to automatically renew our insurance policy once or twice before re-tendering in year three.

While the agency will comparison shop and try to maximize the value of every dollar it spends, below the level of $9,999 these activities will be less formal, more dictated by individual circumstance, and they will not be part of the retained transaction history.

Approved by: *Clare Suggitt*   Date: *November 30, 2020*
                    for the Board of Directors

COMMUNITY LIVING DURHAM NORTH

PROCUREMENT, PURCHASING AND ACCOUNTS PAYABLE PROTOCOLS

Procedure No. A-14-1	Effective Date:	May 1, 2007
General Purchasing Processes	Last Revision:	March 15, 2023
	Last Review:	

- All invoices must be approved prior to payment. Expenditures that are under $1,000 and within budget (i.e., routine, recurrent and/or non-discretionary) may be authorized by the appropriate manager using an Adobe *Request E-Signature*. Alternatively, the manager can approve an invoice for payment. Directors and the Manager of Technology may use these means to authorize expenditures up to $5,000. Beyond that level, expenditures must be authorized by the CEO.

- The requisition or invoice must describe the goods or services being purchased, quantity, unit price, and all other pertinent information including the program or cost centre(s) that will benefit.

- The accounting code to which the expense will be allocated can be added by the Finance Department if it is unknown to the Manager and if, as stated above, it is very clear which program(s) will benefit from the purchase.

- In the case of regular deliveries pursuant to a contract, utility invoices and similar regularly scheduled items, the Manager's signature on the invoice will be required not as authorization but as certification that the delivery was made or that the service was performed.

- One copy of all purchase documentation (*Request for Payment*, invoice, packing slip, cheque stub, receipt and, where applicable, evidence of tendering process) must be retained for a period of seven (7) years, from date of issue.

- All staff involved in purchasing decisions will be alert to potential conflicts of interest and familiar with CLDN's *Conflict of Interest* policy (C-18).

- CLDN staff will accept no gifts from vendors and any premiums, coupons, rebates or credits must be turned over to, and used for the benefit of, CLDN. This prohibition extends to Air Miles and to other reward cards or point programs; no personal benefit can be claimed when making a purchase with funds belonging to the agency or to supported persons.

- Contractors will not be left alone in any of our homes or programs with people who use the service. Where it is necessary to deal quickly with small emergencies, by calling in a plumber, for example, or an electrician, direct care staff will call their manager (or, if necessary, any manager, on-call, or a director). The managerial staff will consult a list of "approved" local contractors. The CEO or designate, will ensure that each tradesman on this list has submitted, and kept current, certificates of Insurance and WSIB coverage.

- Stationary supplies for the entire agency are purchased in bulk by the Administration Assistant. Program teams must obtain managerial approval before submitting requests to the Admin Assistant.

Procedure No: A-14-2	Effective Date: May 1, 2007
Tendering & Quotations	Last Revision: February 24, 2022
	Last Review: March 15, 2023

- For items costing more than $10,000 a formal "Invitation of Tender" will be sent to at least three prospective suppliers/contractors, or advertised generally, as appropriate. Tenders will include detailed specifications to ensure that the quotations received are truly comparable.

- Quotations obtained will be saved in a new, purpose specific folder on our Server under J\Tenders & Contracts\Tenders and will be kept for seven years.

- Decision makers will consider factors such as quality, service and promised completion date as well as price. However, where the lowest bidder is not selected, there will be a written note saved into the above mentioned electronic folder documenting the rationale.

- Where the estimated value of the goods or services is $100,000 or more, CLDN will conduct an open competitive procurement process as required by the Broader Public Sector Procurement Directive. For clarity, and by way of example, the intent of the Directive is to include in this category a contract with an exclusive supplier that extends over five years, where the value is estimated at $20,000 per year (5 x 20 = $100,000).

- Necessary procurements will not be artificially sub-divided in order to stay below the $100,000 level and thereby avoid open competitions.

- The value of contracts, however, will be increased above the $100,000 mark, or reduced below it, as the negotiated duration of the contract is increased or reduced. To ensure that tenders and contract awards are part of a planned and proactive process, and to ensure that tenders are fully open when they need to be, the agency will chart all recurring contracts, their estimated value, termination date, etc.

- Regular expenditures are often based in a contractual agreement. A contract is an agreement that binds two or more parties to do something, generally over an extended period of time, and is enforceable in law. Obtaining internet service or a Visa card requires us to enter into one kind of contract, but to a large extent the terms of such contracts are unilaterally determined.

- This procedure speaks more directly to leases, to agreements that grant exclusivity to a supplier of hygiene supplies, for example, or to a contractor who maintains our lawns or plows our driveways. Insurance coverage is likewise based in a contract. Major software purchases might require us to enter into service agreements. Construction contracts are also drawn up prior to commencing major renovations.

- Contracts will not be entered into unless they present CLDN with a clear advantage. For example, exclusivity will not be granted to any supplier of hygiene supplies unless the amount of the discount, and other benefits such as free staff training, make it advisable to do so. In some cases, like snow-plowing, the purpose of the contract is to put in place a reliable response to an intermittent need.

- Contracts may be signed by any of the organization's staff directors (as signing officers of CLDN) but in view of their tendency to bind the agency over time, all contracts must first be reviewed and approved by the CEO.

- For all major construction (more than $100,000) the services of a Project Manager will be obtained and we will be guided by him or her in the framing of the construction contract. Construction contracts will also include the contractor's proof of liability insurance and WSIB coverage.

- Contracts for the provision of goods or services will include the following information:
  - the nature of the goods or services to be provided;
  - the financial obligations agreed to;
  - duration of contract and termination clause.

- A completed copy of the final contract will be made available to all signatories; the original signed contract will be kept in secure files maintained by the CEO and an electronic copy will be filed on the server.

- All staff involved in awarding contracts will be alert to potential conflicts of interest and familiar with CLDN's *Conflict of Interest* policy.

<table>
<tr><td>Procedure No: <u>A-14-4</u>
The Processing of Invoices</td><td>Effective Date:
Last Revision:
Last Review:</td><td><u>May 28, 2012</u>

<u>March 15, 2023</u></td></tr>
</table>

- Upon receipt, all invoices are given a date stamp and an authorization for payment stamp. They are also coded with the appropriate account numbers including, where appropriate, the HST/GST rebate account.

- All invoices are paid no later than the due date on the invoice or within 30 days of the date on the invoice.

- No interest or late fees will be paid without the authorization and sign off of the Director of Finance.

- The Manager or Director concerned approves all invoices before payment; i.e. he or she certifies that the goods were received in good order, or the service was provided as stated. Certain recurring invoices, like utility bills, are an exception and do not require authorization. Finance is able to verify their legitimacy directly. And, in the case of routine invoices only, exceptions will also be made in order to avoid late payment charges, but here the approval of the Manager or Director will be obtained after payment is made.

- Where Person I completes the A/P process, Person II must post the payments to the General Ledger.

<table>
<tr><td>Procedure No: <u>A-14-5</u>
Cheque Management Protocols</td><td>Effective Date:
Last Revision:
Last Review:</td><td><u>May 28, 2012</u>

<u>March 15, 2023</u></td></tr>
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- Blank cheques are pre-numbered and kept in a secure location.

- Any voided cheques are retained and the word "VOID" is handwritten or stamped across them. If the cheque was already signed, the signature(s) should be effaced. Voided cheques are then filed in the accounts payable cabinet in a file labeled "Cancelled Cheques."

- Cheques are not issued to "the bearer" or "cash." The name of the payee must be shown.

- Once the invoice is approved and paid, the cheque will be attached to the invoice and, along with other back-up documentation, given to the appropriate people for signing.

- The original cheque is mailed to the payee along with any required supporting documentation (i.e. payment stub from an invoice).

- The cheque stub is attached to the invoice and filed alphabetically in the A/P files.

Procedure No: A-14-6 **Direct Online Payment/Preauthorized Payment**	Effective Date: May 28, 2012
	Last Revision: March 9, 2020
	Last Review: March 15, 2023

- Some payments are made electronically by on-line transfers, on the RBC platform, to vendor account numbers.

- On line payments are made to recurring suppliers like utility companies and credit card companies and the set-up of these vendor accounts is approved by the Director of Finance.

- On-line payments are created by the Finance department but do not take effect until they are properly executed.

- The CEO, the staff directors who report to him or her, and a corresponding number of board members, typically including the Chair and Treasurer, have been provided with a log-in name and a password and have the authority to execute on-line transactions.

- On-line payments require two approvals and a release. This involves two people minimally; once two approvals are registered, a third person or one of the approvers is able to execute the release. As they do so, these staff or board members must ensure the account numbers and amounts are accurate and then sign off on an *On-Line Payment Authorization* stamped onto the actual invoice or back-up document. In the event that a director omits to release the payment, finance personnel are empowered to do so.

- Where the amount exceeds $2,500 one Board member at least must approve the transaction.

- Once all invoices are paid and released, Finance prints the approval with its reference number and attaches it to the invoice as proof of payment. The paid invoices are filed alphabetically in the A/P files.

- The agency will not generally authorize vendors to withdraw payment directly from our account(s). However, as of the effective date of this procedure a few such arrangements are in place – e.g. payments to the carrier of our group health plan, payments to U.S. Bank which finances our P-Cards (see A-14-9, below), and to our Payroll Services provider.

Procedure No: A-14-7 **Electronic Funds Transfers**	Effective Date: May 28, 2012
	Last Revision: March 9, 2020
	Last Review: March 15, 2023

- Each person who resides in a residential group home makes a minimum of one monthly payment to CLDN. Therefore, should the person consent, he or she will complete a

P.A.D. (G-20 *Pre-Authorized Debit* form). In so doing, he or she authorizes CLDN to make certain withdrawals from his or her bank account. Pre-authorized debits ensure timely payment, provide greater security, reduce paperwork, eliminate the need of reminder notices and improve fund availability.

- The person completes the form and attaches a blank cheque in order to confirm his or her banking details. Confirmation cheques should not be signed; the word "VOID" should be written in ink across the front of the cheque.

- The person will then be set up on the online banking system for pre-authorized monthly withdrawals. He or she will receive an invoice from the agency at the 1st of each month informing them of the withdrawal amount and detailing the charges. The withdrawal will then take effect on the 10th of the following month.

- On a monthly basis, Finance enters these transactions into our A/R module and creates the on-line transfers on the RBC platform. As with electronic bill payments (see A-14-6, above) the transaction package is then given to a director for approval.

- When the transaction is completed a confirmation report is printed. It and a copy of the invoices associated with it are retained by Finance and filed by date.

- CLDN transfers funds electronically between its two main bank accounts (the Association account and our Operating or MCSS account) and also between our Operating Account and the various program accounts that have been set up to house the monies that individual group homes and day programs use for the purchase of groceries, toiletries and cleaning supplies. Once the transfer has been approved, Finance prints the confirmation and attaches it as back-up to the Journal Entry. Internal transfers do not require a release.

- Transfers can take place on a "one off basis," or they can be set up as recurring transfers, as is the case, for example, with the monthly transfer of grocery money to individual programs.

- Transfers between CLDN accounts of $200 or less can be approved on the sole authority of the Manager of Finance, as long as a different member of the Finance Department has created the Transfer. Larger transfers must be approved in the usual way: by two staff directors/board members and must then be released by one of the approvers or by a third authorized person. In the event that a director omits to release the transfer, finance personnel are empowered to do so.

- Transfers from or into external accounts must be approved on-line by two staff directors and must then be released by one staff director; such transfers have the added protection of the use of the token. Each director has a token that displays a frequently changing six (6) digit number; this number must be entered as part of the approval process.

Procedure No. A-14-8
Purchasing Groceries, Toiletries, Cleaning Supplies

Effective Date: May 1, 2009
Last Revision: March 9, 2020
Last Review: March 15, 2023

- During the annual budgeting process that involves managers, directors and Finance, each program's annual budget for groceries, toiletries and basic cleaning supplies will be determined.

- One-twelfth of the annual total will become the regular monthly allocation to be distributed to the program on the last working day of the previous month, via a bank transfer actioned by Finance.

- Each Residential and Day Program will have its own bank account with an assigned debit card and pin number. Only the Finance department can set up such an account or make changes to it.

- All staff are responsible for entering all debit card purchases into the AIMS database under "Program Financial."

- Debit cards are for in-store use only. They cannot be used to make cash withdrawals at banks or ATMs. Also, it is prohibited to add a cash withdrawal to an in-store purchase.

- The Team Leader and the Program Manager are given the information they need in order to view the status of the account on-line. They cannot perform any transactions on line. Also, neither the Team Leader nor the Program Manager may share, with anyone, the access numbers provided to them.

- Each month the Team Leader will access the account, on-line, and print a monthly statement. The statement will be reconciled with the AIMS Program Financial Statements and the store receipts. If there are any discrepancies noted he or she must contact the Program Manager immediately. This monthly reconciliation must be submitted to the Program Manager by the 5th of the following month.

- The Program Manager will review the reconciliation and then submit it to Finance where its completeness and accuracy will be verified. The internal logs, with attached receipts, will be kept for auditing purposes. After the financial audit has been approved at our AGM, in June, all logs up to December 31st of the previous calendar year will be shredded. For clarity, at any given time, all grocery logs completed in the current fiscal year will be on hand, and in addition we will have at least those logs pertaining to January through March of the previous fiscal year.

- The Team Leader and Program Manager will be provided with the PIN for the debit card and this number can be shared, as appropriate, within the staff team. All Debit cards are to be locked in a safe place when not in use.

- The funds put into these accounts are for an agreed amount of groceries, toiletries and cleaning supplies. They cannot be used for other kinds of expenditures - except in cases of emergency, with the approval of a Manager. Where an emergency expenditure has been approved, the Manager will determine whether or not it is necessary to top up the bank account. In no case will these accounts be used for personal loans or advances to employees.

- All purchases made with a debit card require the following:

  - ➢ An itemized numbered receipt.
  - ➢ The name of the staff that made the purchase, printed on the receipt, along with the staff's initials.
  - ➢ The name of the program printed on the receipt.
  - ➢ The name of a second staff (witness) and their initials. This will verify that the items purchased are the items that were brought into the house.

- The debit card and receipt must be returned to the secure location.

- Should an item need to be returned, the vendor may be able to re-deposit the refund into the program's bank account. If not, if the staff is instead given cash or a gift card, the staff person will immediately purchase the required replacement item. Any remaining cash must be immediately returned to the secure location; and the Team Leader and other co-workers alerted to its presence.

- If circumstances within a program change and legitimate and sizeable variances result, then the monthly allocation for groceries, toiletries and cleaning supplies will be changed. The allocation should reflect reality; there should not be significant monthly surpluses or deficits.

- Finance staff will conduct periodic on-line checks and will be able to observe all purchases that have been made. Inappropriate or illegitimate purchases (e.g. at Tim Horton's or withdrawals at a bank) will be brought to the Program Manager's attention.

- Misuse of the card will result in disciplinary action up to and including termination.

Procedure No. A-14-9	Effective Date: November 1, 2010
Gas Purchases for Association Vehicles	Last Revision: March 15, 2023
	Last Review:

- The agency holds "P" Cards (Purchase Cards) that are set up for gas station use only (i.e., for the purchase of gas, only). Do not use these cards to purchase windshield wash fluid or other goods or services.

- Each card is associated with a single vehicle (i.e. license plate). They are individually numbered and the Finance Department maintains an up-to-date register of which vehicle holds which card. Each card has a daily and monthly limit.

- The actual cards are kept in the *Vehicle Log Books* which, when the vehicle is not in use, must be secured inside the program site (not left in the vehicle).

- Also part of the *Vehicle Log Book* is a log or spreadsheet (*Vehicle Check and Mileage, Gas & Oil Log,* form D-8) that must be updated by the staff/driver at the beginning and end of each trip. The log has several columns for name/signature, start and finish odometer readings, gas and oil purchases, etc. Receipts are attached to the log.

- On a weekly basis the Program Manager signs off on the log and forwards it to the Finance Department.

- The logs are used in the Finance Department to reconcile gas purchases against monthly statements, when these are received. The internal logs, with attached receipts, will be

  kept for auditing purposes. After the financial audit has been approved at our AGM, in June, all logs up to December 31st of the previous calendar year will be shredded. For clarity, at any given time, all vehicle logs completed in the current fiscal year will be on hand, and in addition we will have at least those logs pertaining to January through March of the previous fiscal year.

- Missing cards must be immediately reported to Finance personnel including the Director of Finance. Management will then ensure that the missing card is immediately cancelled and replaced.

- There is a single "P" Card that is not associated with any vehicle and is not used for gas purchases. It is a general purpose card, like a credit card; it is for administrative use and it never leaves the main Admin building. The card is not associated with a particular staff and does not require a signature – therefore it is ideal for booking accommodations or securing tickets over the telephone, etc.

Procedure No. A-14-10	Effective Date: May 1, 2007
Credit Cards - Visa Expense Cards	Last Revision: November 2, 2017
	Last Review: March 15, 2023

- The CEO may approve the use of Visa Expense Cards by Directors and, in exceptional circumstances, by Program Managers.

- Such cards will be used only for work related expenses. Typical uses would be out of town meal and accommodation costs. In the case of Program Managers, cards may be temporary or have a single purpose, e.g. to use in furnishing a new group home.

- Maximum credit per card will be $5,000. However, the CEO may approve temporary increases in the credit limit for specific short term reasons.

- The card carrier will obtain receipts and will ensure that suitable back-up is provided to Finance for monthly reconciliation and payment.

- As part of the payment process, each month's Visa bill must be approved by the person to whom the card carrier reports, i.e. the appropriate Director, CEO or Board Chair/Treasurer. Where necessary, and in order to avoid late payments, approvals can be obtained after payment.

- At no time will a holder of a Visa card allow the card to be used without his or her authorization, or outside of his or her presence.

- Missing cards must be immediately reported to the Director of Finance who will then ensure that the missing card is immediately cancelled and replaced.

Procedure No. A-14-11   Effective Date: May 1, 2007
Purchasing Cards - Regular Suppliers   Last Revision: November 25, 2019
                                                  Last Review: March 15, 2023

- To facilitate purchasing small and medium range items from a select few suppliers the agency holds three (3) debit cards. They are kept in a secure place in the offices of the Finance Department but are distinct from the Admin "P" Card in that they can be taken out of the building.

- Staff wishing to use a card will present themselves to the Finance Department with a *Purchase Request* form signed by their Program Manager. This form details the item(s) required, the program that needs them, the likely Supplier and the approximate cost.

- General authorization limits apply. Having consulted their director, Program Managers can approve expenditures up to $1,000. Directors and the Manager of Technology can approve amounts up to $5,000 – but again this assumes that consultation has occurred with the CEO.

- The Finance Department maintains a log for each card, and the staff who is entrusted with a card must sign it out. Subsequently, it is signed back in, and both signatures are dated.

- Receipts are returned to the Finance Department with the card and are held by the department and used to reconcile the monthly statement when it arrives.

- Missing cards must be immediately reported to the Director of Finance who will then ensure that the missing card is immediately cancelled and replaced.

Approved by:	*Glenn Taylor*	Date:	*March 15, 2023*
	CEO		