



Policy Title: Authorization to Commit or Expend Funds			
Department Responsible: Operations	Policy Number: THN-OP-1218-A116C	Effective Date: December 6, 2018	Next Review/Revision Date: September 30, 2020
Title of Person Responsible: Senior Manager Operations	Approval Council: Compliance and Privacy Committee	Date Approved: THN Board of Managers-February 28, 2019	Revision Approval Council/Date Approved:

PURPOSE: To provide sufficient oversight of Triad HealthCare Network’s expenditures.

DEFINITIONS:

Term	Definition
Business Meals-Food Provision Accounting Code 740241	Meal expenses for business meetings with THN business partners for a documented business purpose.
Capital Expenditure	Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.
Expenditure	Payment of cash or cash-equivalent for goods or services, or a charge against available funds in settlement of an obligation as evidenced by an invoice, receipt, voucher, or another such document.
Hospital Catering-Food Transfer Accounting Code 740244	Business Meals ordered through Cone Health Hospital catering for a documented business purpose.
Physician Development Accounting Code 765180	All ACO Activities that engage network physicians to achieve quality improvements and compliance.
Staff Development Accounting Code 760418	All expenses related to professional coaching, education, and training intended to help employees improve their skills, to motivate, cultivate, or improve effectiveness. Staff development may include but is not limited to, staff training/education, strategic planning, and motivational events.

POLICY:

1. The authority to expend or commit to the future expenditure of THN funds is vested in the THN Board of Managers. A delegation of the management expenditure authority is the responsibility of the Chief Administrative Officer (CAO) and the Chief Operating Officer (COO). In most cases, a delegation of expenditure authority is vested in the Department Directors. Department Directors may further delegate such authority to other key individuals by authorizing through signature documentation.



When authority for commitment and expenditure of funds is delegated, proper control mechanisms should be in place to ensure that expenditures are appropriate and remain within allotted budget.

2. An approved signature listing will be maintained in THN Finance, Office of the Chief Financial Officer (CFO) & Treasurer. Department Directors must update this listing when changes to signatory authorizations are made, as items will not be processed unless approved by the proper, authorized individuals. Department Directors and Managers receiving authority through this process are accountable to control expenditures within the limits of applicable budget authorizations.
3. Unusual conditions may warrant the amendment or rescission of the authorization to commit and expend funds by the CAO. In such cases, departments charged with the processing of expenditures and commitments (Financial Services, Human Resources, Conferences/Travel, Events, Vendor Fees, and Purchasing) will be responsible for the review of requested expenditures to ensure adequate approval has been received before execution of the transactions.
4. An exception to the general procedure must be made for professional expenses or reimbursements of individuals vested with expenditure authority. Each individual's immediate supervisor must approve such items as travel, continuing education, and professional society dues, as well as reimbursements for any work-related expense(s). The CFO will review travel and other reimbursements discussed above for the CAO and COO on an annual basis.

PROCEDURE:

1. **Approval of Budgeted Capital Expenditures**
 - a. Capital expenditures are those relating to the construction and purchase of real or personal property with a cost of at least \$2,500.00 per item or \$5,000.00 for a group of like items and a shelf life of at least three years. For purposes of this policy, cost includes all expenses associated with acquisition and placement of the property in service, including architect, engineering, consulting, installation and interest during construction or implementation. Internal personnel travel costs associated with reviewing a purchase are not costs that can normally be capitalized. If such costs are considered and approved for capitalization, appropriate accounting practice will be applied.
 - b. In general, this policy is applied separately to each item purchased. If several items are required to enable appropriate use (i.e., a desk with drawers, a computer, and software), these items will be considered a single item to meet the capitalization policy.



- c. Capital expenditures are approved as part of the THN's annual budget process. There may be circumstances where approvals of an unusual need or opportunity shall be considered separately by the Board of Managers.
- d. All items must be approved for purchase during the fiscal year by the responsible and respective site leaders.

2. Approval of Non-Budgeted Capital Expenditures

- a. Department Directors may approve capital contingency requests within the budgeted capital contingency specific to their site or area. Unused project funds may be reallocated by the respective site leader. The COO and CFO must review and approve all substitutions or any contingency requests more than the budgeted capital contingency for each site and must review the use of any unused funds.

3. Capital Purchase Process

- a. A capital project number must be assigned, and a capital requisition/purchase order must be created before any expenditure or commitment of funds. The capital requisition/purchase order must be processed by the Senior Executive Assistant. Funds are encumbered when a capital purchase order is assigned. All costs charged to a capital project must have a purchase order number to enable accurate tracking of capital costs through the system.
- b. Carry forward authorization of funds, either encumbered or accrued, is affected through the subsequent annual budget process and is not guaranteed.

4. Donated Equipment

- a. Equipment to be purchased with donated funds will follow the same procurement process as purchases for budgeted and unbudgeted capital. Departments are cautioned to review plans for solicitation or offers of donations with their Chief Operations Officer to assure that acceptance will not incur unbudgeted obligations without administrative concurrence.
- b. Requisitions for equipment to be purchased with donated funds will be marked with the source of the donated funds and accompanied by documentation of receipt of the donated funds or written intent to provide the funds by the individual or appropriate authorizing officer of the organization donating. The requisition must have the signature approval of the designated individual of the beneficiary department.
- c. Donations from the Hospital's Auxiliaries are involved, the Administrative Officer for the Auxiliary liaison also must sign the requisition. Equipment purchased with donated funds will be made on a current fiscal year capital purchase order and recorded with other capital purchases



but will reflect a zero (“\$ 0.00”) dollar impact on the capital budget. Accounting will be notified of such acquisitions by appropriate notation on the purchase order.

5. Vendor Invoices and Expenditures

- a. All vendor invoices must be submitted through the Perceptive Content accounts payable system. All payment requests are processed for payment by THN’s Senior Executive Assistant and authorized by the COO or CAO.

6. Conferences

- a. THN recognizes the importance of conferences to educate our department leaders. Only Department Managers and Directors are afforded the opportunity to attend at least one conference per year without the written approval of their immediate supervisor unless the conference registration fees exceed \$1,000.00. Attendance to additional conferences in the same fiscal year or conference registration fees that exceed \$1,000.00 require written authorization by the Manager or Director’s immediate supervisor, and the COO or CAO. All conferences must apply to the Manager or Director’s job duties and responsibilities. To avoid staff shortages, no more than one employee per department should attend the same conference in person unless there is an authorized business need.
 - i. Please use **Attachment A: Business Expenditure Authorization Form** for written authorization.
 - ii. **Conference Webcasts and Live-streaming**
 - a. Managers and Directors are encouraged to register for conferences offered via webcast or live-stream unless there is a business need (presenting, meetings with vendors, etc.) to attend the conference in person. Attendance to more than one conference within the same fiscal year must receive the immediate supervisor’s and the COO or the CAO’s written approval.
 - 1. Please use **Attachment A: Business Expenditure Authorization Form**.
 - iii. **Conference Attendance for Non-management Level Employees**
 - a. Non-management employees may request an exception to this policy to attend one conference per year with written authorization by the Department Manager or Director. If a conference is available via live-streaming or recorded webcast, non-management employees must choose this option instead of in-person attendance. All conferences must apply to the employee’s job duties and responsibilities. Total conference registration fees that exceed \$1,000.00 require written authorization by the department Manager or Director, and the COO or CAO. To avoid staff shortages, no more than one employee per department should attend the same conference in person unless there is an authorized business need. Please use
 - 1. **Attachment A: Business Expenditure Authorization Form**.



7. Travel

- a. Reasonable and necessary expenses incurred in connection with travel and continuing education is defined regarding what is normally reimbursable under this policy. Normal reimbursables are as follows.
 - i. *Coach Class Air Transportation*
 - a. Travelers should plan to ensure the best possible airfare prices are obtained. First class travel will not be reimbursed unless that is the only class available. All air transportation plans must be arranged through THN's approved travel agencies unless better rates can be achieved elsewhere.
 1. **Please see Attachment B: Travel Guidelines.**
- b. *Accommodations*
 - i. Travelers should attempt to obtain the best possible rates for hotel or motel accommodations. All accommodation plans should be arranged through the THN's approved travel agencies. If special seminar rates are available, the travelers should inform the travel agent of such rates. THN will pay only the single room rate. If a non-employee stays in the room with the employee, they are responsible to pay the balance of a double room. If an employee chooses to arrive early or stay longer than the designated seminar or meeting, THN will not be responsible for those additional costs unless early arrival or delayed departure reduce the total cost of the approved trip and is approved in advance by their immediate supervisor.
 - ii. **Please see Attachment B: Travel Guidelines.**
- c. *Use of Personal Vehicle for Travel*
 - i. Expenses related to use of an employee's vehicle for travel on behalf of THN will be reimbursed at the appropriate rate as determined by the Organization's approved rate. This rate is normally benchmarked to the IRS approved mileage rate published each January. THN does not reimburse daily mileage incurred from the employee's home to the employee's workplace location.
 - ii. **Please use Attachment C: Travel and Expenses 2019 Form** to record mileage traveled for all work-related purposes.
 - iii. Persons traveling in their vehicles for convenience when airfare is less expensive will only be reimbursed for the expense of the airfare. Automobile rental expenses are not reimbursable unless they reduce the overall expenses of the approved trip. Purchase of additional automobile rental insurance is not reimbursable except with prior approval and in extenuating circumstances. If automobile use is appropriate, parking fees and tolls associated with that travel will be reimbursed when appropriate



documentation (a receipt) is provided and approved. Please make cost-effective arrangements for ground transportation. Once the Travel Mileage Form has been completed, it should be approved by the immediate supervisor and forwarded to the accounts payable department for processing. Reimbursement requests should be limited to a maximum of one per month per person. A chart of one-way mileage between sites is available with **Attachment C: Travel and Expenses 2019 Form**.

d. *Spouse/Companion Travel*

- i. A spouse or other individual may accompany an employee on a business trip at the employee's expense. THN will not reimburse travel, meals and entertainment expenses incurred by or on behalf of an employee's spouse (unless the spouse is also an employee) or other non-employee accompanying an employee on business unless pre-approved by the immediate supervisor. Prior written approval must be provided with the employee's expense report.

e. *Travel Meal Expenses*

- i. Meal expenses should be reasonable (gratuities should not exceed 20%) and appropriately documented by actual receipts. If meals are provided at the seminar, additional reimbursement will not be made for those meals provided for through the registration or accommodation rates. Only meals that are not provided for at a conference or event will be reimbursed. The employee should refer to the [IRS rate](#) per day for guidance on allowable meal allotments. If meals for a group are combined on one receipt, the highest-ranking supervisor should pay and retain the appropriate documentation. Employee's guest or spouse are responsible to pay for their meals and beverages. Meal expense that is significantly more than the IRS allowed rate per day might not be reimbursed if the department supervisor determines the expense to be excessive.

f. *Alcoholic Beverages*

- i. The use of alcohol for business entertainment purposes should be kept to a minimum. Employees should be aware that the purchase and use of alcohol subjects THN to significant legal exposure. Employees should act prudently to avoid excessive consumption. A THN employee's guest or spouse is responsible to pay for their meals and beverage expenses.

g. *Phone Calls, Faxes, and Internet Use*

- i. Phone calls, faxes and internet connections will be reimbursed if required for business purposes. Personal phone calls or internet will not be reimbursed if the traveler has a cell phone and other device issued by THN.



8. Dues/Subscriptions/Professional Books

- a. Expenses for reasonable association dues, subscription fees or professional books that pertain to an employee's job duties and responsibilities will be reimbursed. All mailed or shipped products must use standard mail or standard shipping. Expedited mail or expedited shipping requires written authorization by the department Manager or Director.

9. Business Meal Expenses

- a. THN permits business meeting meals with THN business partners for a documented business purpose and need. Please include the IRS recommended information below on your receipt and/or on your expense report. The department supervisor is responsible to review and approve all Business Meal expenditures. All Business Meals shall use the
 - i. **Accounting Code 740244 or 740241.**
- b. IRS Requirements: For business meal and entertainment expenses, the following documentation is required by the IRS to be recorded on the receipt and/or Expense Report:
 - i. Names of individuals present at meeting, with their titles and company name
 - ii. Name and location of where the meal or event took place
 - iii. Exact amount and date of the expense
 - iv. The specific business topic discussed
 - v. In the case of entertainment events, the specific time the business discussion took place (i.e., before, during or after the event)

10. Staff Development Expenses

- a. THN permits staff development expenses for a THN business purpose. Staff development includes, but is not limited to, training/education, strategic planning retreat, department-level appreciation events, and organizational celebrations at the discretion of THN Executive Management. To ensure fair and consistent treatment of all employees, management must be careful to ensure all department staff benefit from these department and organization-level events. THN will not reimburse expenses for employee birthdays, personal celebrations, or strictly social activities.
- b. Use **Accounting Code 760418** for all Staff Development expenses.

11. Physician and Community Engagement Expenses

- a. THN permits expenses for engagement events with THN's network medical providers and community partners. Permitted expenses include, but are not limited to, facility rental, AV equipment, and meals for attendees. All Physician and Community Engagement Events shall follow the documentation and approval requirements in the THN Physician and Community Engagement Policy and use the **Accounting code 765180**.



12. Approval and Reimbursement:

- a. As stated in the Authorization to Commit and Expend Funds policy, the traveler’s immediate supervisor must approve all travel and continuing education. All airline, accommodations, and registrations should be secured utilizing the THN corporate credit cards made available for this purpose. Only in very unusual circumstances will accounts payable checks be issued for deposits or registrations or will advance for travel be granted. Upon completion of the trip, all travelers are responsible for completing the appropriate expense reports with all corresponding original receipts and having reports authorized by their immediate supervisor.

REFERENCE DOCUMENTS/LINKS:

Cone [Policy Code: OP-FIN-1989-04 Authorization to Commit and Expend Funds](#)

Cone [Policy Code OP-FIN-1992-10 Capital Expenditures](#)

Cone [Policy Code: ER-FIN-1983-57 Travel](#)

IRS [Per Diem Rates for North Carolina](#)

Attachment A: Business Expenditure Authorization Form

Attachment B: Travel Guidelines

Attachment C: Travel and Expenditure Form

COMMITTEE APPROVAL: THN Policy Review Committee

PREVIOUS REVISION/REVIEW DATES:

Date	Reviewed	Revised	Notes