

Board Delegated Limits on Spending

I. OPERATING AND CAPITAL BUDGETS

As an extension of the Strategic Planning Process, the Board, after a careful review of Management's Operating Plan, approves the supporting annual Operating and Capital Budgets. Responsibility for implementation of the Plan then resides with the President and Chief Executive Officer.

To facilitate implementation, the Board delegates broad spending authorities jointly to the President and Chief Executive Officer and the Chief Financial Officer. In accordance with Article 2 (2.4) of the Bylaws, the Board also designates that certain orders and other contracts, which exceed a stated monetary limit, may only be entered into on written authority of the Board.

A. Operating Budget

The Operating Budget is to be approved annually by the Board.

Within the approved annual Operating Budget, unlimited spending authority is given jointly to the President & CEO and the CFO.

B. Capital Budget By Line Item

(Equipment, Construction, Renovations, Capital Projects)

The Capital Budget is to be approved annually by the Board. Any capital project greater than \$2,000,000 within the approved annual Capital Budget will be individually approved by the Board prior to execution.

For subsequent changes to the approved capital projects, board approval will be required as follows:

- For a project with costing greater than or equal to \$2,000,000, board approval is required for forecasted variances greater than or equal to:
 - i) \$250,000 or ii) 10% of the project cost;
- For a project with costing greater than \$250,000 and less than \$2,000,000, board approval is required for forecasted variances greater than or equal to:
 - i) \$250,000 or ii) 20% of the project cost.

Cancellation or deferrals of approved capital projects greater than \$1 million will require board approval.

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C. Unbudgeted expenditures

The President & CEO has the authority to approve unbudgeted individual operating or capital expenditures up to and including \$1,000,000.

Board approval will be required for the following:

- Individual unbudgeted, non-routine operating expenditures greater than \$1,000,000; or
- Unbudgeted capital expenditures greater than \$1,000,000.

D. Orders and Other Contracts Requiring Board Approval

- All contracts for the acquisition or disposal of real estate property.
- Execution of mortgages, debts, and guarantees.
- Lease/rental for space and property representing an annual commitment of more than \$1,000,000 or a multi-year commitment that exceeds \$5,000,000 in aggregate.
- Union contract agreements.
- New or significantly revised Benefit Plans.
- All other contracts representing an annual commitment of more than \$25,000,000 per annum or a multi-year commitment that exceeds \$75,000,000 in aggregate.

The Board will be informed on any contracts which, in the judgment of the President and Chief Executive Officer, may be of special interest to members of the Board. This includes contracts which could materially affect the standard of care, represent unusual risk or have significant community impact.

E. Designations

The CEO may designate limits of spending and signing authority to the Chief Financial Officer, the Chief Operating Officers of the Health Services Delivery Areas and other senior corporate staff members with specific areas of responsibility. A current listing of all such designations will be made available to the Audit and Finance Committee.

Approved by: VCH Board

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