Lifespan Corporate Policy	**Subject**: Expense Approval Guidelines	**File under:** Finance Fin - 19
Issuing Department: Finance		
Original Policy Date 10/15/01	**Page 1 of 4**	**Approved by:** **Director, Finance**
Revision - 7/1/06		**Senior Vice President of Finance and Chief Financial Officer**

I. Purpose:

To define the policy and procedure re: approval guidelines for Lifespan operating and research expenditures.

The guidelines outlined in this document are designed to provide consistent guidance to directors and managers at Lifespan Corporation and affiliates with respect to approval authority for operating and research expenditures.

The guidelines are designed to reflect the values of Lifespan Corporation, acknowledging our responsibilities with respect to stewardship of resources.

Additionally, the outlined approval procedures recognize that all departments are held accountable for their operational expenditures through Lifespan's annual budget process.

II. Policy:

A. All purchase requisitions and check requests must carry a minimum of two departmental signatures. One signature must be from the individual having direct responsibility for the Responsibility Center/Cost Center ("Responsible Management") to which the expenditure will be charged. Please note that at the inception of all standing purchase orders and blanket purchase orders, a purchase requisition needs dual signature approval; all future releases within the standing order will be considered pre-approved.

II. Policy: (cont.)

B. With respect to Research Responsibility Centers/Cost Centers, the following guidelines apply to purchase requisitions and check requests:

1. Individual expenditures $1000 and over require one signature from the principal investigator responsible for a grant or an approved designee; in addition, signature authorization is needed from the Director of Research Administration or his/her designee. The Director of Research Administration will update the list of his/her designees for Accounts Payable annually or more frequently as necessary.

   Invoices for research or services under consortiums, sub-grants and sub-contracts require the signature of either the Principal Investigator (PI) or the Project Director (PD), or the Director of Research Administration or his/her designee when a fully executed subcontract agreement with the subrecipient institution has been signed by the Principal Investigator.

   Investigator responsible for the grant: By signing the purchase requisition, the Principal Investigator or approved designee verifies that the expenditure will be used for grant purposes, i.e., ensures that service was rendered and acceptable and/or supplies were used for the grant noted. "First hand" knowledge that the expenditure will be used for the grant is therefore documented. The Principal Investigator or approved designee also needs to sign check requests for services rendered in order to acknowledge what is to be charged to the grant.

   Research Administrator: The respective research administrator authorizes the expenditure if appropriate per the Notice of Grant Award and budget, i.e., if it complies with grant restrictions and requirements, as follows:
   - Such expenditures will not present a significant deficit situation, i.e., the budget for the item was not overexpended and the expenditure is within authority guidelines. Research Finance should be consulted if there are any questions in this area.
   - The expenditure is within the budget period.
   - Documentation is sufficient to support the charge.
   - Research Responsibility Center/Cost Center charged with the expenditure is correct.

   Accounts Payable: Accounts Payable will compare the expenditure approval signatures with the Research Administration designee list to ensure that the expenditure has been approved by the Director of Research Administration or his/her designee. Any expenditure that is not supported with the proper signature will be returned to the department with an explanation stating that it needs Research Administration approval to be processed.

2. Reference is also made to Lifespan Finance Policy #14 re: Human Subject Payments, i.e., financial compensation to research study participants, for additional expense approval guidance in this area.

II. Policy: (cont.)

3. Please also refer to further approval guidelines maintained by Research Administration (extension 45113).

C. Travel Expenses:

1. Reimbursed business expenses (travel, seminars, etc.) require the employee's signature and the approval of the employee's immediate supervisor or designee.

2. Employee Expense Reimbursement Vouchers must have original receipts attached supporting travel and other business expenses; these receipts should be itemized, if available. Internal Revenue Service regulations require that local travel, meals and entertainment expense reimbursement claims include documentation of the date, place and business purpose; the reason for entertaining or nature of the business benefit derived; the nature of the business discussion or activity; and the identity and business relationship of those entertained. If expenses are not fully documented, the Internal Revenue Service can, upon audit, require Lifespan to treat the reimbursement of such expenses to the employee as additional compensation subject to Federal and State income taxes.

3. Expenses re: alcoholic beverages are not allowable as charges to research grants, per 45CFR Part 74, Appendix E, "Cost Principles for Hospitals", or other sponsors' requirements.

4. With respect to Non-Grant Research Restricted Funds and Non-Research Responsibility Centers/Cost Centers, expenses re: alcoholic beverages are refundable to the employee if they are ordinary, necessary and reasonable expenses incurred by an employee in connection with the performance of services as an employee, for example, attendance at a conference, recruitment, entertainment of guest speakers, etc. The cost of alcoholic beverages, if any, should be identified on the Employee Expense Reimbursement Voucher so that such cost can be charged to a Medicare non-reimbursable object code, enabling proper classification in the respective Lifespan affiliate's Medicare Cost Report.

5. Reference is made to Lifespan Finance Policy #17 re: Travel for additional guidelines and procedures regarding travel and related business expense reimbursement.

D. Regarding credit card purchases by employees using the internet:

1. If merchandise is shipped, the packing slip or delivery receipt may be used to support reimbursement to the employee.

2. In situations where there is no merchandise, employee reimbursement must be supported by a printed copy of the computer screen documenting the purchase along with a copy of the employee's credit card statement.

III. Procedure:

PURCHASE REQUISITIONS AND CHECK REQUESTS – OPERATING EXPENSES

All individual operating expenditures under $100,000 require two signatures, one being the Responsible Management for the Responsibility Center/Cost Center. Also note the requirements for Research Expenditures described above.

Expenses not within a department's budget require approval from the respective Vice President.

All individual expenditures between $100,001 and $500,000 also require the signature of a Vice President.

All individual expenditures over $500,000 require Vice President approval, as well as one signature from the Lifespan Office of the President.

With respect to required signatures from the Lifespan Office of the President, this includes the President or Chief Financial Officer.