

## Guideline Overview:

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## 0. Summary of Changes

*The last version of the Delegation of Authorities was updated in May 2020.*

### CFO + Controller additions:

With the addition of CFO in November 2021 and Controller in June 2022, **we are adding them to the DOA matrix.** The CFO will be able to sign all contracts and agreements. The Controller will be able to sign most contracts below \$50,000.

### No threshold changes:

Analyzing the volume of invoices received in 2022 for SaaS vendors and Professional Services vendors, suggest that the current dollar threshold still allows BW to operate with speed and efficiency. **So there are no changes to the dollar thresholds.**

## 1. Delegation of Authority Matrix

Note: [levels of activity](#) from 2022, suggests following Levels:

< \$50,000 (72%), \$50,000 - \$100,000 (14%), & > \$100,000 (14%)

\*Department Lead is employee with Lv 6 or higher

Activity	Annualized Amount (USD)	CEO	CFO	Controller	*Department Lead
New Vendor Agreements, Renewals	> \$100K	Signs and approves	Signs and approves	N/A	N/A
New Vendor Agreements, Renewals	\$50K - \$100K	Signs and approves	Signs and approves	N/A	N/A
New Vendor Agreements, Renewals	< \$50K	Signs and approves	Signs and approves	Signs and approves	Signs and approves
Customer Contracts, Refunds and Credits	> \$100K	Signs and approves	Signs and approves	N/A	N/A
Customer Contracts, Refunds and Credits	\$50K - \$100K	Signs and approves	Signs and approves	N/A	N/A
Customer Contracts, Refunds and Credits	< \$50K	Signs and approves	Signs and approves	Signs and approves	Signs and approves
Hiring-Related, Offer Letters, Benefit changes	\$ 0 + (All)	Signs and approves	Signs and approves	N/A	N/A
Office-Related, Leases, Tenant Improvement, etc	> \$100K	Signs and approves	Signs and approves	N/A	N/A
Office-Related, Leases, Tenant Improvement, etc	\$50K - \$100K	Signs and approves	Signs and approves	Signs and approves	N/A
Office-Related, Leases, Tenant Improvement, etc	< \$50K	Signs and approves	Signs and approves	Signs and approves	N/A
Treasury, Banking-Related, Debt, Equity Financing, Investments	\$0 + (All)	Signs and approves	Signs and approves	N/A	N/A
Standard BW NDA	\$0 + (All)	Signs and approves	Signs and approves	Signs and approves	Signs and approves
Non Standard NDA	\$0 + (All)	Signs and approves	Signs and approves	N/A	N/A

## 2. Guideline Purpose &

### 2.1 Purpose

The purpose of the Delegation of Authority (DOA) guidelines is to:

1. Outline which employees at brightwheel have the authority to tie the company to financial obligations (sign contracts & approve expenses); as well as
2. Delegate financial decision-making to the appropriate employee to allow for speed and efficiency as we scale in decision-making (that impacts our financials and cash balance/burn); and
3. Clarify autonomy that department leads have in managing to plan

## 3. Mechanics

### 3.1 Contract Process

These DOA guidelines apply to all financial decisions which impact brightwheel's cash balance/burn (contracts & expense approvals).

**A. Before the company commits to an expense, the following steps should be followed:**

- **Contract and expense process:**
- Step 1 - Department lead provides light [decision doc](#) for the expense.
- Step 2 - Department leads initiates contract with vendor.
- Step 3 - Contract should be reviewed and approved by the Department Lead and the Finance Manager.
- Step 4 - Final approval and signatures for a contract.
  - If expense is a new expense or not in budget, Department Lead should collaborate with Finance Manager to alternative.

### 3.2 Preferred method of payment

- Vendor payments require an invoice and are paid by company ACH or check.
  - Invoices are processed in Bill.com.
  - Once in Bill.com, invoices require both a department lead and an accounting approver.
  - Approved invoices will be processed on bi-weekly check runs (typically 2nd and last Wednesdays of each month and payments are released on that Friday).
  - Payment will be made according to the due date of an invoice.
- Payment by credit card should be avoided.
- If the only payment option is by credit card, then the company credit card should be used
  - Reach out to [accounting@mybrightwheel.com](mailto:accounting@mybrightwheel.com) for company credit card purchases.

### 3.3 Standard terms on vendor contracts

- Currently, the company does not require a PO associated with a vendor purchase.
- Vendor payment terms should be net 60 days
- With software subscriptions, the maximum annual increases should be 3%.
- Remove auto renewal clauses in the contract
- Preferred to have 1 year contracts, if multi-year agreements is requested, prior approval from the Finance Manager and CFO is needed before the contract is signed.

### 3.3 Decision Doc

- **New/ Unplanned expense requests should be accompanied with a light-weight decision doc (see financial decision framework below); expenses that require CEO approval require a complete [decision doc](#)**

**Appendix**
**I. Decision Doc**
**Light-weight Financial Decision Framework (for Unplanned / Incremental Expenses)**

Framework	Items to Consider
Decision	High level description of ask / decision
RACI	Defined RACI per <a href="#">brightwheel decision framework</a>
Background/Need	<ul style="list-style-type: none"> <li>● <b>Problem Statement:</b> Tie-in with Company Goals / What problem would this solve?</li> <li>● <b>Business Impact:</b> How do we measure success? <i>Whats is the team or company business impact? Ex: if the solution is to improve quality or time savings, how will we measure that?</i></li> <li>● <b>Urgency:</b> Why now? Can decision be deferred? <i>Vendor &amp; layman explanation of what the product/service does</i></li> <li>● <b>Is this Planned?</b> <i>Is the department currently over/under plan?</i></li> </ul>
Financial Considerations <i>(in mos, fiscal year)</i>	<ul style="list-style-type: none"> <li>● <b>Cost:</b> Estimated Monthly, Annual, and Fiscal Year Cost</li> <li>● <b>Terms:</b> Month-to-month, Annual Contract, etc. (if applicable)</li> <li>● <b>Risks:</b> Any business or expense-related exposure (i.e. term locks us into 12 mo arrangement even if things don't work out, etc.)</li> <li>● <b>Opportunities:</b> Dollar, time savings, or other direct benefits tied to investment?</li> </ul>
Recommendation / Executive Summary	<ul style="list-style-type: none"> <li>● Recommendation</li> <li>● 2-3 alternatives &amp; relevant pros &amp; cons?</li> </ul>

**II. Summary of Signing Authorities**

Summary of Signing Authority	CEO	CFO	Controller	*Department Lead
<b>Expense &amp; Expense Contract Approvals &lt;=\$50K</b> <b>Revenue &amp; Sales Contract Approvals &lt;=\$50K</b>  <i>New Vendor Expenses/ Renewals, Customer contracts &amp; customer credits and write-offs</i>			X	X
<b>Expense &amp; Contract Approvals \$50K - \$100K</b> <b>Revenue &amp; Sales Contract Approvals \$50K - \$100K</b>  <i>New Vendor Expenses/ Renewals, Customer contracts &amp; customer credits and write-offs</i>		X	X	X
<b>Expense &amp; Expense Contract Approvals &gt;\$100K</b> <b>Revenue &amp; Sales Contract Approvals &gt;\$100K</b>  <i>New Vendor Expenses/ Renewals, Customer contracts &amp; customer credits and write-offs</i>	X	X		
<b>Leases, tenant improvements, etc. &lt;= \$50K</b>			X	X
<b>Leases, tenant improvements, etc. \$50K - \$100K</b>	X	X		
<b>Leases, tenant improvements, etc. &gt; \$100K</b>	X	X		
<b>Standard NDAs</b>	X	X	X	X
<b>Non-Standard NDAs/Contracts</b>	X	X		
<b>Hiring</b> <i>Offer letters, benefit changes, etc.</i>	X	X		
<b>Treasury/banking</b> <i>Accounts, debt, equity, etc.</i>	X	X		