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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 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 brightwheel decision framework
Background/Need	<ul style="list-style-type: none"> • Problem Statement: Tie-in with Company Goals / What problem would this solve? • Business Impact: 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> • Urgency: Why now? Can decision be deferred? <i>Vendor & layman explanation of what the product/service does</i> • Is this Planned? <i>Is the department currently over/under plan?</i>
Financial Considerations (in mos, fiscal year)	<ul style="list-style-type: none"> • Cost: Estimated Monthly, Annual, and Fiscal Year Cost • Terms: Month-to-month, Annual Contract, etc. (if applicable) • Risks: Any business or expense-related exposure (i.e. term locks us into 12 mo arrangement even if things don't work out, etc.) • Opportunities: Dollar, time savings, or other direct benefits tied to investment?
Recommendation / Executive Summary	<ul style="list-style-type: none"> • Recommendation • 2-3 alternatives & relevant pros & cons?

II. Summary of Signing Authorities

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