



<b>POLICY NAME: FINANCIAL MANAGEMENT</b>	
<b>Classification:</b> Financial	<b>Effective Date:</b> December 1, 2018
<b>Reviewing Committee:</b> Finance Committee	<b>Latest Revisions:</b> Dec 1, April 30, 2018, May 17, 2018
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**PURPOSE**

The New Canadians Centre Peterborough (hereby referred to as “the Organization”) is committed to the highest standards of responsible financial management, and to ensuring that appropriate financial controls are developed, documented and applied to prevent the abuse or misuse of the Organisation's funds and other resources.

The purpose of this policy is to govern the financial workings of the Organisation and outline the roles and responsibilities of relevant staff and board members.

This policy sets out minimum standards and is not exhaustive. Funders may have requirements that are different or more onerous for the management of their funds.

**SCOPE**

This policy applies to all employees, board members, volunteers and any third parties conducting financial transactions with the Organisation.

**DEFINITIONS**

**Qualified donee:**

A qualified donee is an organization that can issue official donation receipts for gifts it receives from individuals and corporations. It can also receive gifts from registered charities.

**Coordinator:**

For the purpose of this policy, a Coordinator is any employee in a Tier 4 position.

**RESPONSIBILITIES**

**Board of Directors:**

The Board of Directors (or “Board”) is responsible for the overall financial health of the Organisation and management of resources. The Board ensures that funds are spent in accordance with the Organisation’s objectives.

**Treasurer:**

The Treasurer of the Organisation is responsible for overseeing the management of the Organisation’s finances and reporting to the Board. When the Treasurer is not available, the Executive Director is responsible for reporting to the Board.

In advance of every meeting of the Board, the Treasurer shall meet with the Director of Finance and Operations to review: the monthly bank reconciliation (including invoices and

cash cheques), the listing of cash receipts and disbursements, and the monthly financial report.

The Treasurer signs off each month on the financial report, works with the Executive Director and Director of Finance and Operations to circulate the report to the Board, presents the report to the Board, and works with the Executive Director to answer any questions the board has about the report.

The Treasurer, as Chair of the Finance Committee, is the liaison between the Board of Directors and the Finance Committee (for roles and responsibilities of the Finance Committee, refer to the Finance Committee's Terms of Reference).

**Executive Director:**

The Executive Director has primary responsibility for ensuring that the policy is carried out at the operational level. The Executive Director is also broadly responsible for the day-to-day financial transactions of the Organisation and for meeting the requirements of, and reporting on finances to funders.

If the Executive Director is unable to fulfil their responsibilities under this policy, the Director of Finance and Operations shall be responsible for all duties of the Executive Director as defined below with the exception of expenditure authorization and signing authority until an Interim Executive Director is appointed or the Executive Director is able to resume their duties. During this period, The Treasurer of the Board will be responsible for authorizing expenditures normally authorized by the Executive Director to avoid conflict of interest between the two roles of the acting Executive Director and Director of Finance and Operations. The Treasurer shall also take on the signing authority of the Executive Director or assign another Board member who already has signing authority to fulfill this role.

**Director of Finance and Operations:**

The Director of Finance and Operations is directly responsible for the day-to-day financial transactions of the Organisation and for meeting the requirements of and reporting on finances to funders.

If the Director of Finance and Operations is unable to fulfil their responsibilities under this policy, the Bookkeeper shall perform all duties of the Director of Finances and Operations as defined below with the oversight of the Executive Director and the Treasurer until an Interim Director of Finances and Operations is appointed or the Director of Finances and Operations is able to resume their duties.

**Director of Community Development and Director of Front Line Services:**

The Director of Community Development and the Director of Front Line Services are responsible for managing budgets and approving expenditures within their respective departments up to the allowable amount as outlined in this policy.

**Fund Development Coordinator and Director of Community Development:**

The Fund Development Coordinator and the Director of Community Development are responsible for issuing receipts for charitable donations.

## PROCEDURES

### 1.0 Management of Funds

1.1 The Director of Finance and Operations is primarily responsible for reviewing the level of funds in the Organisation's accounts (general chequing, business, Nevada, and GIC investment accounts) with the oversight of the Treasurer.

1.2 Should funds dip below one month operating expenses in the Organisation's accounts in the yearly cycle, the Director of Finance and Operations must immediately notify the Executive Director who shall then notify the Treasurer and the Chair of the Board so that monitoring and any appropriate action may be taken.

1.3 An overdraft of \$20,000 on the Organisation's business account is authorized but should only be used to cover short-term cash flow short-falls. The Director of Finance and Operations must immediately notify the Executive Director and the Treasurer of any use of the overdraft. The Treasurer shall then report to the Board.

1.4 The Director of Finance and Operations shall regularly review bank service charges and interest rates and compare them from time to time with the offerings of other financial institutions. The Director of Finance and Operations shall report comparison information and any recommendations for changes to the Finance Committee who may recommend these changes to the board.

1.5 The Executive Director, in consultation with the Treasurer, is authorized to invest funds in order to gain a better rate of return on reserves, but funds may only be transferred to insured investments. Insured investments include GICs and Treasury Bills. The Treasurer shall report comparison information and any recommendations for changes to the Finance Committee.

1.6 The opening or closing of any bank account must be approved by the board.

1.7 The Treasurer and the Executive Director have superuser access to the Organisation's online business account. The Treasurer is responsible for applying individual user permission settings for the Director of Finance and Operations, the Bookkeeper and signing authorities.

### 2.0 Deposits

2.1 Funds shall be deposited as soon as possible and always within a week of receipt. Cash amounts of more than \$2000 (excepting a maximum of \$5,000 as stipulated in section 3.7) shall be deposited the next business day. All cash and cheques must be securely stored in a locked box until deposited.

2.2 All deposit records are to be initialed by a signing officer of the Organisation.

2.3 The Director of Finance and Operations shall oversee the deposit and administration of donations and keep adequate records of same.

### 3.0 Payments

3.1 Accounts payable shall be paid early enough to take advantage of any discounts and before late penalty charges apply.

3.2 Pre-authorized debit should be used to pay regular bills where possible. Otherwise, payments should ordinarily be made by cheque. Petty cash may be used to make smaller payments, usually under \$50.

3.3 Before a payment is made, an invoice should be reviewed to ensure that:

- a) the goods were received or services rendered;
- b) the amount charged is accurate and properly calculated;
- c) the expenditure was approved; and
- d) the proper general ledger account is identified.

3.4 Statements of accounts paid by pre-authorized debit should also be reviewed as above.

3.5 When a cheque is written the invoice should be marked paid and the cheque number recorded.

3.6 All monthly invoices shall be reviewed by the Treasurer.

3.7 The Organisation shall not make payments to individuals and organisations other than for goods and services received with the following exceptions:

- a) contributions to registered charitable organisations;
- b) specific cases outlined in a funder's contribution agreement;
- c) payments to clients that are consistent with the Client Emergency Fund Guidelines;
- d) Employee reimbursement outlined in in this policy.

A maximum of \$5,000 cash (excluding petty cash) shall be kept if needed to fulfill specific purposes outlined in a contribution agreement. All cash shall be kept in a secured location that is separate from the petty cash and controlled by the Executive Director and the Director of Front Line Services, who is responsible for the funds and for keeping an appropriate accounting.

Only Coordinators directly responsible for the administration of Client Emergency Funds or other funds as outlined in a contribution agreement may make payments directly to an individual for the exceptions b) or c) listed above. Any individual who receives a cash disbursement from the Organisation must sign a receipt acknowledging the amount and purpose of the payment, and that receipt must be submitted by the Coordinator to the Director of Finance and Operations.

## 4.0 Petty Cash

4.1 A maximum of \$500 petty cash shall be kept.

4.2 All cash shall be kept in a secured location controlled by the Director of Finance and Operations who is responsible for the funds and to keep an appropriate accounting.

4.3 A petty cash voucher shall be filled out for each disbursement from petty cash. Corresponding receipts shall be stapled to each voucher.

## 5.0 Cheques

5.1 The board shall appoint four signing officers, any two of whom can sign cheques for the Organisation. The four signing officers will usually be two staff members (the Executive Director being one) and two board members (the Treasurer being one). Neither the Director of Finance and Operations nor the Bookkeeper shall be a signing officer.

5.2 All cheques must be signed by two signing officers. For cheques payable to members of staff at least one signature must be a board member. No signing officer shall sign a cheque payable to him or herself. The relevant invoice or documentation shall be provided to a signing officer for review before a cheque is signed (See Section 7 below for further restrictions on cheque signing).

5.3 The Organisation shall use sequentially numbered cheques with stubs showing the Organisation's name and address. Voided cheques shall be kept and clearly marked "VOID."

5.4 There shall be no signing of blank cheques.

## 6.0 Bank Reconciliation

6.1 Bank reconciliations shall be prepared monthly by the Bookkeeper overseen by the Director of Finance and Operations and reviewed with the Treasurer. Organised files of bank statements and canceled cheques shall be maintained for a minimum of 7 years (plus the current year) per the Canada Revenue Agency's (CRA) guidelines, or for the current length of time recommended by auditors or required by law.

## 7.0 Expenditures

7.1 All expenditures by the Organisation shall be authorized by a Coordinator or Director and approved by the Executive Director, the Director of Community Development or the Director of Front Line Services. Expenditures made by either the Director of Community Development or the Director of Front Line Services must be authorized and approved by the Executive Director. Expenditures made by the Executive Director must be authorized and approved by the Treasurer.

7.2 The Director of Community Development and the Director of Front Line Services can approve individual expenditures up to \$2,000. For individual expenditures greater than \$2,000, the directors shall obtain approval from the Executive Director.

7.3 The Executive Director can approve individual expenditures up to \$5,000 and the cheque does not require a signature from a Board member. Individual expenditures greater than \$5,000 shall be approved by the Executive Director and a Board member with a signing authority and the cheque requires the signature of at least one Board member. The Board should be informed about expenditures greater than \$10,000 at the next Board meeting.

7.4 The Executive Director shall bring to the Board for approval any expenditures that do not fit to any current budget line category.

7.5 If waiting for Board approval risks the loss of funding or opportunity, expenditures may be made by the Executive Director in consultation with the Treasurer or, if the Treasurer is unavailable, with the Board Chair. The Executive Director shall report such purchases to the Board at the next meeting.

7.6 In purchasing goods and services quality shall be considered as important as cost in order to provide the best overall value to the Organisation.

7.7 The Organisation shall seek three quotations for purchases greater than \$5,000. The option chosen and the reasons for selecting the option shall be reported to the Board by the Executive Director.

7.8 Purchases shall not be made from staff, volunteers or directors of the Organisation without a conflict of interest declaration being made by those individuals to the Executive Director. No preference shall be given to anyone offering goods or services who is related to or associated with staff, volunteers or directors. Appropriate conflict of interest declarations shall also be made to the Executive Director where a relative or associate is competing for the Organisation's business. The Executive Director shall report all new conflicts of interest to the Finance Committee at each meeting. If the conflict of interest involves the Executive Director, then notification shall be made directly to the Treasurer.

7.9 When purchasing goods and/or services, if gratuity must be paid, it should be no more than 15% of the cost of the good and/or service.

## 8.0 Inventory List

8.1 An inventory list of capital assets shall be maintained by the Director of Finance and Operations. A capital asset is tangible property that cannot easily be converted to cash, has a useful life of more than one year, and its acquisition cost exceeds \$1000.

8.2 The list shall be updated at least one time per year and circulated to the Finance Committee for review.

## 9.0 Credit Cards

9.1 The Executive Director, Director of Community Development, and the Director of Frontline Services shall each have control of and signing authority for one of the Organisation's three credit cards. The cards shall be no fee cards used for a maximum per-expenditure limit of \$5,000 or less for the Executive Director and \$2,000 or less for each of the two directors. The total expenditure per month as of January 2017 is \$10,000 for the Executive Director's card and \$5,000 for each of the Directors' cards. The full balance for each card shall be paid by pre-authorized debit from the Organisation's bank account each month. Limit increases on the card shall be approved by the Board. Any rewards (cash back, store credit, etc.) that accrue from use of the credit cards belong to the Organisation.

## 10.0 Payroll

10.1 The Executive Director shall oversee payroll, including the review of timesheets submitted by staff, and shall maintain all payroll records.

10.2 The Director of Finance and Operations shall ensure that all payroll deductions are remitted to the CRA or the appropriate entity in a timely fashion and shall notify the Executive Director immediately if there is any indication whatsoever that the Organisation might be unable to make the remittances. The Executive Director shall then notify the Treasurer and Chair of the Board.

10.3 Pay increases for staff are subject to available resources and shall be based upon a salary scale which shall be approved by the Board annually.

## 11.0 Travel Expenses

11.1 Reimbursement shall be made for approved travel expenses where a travel expense form with receipts (except gas and some parking receipts) are submitted. All travel expenses shall be authorized by a Coordinator or Director and approved by the Executive Director, the Director of Community Development or the Director of Front Line Services. Reimbursement of travel expenses incurred by either the Director of Community Development or the Director of Front Line Services must be authorized and approved by the Executive Director. Reimbursement of travel expenses incurred by the Executive Director shall be approved by the Treasurer.

The following expenses, reasonably incurred, will be reimbursed:

- a) Mileage at \$0.50 per kilometer for staff using their own motor vehicles for Organisation purposes;
- b) Accommodation at an economy hotel when conducting out-of-town Organisation business requiring an overnight stay;

Meal expenses while operating out of regular business area of up to \$10 for breakfast, \$25 for lunch, \$35 for dinner excluding alcohol purchases (tax and gratuity included).



## 12.0 Non-Travel Reimbursement

12.1 Staff and volunteers shall avoid making Organisational purchases with their own money; however, where such a situation is unavoidable, staff and volunteers shall be reimbursed for approved expenditures as outlined in this policy. Staff and volunteers shall not pay personally for Organisational goods and services which cost more than \$1,000.

12.2 Reimbursements for Organisation goods or services paid for personally by the Executive Director shall be approved by the Treasurer. The Executive Director shall not pay personally for Organisational goods and services which cost more than \$1,500.

## 13.0 Charitable Receipts

13.1 The Organisation shall issue a charitable receipt for donations of \$20 or more within a calendar year, and as requested for donations under \$20 according to the guidelines of the CRA. A receipt shall be issued at the end of the calendar year.

13.2 Only the Fund Development Coordinator or the Director of Community Development can issue a charitable receipt or, in both their absences, the Director of Finance and Operations. All charitable receipts are pre-numbered and any void charitable receipts must be kept and accounted for.

13.3 The Director of Finance and Operations shall ensure that receipts conform to the CRA's guidelines (e.g. contain the statement "Official Receipt for Income Tax Purposes; the charitable taxation number, name and address of Organisation, place where receipt issued, name and address of donor, amount of donation, etc.).

13.4 Charitable receipts may be issued for donations in kind in accordance with CRA guidelines in force at the time of the donation. Donations not eligible for a receipt include: donations of personal services, a donation where the donor has received a material or service incentive to give, auctions or raffles of goods or services, and corporate event sponsors who receive more than minor recognition.

13.5 The Organisation cannot accept charitable donations for which it typically issues tax-deductible receipts and then give the money, without maintaining direction and control, to a non-qualified donee. Donors cannot choose the specific beneficiaries of their donations but can still give to a particular program once the organisation has identified a beneficiary.

## 14.0 Monthly Financial Report

14.1 The monthly financial report shall be prepared by the Director of Finances and Operations and consists of the statement of operations and balance sheet.

14.2 The monthly financial report shall be presented to the Finance Committee who shall then recommend it to the Board.

14.3 Monthly financial reports shall be circulated to the board at least two days in advance of each scheduled Board meeting. Any question about a report shall be directed to the

Treasurer or designate who will report back to the board at the next meeting. The Board shall approve the monthly financial report at every meeting.

## 15.0 Annual General Meeting (AGM)

15.1 The following information is presented to the membership at the AGM:

- a) Audited Financial Statements; and
- b) Auditor's Report.

## 16.0 Budget

16.1 The draft annual budget for the fiscal year shall be prepared by the Executive Director, Director of Finance and Operations and Treasurer. The budget is prepared in accordance with the Organisation's annual goals and objectives in consultation with the Director of Front Line Services and Director of Community Development.

16.2 New initiatives proposed to be undertaken by the Organisation shall be included in the proposed annual budget and identified as new. New initiatives and funding opportunities that arise after the budget has been finalized shall be brought to the Board's attention at the next Board meeting after the initiative and funding opportunity arises.

16.3 The draft budget shall be presented to the Finance Committee who shall then recommend it to the Board. The draft budget shall be presented to the Board for approval three times: the first draft in February of the previous fiscal year; the second at the April Board meeting; and the final (for the purposes of the audit) version in September. If funding negotiations are not completed in April, a proposed draft budget shall be brought to the Board for approval in principle with a final document brought for approval to the earliest meeting after funding negotiations have been completed.

16.4 The Executive Director, Director of Finance and Operations and Treasurer shall present an updated budget to the Board at least once in the second half of the fiscal year. Budget comparison documentation showing monthly revenue and expenses shall be provided to the Board as part of the updated budget. This documentation should allow the Board to compare current performance to the budget and determine whether the performance is favourable or unfavourable.

16.5 The Director of Finance and Operations is responsible for the monthly monitoring and controlling of budget expenditures with the oversight of the Executive Director and Treasurer. Issues of concern shall be brought forward to the Chair of the Board in a timely manner.

## 17.0 Audit

17.1 The Organisation shall be audited annually by an independent certified external auditing firm. The Executive Director and the Director of Finance and Operations shall work with the firm to facilitate the audit.

17.2 The auditing firm shall present the draft statements to the Finance Committee for review. Edits are sent to the auditing firm for incorporation into the final report. The Treasurer shall present the final report to the Board for review.

17.3 The auditing firm shall present the Auditors' Report and Audited Financial Statements at the AGM for approval by the Organisation's members.

17.4 The director responsible for the general administration of the program, the Executive Director and the Director of Finance and Operations shall work with funders performing financial program audits.

17.5 At least once every five years the Executive Director shall make appropriate inquiries to ensure that audit costs are reasonable and competitive. The Executive Director shall report comparison information and any recommendations for changes to the Finance Committee.

## 18.0 Tax Return

18.1 The Executive Director is responsible for working with the independent certified auditing firm to prepare and file the Organisation's annual tax return.

18.2 The Director of Finance and Operations shall keep apprised of CRA requirements for charities, seeking assistance and guidance where necessary from the Treasurer and Board.

## 19.0 Records

19.1 The Director of Finance and Operations shall ensure that financial records are maintained in accordance with CRA requirements and the Organisation's funders and on the advice of the auditing firm.

## 20.0 Fiscal Year

20.1 The fiscal year of the Organisation is April 1st to March 31st.

## RELATED FORMS

Audited Financial Statements and Auditor's Report

## RELATED POLICIES

Responsibilities of Treasurer:	Finance Committee Terms of Reference (liaison role)
Section 3.7	Client Emergency Fund Guidelines
Section 4.1	NCCP By-laws (signing authority)
Section 10.3	Personnel Policy (operation of the salary scale)

## HISTORY

<b>Effective Date:</b>	May 10, 2016
<b>Board Approval of Recommended Changes:</b>	November 8, 2016, February 6, 2017; December 4, 2017, February 6, 2018 May 17, 2018 Dec 1, 2018