

Effective Date: April 2016
Last reviewed: May 2022
Next Review:

BOARD POLICY
Financial Management

1. PURPOSE

The purpose of this policy is:

- a. to ensure that spending is undertaken according to decisions made by the CIPP Board of Directors and staff;
- b. to ensure flexibility in making day-to-day spending decisions necessary to manage CIPP;
- c. to provide for emergency spending;
- d. to allow for effective Board delegation of spending authority to any other party in CIPP that is authorized to spend;
- e. to provide guidelines to control spending; and
- f. to ensure adequate financial and management reporting

2. DEFINITIONS

2.1 Mandatory purchases - expenditures which are incurred by CIPP and are not the result of a specific purchase order.

For example:

- a. office lease and cleaning service;
- b. utilities;
- c. salaries (once a position and salary have been approved);
- d. insurance (if the coverage is not being changed); and
- e. any contracted services, once a contract has been signed

2.2 Routine purchases - certain budgeted expenditures incurred by CIPP on an ongoing basis in the regular course of business that do not require prior authorization. For example:

- a. maintenance supplies
- b. office supplies
- c. base telephone
- d. equipment repairs
- e. GIPP material printing and publishing
- f. professional fees

2.3 Discretionary purchases - expenditures which CIPP has an option as to when, or if, to incur and, as such, require prior authorization. For example:

- a. equipment purchases
- b. travel
- c. conference fees
- d. membership in other organizations
- e. changes in insurance coverage

- f. signing new contracts for goods or services
 - g. research and development
- 2.4 Programming expenditures
- a. temporary contract
 - b. food and transportation
 - c. space rental
 - d. communication
 - e. outreach
 - f. event

Emergency expenses - expenses which must be incurred immediately because a delay will risk property damage, endanger personal safety, or result in significant financial loss.

3. POLICY

The Executive Director shall expend funds each fiscal year in accordance with the GIPP annual budget estimates and policies. [By-law 4.1]

The Executive Director shall not obtain any funds by way of a loan from a bank, trust company, lending institution, or any other source without prior written approval from the Executive Committee.

The Executive Director may obtain a credit card from an institution approved by the Executive Committee for the purpose of paying expenses associated with the operation of CIPP. The credit limit of any such credit card shall not exceed \$15,000.

The Treasurer, working with the Executive Director, shall ensure financial records and books of account respecting services provided by CIPP are maintained in a manner consistent with Generally Accepted Accounting Principles. [By-law 7.3 Treasurer]

The Board shall have access to all financial documents of the Institute, except for personal information about identified individuals. [By-law 6]

The Treasurer or their delegate will provide regular financial reporting at least quarterly as an important part of spending control as described in Part IV. [By-law 7.3]

4. SPENDING PROCEDURES

4.1 Spending by the Executive Director

- a. The Executive Director will normally act as the Purchasing Agent for CIPP.
- b. The Executive Director will have authority to spend within the operating budget, on a category-by-category basis. The Executive Director will require prior Executive Committee approval for:
 - i expenditures that are not within the operating budget; [By-law 6.8 Expenditures]
 - ii the creation of new staff positions; or
 - iii contracts or agreements which bind CIPP to the purchase of goods or services for a period of more than twelve months. [Equipment & Service Contracts Policy, 2001]
- c. Should the Executive Director become aware of:
 - i a potential or actual year-end deficit;
 - ii or an unbudgeted expenditure,

they must notify the Treasurer and the President of the Board and report to the next meeting of the Executive Committee with recommendations for any budget revisions, additional controls or proposed recoveries.

4.2 Emergency Expenses

- a. Notwithstanding restrictions set out above, an *emergency expenditure* exceeding the annual budget estimates may be approved by the Executive Director.
- b. Attempts should be made to contact the Treasurer or the President of the Board before the expenditure is made. The outcome of their discussion must be recorded.
- c. All emergency expenditures must be reported to the next meeting of the Board.

4.3 Competitive Quotes [Equipment & Service Contracts Policy, 2001]

- a. The Executive Director will ensure that competitive quotes are obtained for any services, supplies or capital purchases ranging in cost from \$5,000 to \$25,000.
- b. Three quotations, if possible, are to be received and reviewed, with the lowest quote that maintains reasonable quality to be selected.
- c. Efforts should be made to obtain the most reasonable prices for purchases below \$5,000.
- d. Quotes for purchases in excess of \$25,000 must be presented to the Board of Directors for review or to a committee appointed by the Board for that purpose.

4.4 Spending and Reporting by Committees [By-law 11.2 - Budgets]

- a. Any spending to be done by a Board committee must be brought to the Executive Committee for prior approval.
- b. The above procedures concerning Spending, Emergency Expenses and Competitive Quotes apply.
- c. The Committee shall report to the Executive Committee and shall forward the invoice to the Executive Director, with sufficient details to determine which account the payment is to come from.

4.5 Transfer of Funds

- a. The Executive Director may transfer funds between budget lines set out in the annual budget estimates, with Board approval. [By-law 7.3]

4.6 Investment of Funds

- a. The Treasurer invests the surplus funds of CIPP under the authority of the By-laws and in accordance with the Investment Policy approved by the Board.

5. INVOICE PAYMENT PROCEDURES

General

The normal method of payment of invoices is by bank transfer, alternative methods include cheques, pre-authorized withdrawal, or credit card, with the necessary documentation and authorization in accordance with these policies.

- 5.1 Cheques and other payments [By-laws 7 & 11.7]
 - a. All Institute payments/cheques must be signed/approved by any two of the President, Vice-President, Treasurer, or Executive Director.
 - b. Payments/cheques (other than payroll) are to be presented for signature with the supporting invoices and receipts. No one with signing authority shall sign a cheque without proper supporting documentation. Cheques issued in this format will be reconciled within one month of the release of funds.
 - c. Cheques are never written payable to "Cash".
 - d. Cheques are to be pre-numbered and used sequentially.
 - e. The payee shall not sign his/her own cheque, save for exceptional circumstances, in which case the event shall be disclosed to the Treasurer and reported to the Board of Directors at the next meeting.
 - f. Those with signing authority shall ensure that two of them are available to sign Institute cheques and shall make arrangements regarding absences.

- 5.2 Petty Cash
 - a. The Executive Director is responsible for oversight and administration of the office petty cash fund.
 - b. There can be no borrowing or IOU's from the office petty cash fund.
 - c. Petty cash shall be limited to \$200 (two hundred dollars) and securely stored at all times.
 - d. Petty cash reimbursements must be properly supported by receipts or other satisfactory proof of payment.
 - e. An extra petty cash advance may be made for purchases for special events.

- 5.3 Role of Signing Officers
 - a. The role of the signing officers is not to control spending. The purchase is already confirmed. The signing officers' role is to carefully review the documentation accompanying the cheque/payment, and the cheque/payment itself, to guard against financial errors.
 - b. The task of the signing officers is to do the following:
 - i ensure that the correct documentation accompanies each cheque/payment;
 - ii to check that purchases are being made in accordance with CIPP's Financial Controls & Spending Policies;
 - iii to ensure that payments/cheques are made out for the correct amount.

6. REPORTING PROCEDURES

- 6.1 Reporting To Executive Committee
 - a. The Executive Committee shall review the following reports prepared by staff and reviewed by the Treasurer and Executive Director:
 - i Profit and Loss Budget
 - ii Balance Sheet
 - iii Regular Financial Report to Board
 - b. As required, the Executive Committee will be provided with written interpretive notes to explain actual or projected surpluses or deficits in each category.

- 6.2 Reporting to the Board of Directors
- a. At its regular meeting, the Board of Directors shall receive and review a Financial Report from the Treasurer, or the Treasurer's designate. [By-law 7.3)
 - b. The Treasurer, or the Treasurer's designate, shall advise the Board of any potential or actual year-end deficit.
 - c. The books and ledgers of CIPP, including bank balance, shall be reconciled for each financial report.
 - d. The Board of Directors shall receive a semi-annual report that includes an estimated projection of revenue and expenses for each budget category in the General account for the remainder of the year.

7. AUDIT [BY-LAWS 7.3(E), 11.2, 12 & 16.6)

- a. The books of the Institute shall be audited in accordance with By-law 12 (Audit).
- b. The Executive Committee will evaluate the quality of services provided by the auditors no less than every five years.