

Chapter 4

Financial Management

Policy Templates



CORE QUALITY STANDARD

◆ **Administrative Accountability**

Applicable Service Quality Management Requirements

“A system for ensuring that agency funds are managed effectively and efficiently”

LBS Program Guidelines June 1998: Part 2, Section 1, Page 9

“Review and analysis of financial information, including expenditure patterns and any implications for ongoing programming”

LBS Program Guidelines June 1998: Part 2, Section 1, Page 10

An agency must be able to account for its spending. The first part of this section contains templates for policies and procedures focused on financial accountability to MET.

The last part of this chapter contains a set of policies and procedures that deal specifically with fundraising. Although fundraising is not an issue addressed directly in the service quality management requirements many agencies fundraise in order to support certain aspects of their program.

ADDITIONAL RESOURCES:

“Model fundraising code helps organizations stay legal and accountable”

By Gordon Floyd

July 16, 1997, Canadian Fundraiser

Can be found on the following website:

www.charityvillage.com

- ❑ **PROGRAM ACCOUNTING:** Approved and established accounting procedures must be followed by the agency. Any expenditure of funds, regardless of amount, that are not regular budget items, must receive prior approval from the executive director before the purchase or issuance of a cheque to reimburse the purchase.

WHY?

The agency has a responsibility and a commitment to ensure accountability to its funding sources and to the community at large.

Procedures:

1. *Petty Cash*

- *Staff will fill out a detailed petty cash voucher and attach the receipt to the back*
- *Only amounts under \$50.00 will be reimbursed through petty cash.*

2. *Cheque Requests*

- *For purchases between 50 and 100 dollars a cheque request form must be filled out.*
- *All original receipts must be attached to the request form.*

3. *Purchase Orders*

- *A purchase order form shall be used when making any purchase over \$100.00.*
- *The purchase order must be given to the executive director for approval to ensure that best value is received in the purchase of supplies and equipment.*

4. *Photocopying*

- *Anything under 100 copies may be photocopied at the office copier.*
- *All copies made must be recorded on the copier log.*
- *When copying over 100 copies, the program coordinator should be notified. Where it is more economically feasible, copies should be made with a commercial firm.*

5. *Vehicle Mileage*

- *When authorized use of a staff member's personal vehicle occurs for agency business, record the mileage, fill out a cheque request form and submit it to the program coordinator.*

6. *Money Taken In*

- *All monies received that relate to any aspect of a program must be kept separate and turned into the program coordinator/accounting department at the earliest opportunity (this includes program fundraising).*
- *Any money taken in is not to be left unattended.*

Key Core Quality Standards:

17. Administrative Accountability: A quality literacy program develops and maintains sound financial and administrative systems in order to provide accurate and timely program, statistical and financial information.

Features:

The program has a financial reporting system in place that enables it to maintain and to report on its financial activities and status on an accurate and timely basis.

- ◆ The program's financial system, at a minimum, keeps records of all revenues and expenditures.
- ◆ The program uses accepted accounting practices for categorizing and recording financial transactions.
- ◆ The program has internal financial controls, for example specifying signing and decision-making authority, which it consistently uses.

Source: Adapted from Boys and Girls Clubs of Greater Victoria

- ❑ **CAPITAL INVENTORY RECORD:** The agency shall have a written record of all property and moveable assets.

WHY?

As a non-profit agency, we have a commitment and responsibility to remain accountable for all properties and assets acquired and used by programs. This is also extremely useful information for insurance purposes.

Procedure:

- 1. The capital inventory record shall itemize all furnishings, equipment and moveable assets.*
- 2. Materials and equipment shall be labeled so that they can be easily identified.*
- 3. Where possible, serial numbers of the equipment shall be recorded.*
- 4. The capital inventory record shall be updated every year.*
- 5. New items purchased will be added to the record when purchased.*
- 6. The program coordinator shall maintain a record of perpetual inventory of all furnishings and equipment on an annual basis.*

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- ☐ **ACCOUNTING SYSTEM:** The books of account are maintained and/or supervised by the treasurer of the board of directors.

WHY?

It is essential that there is someone who has ultimate authority over the books of account for the agency. This person must be competent in performing this function.

Procedures:

1. *Monthly financial statements of account will be available 12 times per year at each month-end.*
2. *A budget shall be prepared on a yearly basis. The budget should be available for approval at the Annual General Meeting.*
3. *A review of the books of account shall be conducted annually by a certified accountant who is appointed by the Board of Directors (for programs that receive less than \$100,000 in funding from MET). –OR- An audit of the books shall be conducted using generally acceptable accounting principles (GAAP) by a certified accountant appointed by the Board of Directors (for agencies that receive more than \$100,000 in funding from MET).*
4. *The certified accountant shall be appointed at the annual general meeting of the general membership of the agency.*

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- ◆ The program develops budgets for all aspects of its program.
- ◆ The program's financial system, at a minimum, keeps records of all revenues and expenditures.
- ◆ The program uses accepted accounting practices for categorizing and recording financial transactions.
- ◆ The program has internal financial controls, for example specifying signing and decision-making authority, which it consistently uses.
- ◆ The program has a bookkeeper or a staff person who is competent to maintain financial records.
- ◆ Financial records are prepared and reviewed monthly, where revenues and expenditures are compared with the budget and revisions made as necessary.
- ◆ The program provides an annual financial report, in an easily understandable manner, as part of its Annual Report and provides information more frequently to its stakeholders upon request.
- ◆ An external financial audit of the program is conducted annually.

- ☐ **MEMBERSHIPS:** Annual memberships are available for all stakeholders and members of the public.

WHY?

To promote the involvement of the public in literacy and to help fund any informational newsletters that are distributed to members throughout the year.

Procedures:

1. *Memberships are \$5.00 [or any amount that your agency charges] per year.*
2. *There are three classifications of members:*
 - *Present and past learner memberships*
 - *Tutor memberships for tutors who are certified tutors of the Laubach Literacy Council of Canada [or other acceptably trained tutors]*
 - *General memberships for interested citizens*

- ☐ **WAGES AND SALARY:** Every position is approved by the agency and is assigned a designated salary or hourly wage.

WHY?

Each position must have fair remuneration assigned to it.

Procedures:

1. *All new employees will start at the assigned salary or wage for that position.*
2. *Salary/wage assignments will be reviewed on a yearly basis and adjusted from time to time as the Board of Directors sees fit.*
3. *Pay periods will be biweekly on alternating Fridays for a total of 26 pay periods throughout the year.*
4. *All salary and wage liabilities are accounted for in the yearly budget.*

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- ☐ **TRAVEL AND EXPENSES: Employees required to travel in the course of their duties will be reimbursed.**

WHY?

The agency cannot expect employees to absorb travel costs over and above the normal costs of attending work on a daily basis. There are frequently out of town workshops and training opportunities that staff members must attend.

Procedures:

1. *A staff member will obtain approval from the executive director prior to incurring an expense.*
2. *An "Expense Claim Form" (see below) is submitted after the expense is incurred. Expenses will be reimbursed in accordance with the rates on the "Expense Schedule" (see below). All original receipts should be attached to the expense report.*
3. *Conference, training fees and associated meal expenses will be reimbursed after the approval of the executive director and the submission of an expense report.*

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EXPENSE CLAIM FORM

NAME:			PURPOSE:		
ADDRESS:			FROM:		
POSTAL CODE:		PHONE:		TO:	

Date	Mileage @.25/km		Taxi/air/bus	Lodgings and Meals	Communications (phone, fax, postage)	Other (describe)	Total (withGST)	GST only	50% of GST
	# of km	Amount							
TOTALS									

Amount Requested ↑

SIGNATURE: _____

INSTRUCTIONS

All columns are totals shown on receipts. Duplicate the GST amount shown on the receipt in the GST column. If there is no GST shown (e.g. mileage, taxis, phone calls) calculate by multiplying the total by .0654. Save all of your receipts and attach to the expense form.

Source: Adapted from Laubach Literacy Ontario

EXPENSE SCHEDULE

Mileage: Mileage will be reimbursed at a rate of 30 cents per kilometre.

Public Transportation: Anyone travelling by bus or train is asked to locate a fare using the least expensive mode of travel possible. These expenses must be verbally pre-approved to be covered.

Accommodations: Individuals required to travel more than 200 kilometres one way to attend a required training session or meeting may request reimbursement for one night's accommodation with the following conditions:

- Rooms must be double occupancy. Individuals wishing to stay in a single room may pay the difference in rate.
- A room should be booked in the hotel where the training/meeting is held where applicable

Expense Claim Forms must be completed properly with all original receipts attached and returned within 10 days of the incurred expenses.

Adapted from Literacy Link South Central's Expense Policies for a training event.

FUNDRAISING POLICIES

- ☐ **FUNDRAISING:** All fundraising events must have the approval of the board of directors.

WHY?

The board of directors must review all fundraising ventures in order to ensure appropriateness of activities including frequency in the same community. This monitoring will prevent duplication and competition between programs.

Procedures:

1. *For any fundraising activity the executive director must be notified of the activity, date, location, rational and proposed expenditure of generated income at least one month before the planned activity.*
2. *The executive director will notify the board of directors of the proposed activity and obtain their approval.*
3. *Funds generated from a fundraising activity must be turned into the accounting department with a summary sheet.*

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Source: Adapted from Boys and Girls Clubs of Greater Victoria

- ❑ **SOLICITATIONS AND DISCOUNTS:** The executive director must approve all solicitations and discounts.

WHY?

In order to ensure consistency in approach and avoid either duplication of requests or competition between programs, the executive director must approve all agency-sponsored solicitations.

Procedures:

1. *When letters are written to services clubs, foundations, etc., for donations of any kind, the executive director shall sign the letter.*
2. *When a business is approached for donations of gifts for prizes, etc. a thank you letter will be written to the donor with the executive director as the signee.*
3. *Any contests/draws/rebates available through Agency purchases must be signed in the Agency's name.*

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❑ **DONATIONS/BEQUESTS:** The agency will accept donations within the following conditions:

- ❖ that the donation be freely given
- ❖ that the donation places no obligation upon the agency, and
- ❖ that the donor does not expect any present and/or future material benefits in return for the donation

Any donations from the agency to another party must have prior approval of the executive director.

WHY?

The agency is a non-profit agency registered under the Charitable Organizations Act of Ontario and, as such, it has a Charitable Donations number. Any donations made to the agency must be managed so as to:

- provide resources required to conduct the business of the agency so as to facilitate and meet the goals and objectives of the agency as stated in the mission statement
- ensure their suitability
- ensure that the agency is not placed in a conflict of interest position and to further ensure that the ethical principles of the agency are not compromised.
- Ensure and maintain the impartiality and universality of agency service and,
- Ensure that opportunities are not lost due to the acceptance of a donation (e.g. some foundations exclude agencies from eligibility, on a time-limited basis, if they have accepted donations from that foundation).

Procedures:

1. *Any donation offered to the agency must be reported to the executive director.*
2. *The executive director will place the item on the agenda of the next board meeting, along with a recommendation to accept or reject the donation and the reasons behind the recommendation.*
3. *The board will consider the matter and decide whether or not to accept the donation.*

4. *Once a donation is received, an official receipt will be completed with the following information:*
 - *Date of donation*
 - *Date of receipt*
 - *Name and address of the donor*
 - *Name of person issuing receipt*
 - *Donor organization*
 - *Amount of donation*
 - *Receipt number*
5. *Copies of the receipt will be distributed as follows*
 - *Copy to the donor*
 - *Two copies retained in agency's files (one for inclusion with taxes and one to be kept permanently in files)*
6. *Any donated money will be deposited as soon as possible into the agency account.*

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