



Canadian Institute for Procurement and Materiel Management
Institut canadien d'approvisionnement et de gestion du materiel

FINANCIAL POLICY SEPTEMBER 2020

| | | |
|-----|---|----|
| 1. | SECTION 1 – OVERVIEW..... | 3 |
| 2. | SECTION 2 – ADMINISTRATION | 3 |
| | 2.01. Financial Year End | 3 |
| | 2.02. Banking Arrangements..... | 3 |
| | 2.03. Annual Financial Statements | 3 |
| | 2.04. Execution of Documents | 3 |
| | 2.05. Checks and Drafts | 4 |
| | 2.06. Deposits | 4 |
| | 2.07. Auditors | 4 |
| 3. | SECTION 3 – BUDGET | 4 |
| | 3.01. Budget development | 4 |
| | 3.02. Contingency | 5 |
| | 3.03. Budget tolerance | 5 |
| | 3.04. Mid-year review | 5 |
| | 3.05. Budget management | 6 |
| 4. | SECTION 4 – FINANCIAL MANAGEMENT | 6 |
| | 4.01. Board members responsibilities..... | 6 |
| | 4.02. Treasurer responsibilities..... | 7 |
| | 4.03. Committee Chair responsibilities | 7 |
| | 4.04. Secretariat responsibilities..... | 7 |
| 5. | SECTION 5 – REVENUE | 8 |
| 6. | SECTION 6 – EXPENSES..... | 9 |
| 7. | SECTION 7 – RECORD AND INFORMATION MANAGEMENT | 9 |
| 8. | SECTION 8 – FINANCIAL REPORTS | 10 |
| 9. | SECTION 9 – CASH MANAGEMENT..... | 10 |
| 10. | SECTION 10 – CONTROL PROCEDURES | 11 |
| 11. | SECTION 11 – AUDIT | 11 |
| 12. | SECTION 12 – CONFLICT OF INTEREST..... | 11 |
| 13. | SECTION 13 – ASSET PROTECTION..... | 12 |
| 14. | SECTION 14 – DISSOLUTION OF CORPORATION..... | 12 |

1. SECTION 1 – OVERVIEW

The purpose of this policy is to assist in the continuing development of the financial management capacity of CIPMM by collecting and documenting the existing financial procedures into an overall policy that is to be utilized by CIPMM Board of Directors (herein referred to as the Board) for consistent fiscal oversight. This policy is administered in accordance with the CIPMM by-laws and its definitions as rectified at the CIPMM AGM on August 20th, 2020.

2. SECTION 2 – ADMINISTRATION

2.01. Financial Year End

The CIPMM financial year will be from January 1st to December 31st.

2.02. Banking Arrangements

The CIPMM banking business shall be transacted at such bank, trust company or other firm or corporation carrying on a banking business in Canada or elsewhere as the Board may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of CIPMM and/or other persons as the Board may by resolution from time to time designate, direct or authorize.

2.03. Annual Financial Statements

CIPMM may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the members, publish a notice to its members stating that the annual financial statements are available at the registered office of CIPMM and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail. Financial Statements may also be shared electronically.

2.04. Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by CIPMM shall be signed by its Officer(s) or Agent(s). The Board shall authorize Officer(s) or Agent(s) of CIPMM to enter into any contract or execute and deliver any instrument in the name of and on behalf of CIPMM; and such authority may be general or confined to specific instances. In addition, the Board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any person authorized to sign any

document may affix the corporate seal (if any) to the document. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the CIPMM to be a true copy thereof.

2.05. Checks and Drafts

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of CIPMM shall be signed by two officers or authorized agent(s) of the Corporation and in such manner as shall be authorized and determined by resolution of the Board.

2.06. Deposits

All funds of the CIPMM shall be deposited to the credit of the CIPMM in such banks, trust companies or other depositories as the Board may select.

2.07. Auditors

The Board shall annually appoint an auditor who shall review the accounts of CIPMM, and provide financial statements which will be included in the Annual Report, and presented at the subsequent Annual General meeting. The auditor shall hold office for one year.

3. SECTION 3 – BUDGET

Budgeting is an essential element of sound financial management. The best annual budgets align to an annual plan that all Board members understand about the core activities the organization will undertake in the coming year and how they will be financed.

3.01. Budget development

The budget process should begin no later than by the 3rd Q in the fiscal year to allow the Treasurer to engage in the process and present the budget to the Board for approval (should be approved by December 31st).

The Treasurer has oversight of all Committee budgets and has the responsibility to integrate these into the overarching CIPMM budget. Committees prepare draft budgets for the Treasurer review and provide feedback. The draft Committee budgets should be provided by mid November (or as determined by the Treasurer) to allow for the drafting of an overall operational budget for Board review and approval.

The CIPMM budget is circulated to the Board and is presented by the Treasurer at a Board meeting for review, discussion and approval. There may be revisions requested by the Board. A revised budget is then circulated for further feedback. Once the budget has received overall acceptance, a formal motion is presented to the Board for official approval before the year-end.

3.02. Contingency

As part of the budget development process, Committees can request a contingency fund at the start of the fiscal year to deal with unforeseen circumstances, such as overruns. Not all committees or activities require a contingency. The request for a contingency budget should be related to the degree of possible uncertainties with organizing the event or Committee activities. The contingency amount can be a percentage of the budget proposed by the Committee. Use of the contingency fund must be included in the Committees' budget updates and reports to the Treasurer and the Board. The Contingency fund needs to be approved by the Board as an integral part of each Committee's budget.

3.03. Budget tolerance

Before a budget is approved, Committee Chair can identify a budget tolerance amount that they could use to cover unforeseen expenses. Once the budget and the budget tolerance level is approved, this tolerance can be applied to cover unforeseen costs or expenses outside of the approved budget and do not require the Board's approval. The maximum amount that would be approved for the budget tolerance will be \$500.

Use of the budget tolerances should be reported to the Secretariat and Treasurer for tracking and reporting purpose. The tolerances must not be applied for attractive or desirables expenses.

Any budget modifications of over \$500 during the fiscal year must be approved by the Board via a carried motion at a CIPMM Board meeting; Committee Chair should present the budget modification request to the Treasurer who will present it to the Executive Committee for the preliminary review and assessment prior to presenting the request to the full Board.

3.04. Mid-year review

A mid-year review is required to determine if anticipated spending and programming is on track. Committees will be asked to review expenses,

and anticipated expenses for the remainder of the fiscal year. Committee Chair will present the budget updates to the Treasurer for review and will present it to the Board.

From time to time, a new initiative or project may be developed after the annual budget has already been approved, and therefore not included as part of the overall anticipated revenue and/or expenses for the year. These activities can be considered as part of the mid-year review, and the responsible committee will draft a budget for the Treasurer's review and feedback. The project will undergo Board scrutiny and will proceed once approved. The Treasurer will include the approved budget into the overall CIPMM budget.

3.05. Budget management

The Secretariat shall input the approved budget in the accounting system for the new fiscal year, and provide regular monthly reports of actual expenditures vs. budget to the Treasurer who will present to the Board. The Secretariat will also work closely with the Treasurer to compile information for the annual third party review of the organization's financial statements.

Committee Chair shall be responsible for managing transactions that are charged against their budgets and are accountable for ensuring the revenues and expenses posted against their budget are accurate and are responsible for providing justifications on budget variables.

4. SECTION 4 – FINANCIAL MANAGEMENT

The Board delegates financial and budget oversight to the Treasurer. The Corporate Secretary supports the Treasurer.

4.01. Board member responsibilities

The Board of Directors is ultimately responsible for the financial management of all activities. The Board Member also:

- Regularly attends CIPMM Board meetings, and reviews and provides feedback on the monthly financial reports provided by the Treasurer.
- Reviews any documentation provided by the Treasurer with regards to matters of fiscal oversight and any specific fiscal issues.
- Votes to approve/not approve items of a fiscal nature.

4.02. Treasurer responsibilities

The Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors, upon approval of the action by the CIPMM Executive and/or Board. In situation of the Treasurer's absence, the Treasurer's responsibilities shall be delegated to one of the members of the Executive Committee. The Treasurer also:

- Oversees development, Board approval and administration of the annual budget.
- Consults Committee Chair for Committee budget updates.
- Ensures appropriate financial reports are made to the Board monthly.
- Regularly reports to the Board on key financial events, trends or concerns.
- Ensures development and Board review of financial policies and procedures.
- Oversees the annual audit process and is the liaison with the auditor.

4.03. Committee Chair responsibilities

- Sets Committee budget.
- Monitors Committee budget.
- Provides budget updates to the Treasurer.

4.04. Corporate Secretary responsibilities

- Acts as financial advisor to the Treasurer of CIPMM.
- Liaises with and provides financial information as required to authorized third parties such as auditors and bank officials and facilitate the annual audit.
- Invests funds according to instructions from the Treasurer.
- Serves as the accountant/bookkeeper for CIPMM.
- Ensures that the financial affairs of CIPMM are administered and managed in a manner consistent with generally accepted accounting principles.
- Ensures that the practices of fiscal responsibility, accountability and transparency are fully applied.
- Assists in the development of a detailed annual operational budget.
- Ensures that the financial resources of CIPMM are properly planned, monitored and reported.
- Maintains the established chart of accounts.

- Establishes principle and sub accounts according to the governance structure of CIPMM.
- Assigns assets and liabilities to the appropriate account.
- Prepares monthly financial forecast and cash flow forecast reports.
- Produces monthly income statements and balance sheets.
- Generates reports that compare actual expenditures versus budget figures relating to specific CIPMM activities based on the chart of accounts.
- Receives and disburses funds according to directions from CIPMM's Treasurer, including approval by the Committee Lead and one signing officer for invoices greater than \$2,000.
- Oversees, administers and reconciles CIPMM's financial ledgers and statements.
- Conducts regular bank statement reconciliation.
- Prepares HST returns and submits to Canada Revenue Agency.
- Completes the annual filing form/fee to Innovation, Science and Economic Development Canada to maintain the status of CIPMM.
- Provides financial information and assists in the audit process.
- Oversees the day-to-day financial management activities of CIPMM funds, ensuring the accuracy of the accounting records, internal controls are in place and adhered to, financial reports are prepared and communicated to the Treasurer in a timely manner.
- Is responsible for the preparation and maintenance of the accounting software's chart of accounts, maintenance of the general ledger, reconciliation of subsidiary system accounts such as cash management, accounts payable, accounts receivable, journal entries, and responsibility of preparing required reports for compliance with the Canada Revenue Service (CRS).

5. SECTION 5 – REVENUE

Revenue shall be recognized in the accounting period in which they are earned The CIPMM major revenue categories are:

- National Workshop
- Regional Workshops (2 per year)
- Fleet Management Workshop
- Emerging Practices Symposium
- Learning and Networking Events
- Real Property Institute of Canada (RPIC) Joint Event

- Mentorship Program
- Other approved projects as they arise

6. SECTION 6 – EXPENSES

Expenses are generally recognized in the accounting period in which they are incurred. The CIPMM major expenses categories are:

- Administration
- National Workshop
- Regional Workshops (2 per year)
- Fleet Management Workshop
- Emerging Practices Symposium
- Learning and Networking Events
- Real Property Institute of Canada (RPIC) Joint Event
- Mentorship Program
- Regional Chapters
- Website
- Marketing
- Other approved projects as they arise

7. SECTION 7 – RECORD AND INFORMATION MANAGEMENT

CIPMM and the Secretariat shall apply uniform rules for their records (including financial) and information which meet legal standards and best practices for effective records and information management for existing records and yet to be created records.

- Records are retained in accordance with legal, business and local government program requirements.
- Records are maintained and stored in a manner that is secure and accessible through the retention period.
- Appropriate safeguards are in place against illegal access, removal, loss, or destruction of the CIPMM's records and information.
- Disposal of records and information is performed in accordance with an approved records retention schedule.
- Records must be retained for seven (7) years from the end of the program year during which the expenditures occurred.

8. SECTION 8 – FINANCIAL REPORTS

CIPMM must be able to produce accurate, current, and complete disclosure of the financial results of each of the financially assisted activities made in accordance with the financial reporting requirements. CIPMM shall use the financial reports as tools to manage, control, ensure compliance, monitor, and track its financial activities.

The Corporate Secretary shall prepare and make available to the Board on a monthly basis, financial reports to include:

- Statement of Net Position.
- Statement of Revenues, Expenses, and Changes in Net Position.
- Statement of Cash Flow.
- Budget to actual reports detailing significant variances of sources and uses of funds as a management tool.

9. SECTION 9 – CASH MANAGEMENT

CIPMM recognizes the importance of cash management to insure there are sufficient funds to pay for the expenses of operating CIPMM programs.

On a monthly basis, the Corporate Secretary shall provide a report that shows the cash position from all sources that are accounted for in the cash accounts and investment accounts, along with bank and investment statements.

The Treasurer shall be responsible for monitoring the cash flow and balances of all cash funds, including investments and for providing monthly reports to the Board, to include:

- Book cash and investment position reports.
- Cash flow projections for the following month.
- Investments statements from the depository or the broker that show the activities of the accounts, such as amounts deposited and withdrawn, investment revenues, fees, and gains or losses on investment.

If at any time, the Treasurer finds CIPMM in a potential cash deficiency situation, the Board must be notified immediately.

10. SECTION 10 – CONTROL PROCEDURES

- Products and services are to be procured through requisitions, check requests, or credit card services.
- All cheques require two authorized signatures. Signing authorities include the President, Vice Presidents, Treasurer or President of The Willow Group.
- All debts representing allowable and authorized costs shall be paid promptly upon receipt of proper invoices/billing statements.
- All disbursements shall be made by cheque. The CIPMM President or Treasurer may approve other forms of disbursement, such as wire or electronic funds transfers.
- All cheques must be pre-numbered and used in sequence. Voided cheques must be retained and recorded.
- Cheque signatories shall review each cheque carefully and shall not sign any cheque that lacks appropriate supporting documentation or exhibits signs of alteration. If it is necessary to change a cheque, the cheque must be voided and a new cheque issued.
- The signed cheque shall be mailed or delivered to the payee.

11. SECTION 11 – AUDIT

CIPMM shall have a financial audit completed annually by a certified, external, independent accounting firm. The Treasurer with the Corporate Secretary's support shall have direct responsibility in overseeing the implementation of the audit. The financial audit may be either a "compilation", a "review" or a full "audit", dependent upon an approved motion at a Board meeting, to select the third party and the scope of work to be done annually.

12. SECTION 12 – CONFLICT OF INTEREST

It is the responsibility of the Board of Directors to conduct him/herself in a manner that aligns with the CIPMM's Code of Conduct and other applicable policies.

Should a Board member find him/herself in a possible position of conflict of interest, it is their duty to immediately advise the Executive Committee of said possibility and provide all information requested by the Executive Committee to determine if such conflict of interest exists, pursuant to CIPMM's Code of Conduct and by-laws.

13. SECTION 13 – ASSET PROTECTION

In order to ensure that the assets of CIPMM are adequately protected and maintained, the Treasurer shall:

- Work with the Board to insure against theft and casualty losses to the organization and against liability losses to Board members or the organization itself to levels indicated in consultation with suitable professional resources.
- Avoid actions that would expose the organization and its board to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.
- Working with the Board, review and approve appropriate Directors and Officers Liability insurance, as well as General Liability insurance for the organization, which is renewed annually.

14. SECTION 14 – DISSOLUTION OF CORPORATION

Should there come a time when the CIPMM Board approves dissolution of the not for profit organization, the Board shall work with the Treasurer and the Corporate Secretary to ensure all outstanding debts are paid. Should there be a surplus of funds, these funds must be donated to a recognized charitable organization in Canada, in accordance with the NFP regulations. A “Notice of Dissolution” must also be filed with Corporations Canada, and the “Certificate of Dissolution” must be kept with the archived files. Seven years of archived financial information must be kept in case of a future CRA audit.