

Role of the Treasurer and Finance Committee

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Make Dollars Make Sense 2016

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What We'll Cover

- The Treasurer's Responsibilities
- The Finance Committee
- The Societies Act
- Board Oversight
- Policies and Procedures
- Bookkeeper versus Treasurer
- Where can Things Go Wrong?
 - (Risk Management)
- Due Diligence always Wins!

The Treasurer's Responsibilities

- Stewardship of all funds and assets.
- Accounting for all income.
- Verifying all outflows, payments.
- Reporting.
- Assisting with the planning of the society's activities through financial budgeting.
- Providing advice on all matters relating to finance.

Potential Other Treasurer Roles

- Payroll.
- Deductions and submissions to federal government (E. I., CPP).
- Management of pension plans and other benefits.
- Fundraising.
- Preservation of (federal) charitable status.
- Special applications and reports for grants & government funding.

The Finance Committee's Responsibilities

Provides financial oversight, including:

- budgeting and financial planning
- financial reporting
- the creation and monitoring of internal controls and accountability policies
- often chaired by the treasurer

Societies Act *The LAW in Alberta!*

- Gives legal status to the organization, rather than resting on the individuals.
- Does not allow the issuing of shares or dividends (not a business corporation).
- Bylaws must contain clauses defining ten required areas, six of which directly affect the Treasurer.

Societies Act – Bylaw Requirements affecting Treasurers

- Membership (admission, expulsion, fees).
- Directors and officers (appointment, removal).
- Exercise of borrowing powers.
- Audit of accounts.
- Preparation & custody of books & records.
- Time & place of inspection by members.

Societies Act – Annual Reporting

- Annual requirement to report on or before the last day of the month immediately following the society's anniversary month.
- The report must include:
 - ❖ an audited financial statement
 - ❖ list of directors

Other Incorporation Options

- Alberta Companies Act
- The Canada Corporations Act
- Other Special Statutes
 - Cooperative Associations Act
 - FCSS / Children's Services Act
 - Agricultural Societies Act
 - Religious Societies Land Act
- Private Act of Legislature

Board Oversight, where the Treasurer needs to be involved!

- What does the organization need to do to meet its goals, what is needed for resources, and how will it to this?
- What boundaries are needed to guide members so that they have freedom to act independently but within the scope of how the organization desires to operate?
- What does the Board need to do to maintain itself in order to function at its best potential?
- How will the Board know that its goals are being achieved successfully?

What are Policies & Procedures

- **POLICIES** define broad values and perspectives of the organization in four areas by defining:
 - ❖ the needs, and the outcome of meeting the organization's needs, and at what cost.
 - ❖ the boundaries of what is deemed acceptable for actions, practices and circumstances.
 - ❖ the governance practices that define the job of the Board and the rules they must follow.
 - ❖ how the Board will delegate to and monitor staff and/or volunteers performance.

What are Policies & Procedures

- **PROCEDURES** lay out the "how to do it" steps so as to ensure consistency and continuity:
 - ❖ allow for the creation of, and monitoring of, checks and balances.
 - ❖ each policy that applies to financial affairs should have a Procedure document flow from it.

Policy Topics of interest to a Treasurer

- Vision Statement and Mission Statement, defining what we strive for and what our role is in working toward this.
- Budget – income and spending controls.
- Pledging the assets of the organization.
- Financial safeguards, checks, and balances.
- Financial stewardship.

Policy Topics of interest to a Treasurer (continued)

- Protection of assets.
- Treatment of staff and volunteers.
- Cash flow management and control.
- Deviation from approved spending.

Procedures

- Who can spend money (or be reimbursed for personal spending), and how?
 - ❖ No-one can pledge the credit of a society.
 - ❖ It must be “in the budget”.
 - ❖ Limits can be defined; anything over must be invoiced and then paid by cheque.
 - ❖ Predetermined amounts (i.e. meal costs) can be set.
 - ❖ A claim form itemizing expenses and signed, can be created.

Procedures

- Who can handle cash? What safeguards are in place for verification of income? What safety measures are used to protect the physical safety of those people?
 - ❖ Limit the size of a petty-cash startup amount.
 - ❖ Regularly collect cash, with a sheet itemizing what it is for, and signed by the volunteer(s) handling that money.
 - ❖ Use a cash register that prints a receipt for each transaction.

Procedures

- How are decisions about where to bank recorded? Is the motion appointing signing authorities on the books annually?
 - ❖ Check with banks about their interest in working with societies; no-charge accounts, etc.
 - ❖ The Treasurer can keep a checklist of things needed annually, and make motions accordingly.
 - ❖ Signing authorities should be based on ensuring safeguards first and convenience second; often it is any 2 of 3 approved to sign; some groups prefer it to be the Treasurer and any other of 2 or 3.
 - ❖ Don't break your own rules by pre-signing blank cheques.

Procedures - Audit

- When does the organization use internal members to conduct the annual financial review, and when do you go "outside" for a full audit?
 - ❖ Create your own rule on this.
 - ❖ Audit any time a Treasurer resigns, even in mid-year.
 - ❖ Audit when funders require this over a financial review.
 - ❖ Audit any time there is a possible contention or perception of wrong-doing (to protect both the society and the treasurer).
 - ❖ Financial Reviews should be done by at least two members, neither of whom have any conflict-of-interests with the financial side of the organization such as being signing authorities or having spouses who are.
 - ❖ A member should only be used twice in a row in order to maintain a fresh perspective.

Procedures - Audit

- The Treasurer should make the motion at the Annual General Meeting by naming the option of either a Financial Review or an Audit, and by naming the individuals or firm.

Procedures - Audit

- Develop a checklist to be used by the two volunteers doing the internal Financial Review?
 - ❖ Check the cheques cleared by the bank against the general ledger; watch for missing numbers.
 - ❖ Check the signatures to make sure only authorized signers have signed, and that the correct number of signatures are present.
 - ❖ Check to make sure invoices have details about the payment and have been receipted.
 - ❖ Check the calculations from the opening balance by adding all income and subtracting all expenses; check against the end-of-year balance.
 - ❖ Check bank statements to ensure there are 12 and each has been reconciled.
 - ❖ THIS IS ONLY THE START OF THAT CHECKLIST...

Procedures

- How do you create a paper trail, from identifying the need for something, to ensuring the best purchase (price, quality) is obtained, to buying it and paying for it, to matching receipts to cheque requisitions?
 - ❖ Create your own process and forms.
 - ❖ Consider using a requisition form that has all of the necessary boxes for all of this.

Procedures

- Who has signing authority for cheques, and who has control over the cheque book?
 - ❖ Signing authorities must be appointed by motion.
 - ❖ The Treasurer should retain all blank cheques.

Procedures

- How are revenues tracked? Cash payments? Donations? Does the paper trail flow from letters/e-mails to receipts to deposit slips to reports?

Procedures

- What reports are presented to the Board, and with what frequency?
 - ❖ Cash flow
 - ❖ Income and outflow, net balances
 - ❖ Itemized expenditures

Procedures

- Do you have a secure storage for all financial records, and do you know how long you must retain them?
 - ❖ Regular accounting generally must be stored for a period of seven (7) years, just like personal tax information.
 - ❖ Casino funds often have special rules, so know them!
 - ❖ Grants often require special actions too.

Bookkeeper versus Treasurer

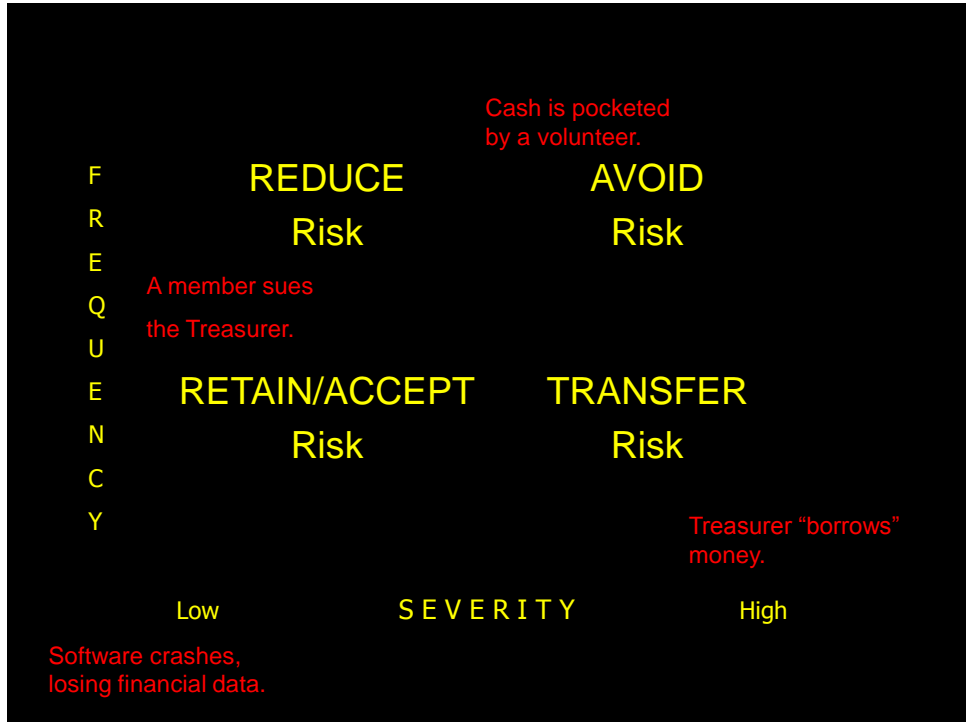
- Often you may do both roles.
- Bookkeeper records all transactions, maintains all records, prepares all cheques.
- Bookkeeper strongly guided by board policies and procedures.
- The Bookkeeper may be a contracted role.
- Treasurer provides oversight (board member).
- Treasurer holds ultimate responsibility.
- Treasurer prepares reports.

Where Can Things Go Wrong?

- Now that you understand your role in managing MONEY, let's finish by talking about how you manage your RISKS!
- Where money is concerned, if it can go wrong, sometime it will!
- Stewardship: anticipating a problem in time to prevent it (one person's perspective...)

Risk Management at Work!

- Identify every thing that could go wrong.
- For each, think about how often it might happen.
- For each, think about how serious it might be.
- Plot each thing on the grid.
- Come up with things to PREVENT each, to MINIMIZE the consequence of each, or to AVOID it.



Due Diligence Always Wins!

- You didn't take on this role intending to fail.
- Your board should help you determine the actual expectations on this position.
- Don't feel overwhelmed; start with what currently exists (unless it is flawed).
- Plan to leave the position in better shape when you leave than when you started.
- Think about who will replace you (succession planning)

USEFUL RESOURCES

Financial Responsibilities of Not-for-Profit Boards – free online guide

http://volunteeralberta.ab.ca/wp-content/uploads/2015/11/Financial_Responsibilities09.pdf

CRA online T3010 Registered Charity Information Return

<http://www.cra-arc.gc.ca/E/pbg/tf/t3010/>

Imagine Canada Finance and Administration resources

<http://sectorsource.ca/node/18/view>

Imagine Canada Charity Tax Tools

<http://sectorsource.ca/managing-organization/charity-tax-tools>

Accounting Packages Review

http://www.techsoupcanada.ca/learning_center/articles/accounting_packages

Free Accounting Software for Non-Profits

<http://charity.lovetoknow.com/charitable-organizations/free-accounting-software-nonprofits>

Thanks, and All the Best!

- Your position can be the most exciting (and important) of any of the positions on the Board!
- Feel free to contact us (Community Development Unit) in one of our offices across the province at communitydevelopment@gov.ab.ca to get ideas, assistance, and training!