

Finance Procedures



Approved May 27, 2019

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1. Annual Budgeting Cycle

Annually in the fall (November–December), the Board, as recommended by the Finance and Audit Committee, shall approve the annual budget for the following year, including the allocation to program envelopes, the annual operating budget, and capital budgets. At this time, the Board should also review the Foundation's program policy guidelines and approve any changes for the upcoming year.

The annual budgeting process is informed by the value of the Foundation's assets. The first step of the budget planning process is to establish the disbursement quota for the year.

At the first Board meeting following the completion of the Foundation's fiscal year-end (i.e., in January or February), the Board shall receive and provide final approval of a list of grants made during the previous year.

At its meeting in April or May, the Board shall approve the Foundation's draft audited financial statements, as recommended by the Finance and Audit Committee, for circulation to Members prior to the annual general meeting.

In late spring of each year (i.e., June), the Members are invited to the Foundation's annual meeting to review the Foundation's audited financial statements and the decisions of the Board.

2. Financial Controls Procedures

Cheques Signing Authority

All cheques require two (2) authorized signing officers of the Foundation. Signing officers are defined each year by a Board Banking Resolution at the Board meeting following the annual general meeting.

Disbursements Under \$10,000

The Executive Director has discretionary signing authority with another designated staff member for disbursements up to \$10,000.

Disbursements Over \$10,000

Disbursements over \$10,000 require at least one (1) board member signature.

Request for Proposal for items/contracts over \$5,000

Must include two quotes and be within budget allotment.

Over Budget by \$10,000

Must be approved by the Finance and Audit Committee and the Board of Directors.

New Budget Line Items

Need for new budget line items to be approved by Finance and Audit Committee.

3. Grant Disbursement Cheques

Grant disbursement cheques will be prepared when all application information has been entered into the Foundation's grant database (name of organization, title of project, contact information, charitable status of applicant organization, project description, etc.) and the following documentation has been presented:

- The amount approved, payment installments, multi-year
- Funding conditions, if any
- Minutes of the Board Granting or Advisory Committee decision, including date of meeting, attendance at meeting
- Draft letter and/or draft agency agreement
- Reporting schedule
- Other information as might be required and changed from the original agreement.

4. Financial Responsibilities

Annual Operating Budget

The Executive Director and Finance Manager will prepare an annual budget and present it to the Finance and Audit Committee. The Finance and Audit Committee will review the budget and present it to the Board of Directors with recommendations.

Annual Audit

The Laidlaw Foundation will have an annual audit by an external accounting firm.

Insurance Coverage

The Laidlaw Foundation will carry adequate insurance coverage for all its operations, including Directors and Officers Liability Insurance.

Execution of Documents

Deeds, transfers, licenses, contracts and engagements on behalf of the Laidlaw Foundation will be signed by the Executive Director and the President.

5. Approval of Expenses

Staff Expenditures

All staff expenditures must be approved by the Executive Director. It is the responsibility of the Executive Director and Finance Manager to ensure the appropriate account coding for the expenditure is used.

Executive Director Expenditures

Any such expenditure must be approved by the Board President.

Board Members Expenditures

Any such expenditure must be approved by the Board President.

Board President Expenditures

Any such expenditure must be approved by a member of the Finance and Audit

Committee other than the President of the Board.

Capital Expenditures

All capital expenditures exceeding \$10,000 must be approved by the Executive Director and included in the annual operating budget.

No person shall be permitted to sign a cheque that is payable to himself or herself.

The Chair of the Finance and Audit Committee shall review the Bank Reconciliations Report at least quarterly.

Cheque Cutting Minimum Amount

In order to be efficient, only items totalling \$25 or more will be paid/reimbursed via cheque. Items below this threshold will be paid/reimbursed via petty cash.

Procedures

Goods and services worth less than \$25 required in the normal course of operation may be paid for from petty cash.

For goods and services worth more than \$25, a cheque requisition must be prepared by the employee and recommended by the Executive Director.

All invoices must be authorized by the Executive Director before payment is made.

The Board authorizes the annual expenses of the organization by approving the budget.

6. Risk Management Plan

The purpose of the risk management plan is to minimize service disruption, possibility of a loss or other adverse event that has the potential to interfere with the Foundation's ability to fulfill its mandate. Risk management ensures that the organization identifies and understands the risks to which it is exposed. The Foundation's main goal is to create and implement an effective plan to prevent losses or reduce the impact if a loss occurs. A risk management plan includes strategies for recognizing and confronting threats and risks. Once every two years the staff will be required to prepare a risk management and mitigation plan addressing, but not limited to, the following areas:

1. **People:** Board, key staff, volunteers, advisors and grant recipients.
2. **Revenue:** Performance of the endowment, market issues, fraud prevention, costs overrun.
3. **Program Service:** Inconsistent practices and quality, and community perception of allocation decisions.
4. **Infrastructure:** IT, facilities, equipment.
5. **Brand and Reputation:** Goodwill, standing and stature in the community and amongst peers.

See the complete Risk Management Plan in the Governance Manual, Appendix 9.

7. Procedures for General Accounting Needs

Invoices

Before inputting or processing into the computerized accounting system of the agency, ALL invoices must be signed / initialed by Executive Director or Program Manager and allocated to a specific expense account.

Petty Cash / Credit Card Purchase

Petty cash vouchers and credit card purchases forms have to be signed by the Executive Director and allocated to a specific allowable expense account related to the program. Employee and all other payees must sign and date the petty cash form upon receiving payments.

Employees' expense claims, including travel, per diem, and other allowable expenditures, that are not dated, signed and attached to proper receipts and explanations cannot be processed.

Employees are discouraged from using their own cash and credit cards. The Laidlaw Foundation's credit card is available upon request from the Executive Director.

Cheque Requisitions

Employees may request the process of a payment in advance of purchase. This has to be authorized by the Executive Director. All requisitions in excess of \$1,000 must be approved by the Executive Director prior to any purchase.

Payroll

Payroll is processed on a semi-monthly basis and directly deposited into the bank account of each employee.

Payroll is outsourced to ADP. Once the payroll is approved and processed, the Finance Manager prepares the appropriate general entries and reconciles the payroll reports regularly.

Signing Authority

All cheques must be signed by two authorized signatures. The signing authority of the agency includes the President, Vice-Presidents, Chair of the Finance and Audit Committee, Chair of the Investment Committee and other Board members as approved by the Board, Executive Director and other designated staff. No one shall sign a cheque payable to themselves.

Each year at the first meeting following the annual general meeting, the Board confirms the signing authorities of the Foundation.

Spending Limits and Authorities

All spending is consistent with the annual budget approved and amended by the Board. Limits are established and reviewed by the Board regularly. The Executive Director is delegated the spending authority by the Board as consistent with the annual approved

budget. The Executive Director's spending limit is \$50,000. All capital items in excess of \$20,000 and multi-year lease and rental agreements, such as the rental of space and photocopy machines, must be approved by the Board or the Finance and Audit Committee, in advance of any agreements being signed. Personal expenses of the Executive Director that are in excess of \$500 in one single item must be approved by the President.

8. Corporate Travel and Out-of-Pocket Expenses Reimbursement Process

Employees and Board members are expected to travel on Foundation-related business. This includes, but is not limited to, attending conferences and visiting funded initiatives and grantees. From time to time, the Foundation attends events and conferences overseas that are relevant to the Foundation work. These trips must be approved by the Executive Director and the Board President for the Executive Director. Allowable expenses include:

- Travel and transportation costs: mileage and gas, taxi, train, airplane tickets
- Accommodation: hotel, B&B etc.
- Meals: three meals per day
- Reasonable long-distance charges may be covered

A detailed list of expense claims and receipts for the trip must be submitted within one month of the end of the trip.

Rates will be consistent with the Federal Government Spending Guidelines.

Procedures for Reimbursement Of Out-of-Pocket Expenses

The Foundation will reimburse Directors, Members and volunteers for reasonable expenses incurred while on Foundation business. Receipts or evidence of payment (e.g. credit card statements) and the purpose of each expense must be included along with the Laidlaw Foundation Expense Reimbursement Form.

Expenses, including those of the Directors and President, should be discussed in advance and will be approved by the Executive Director. Expenses of the Executive Director will be approved by the President.

Note: The term "reasonable" is defined by guidelines published by the Canada Revenue Agency (CRA) and information regarding this is available from the Manager of Finance and Operations.

Ground Transportation: Directors, Members, employees and volunteers must use the least costly alternative, such as public transit, taxi or train, when appropriate. Service gratuities are reimbursable expenses if necessary, normal and reasonable. Employees should review the Use of Taxis Guidelines which is available from the Manager of Finance and Operations.

Air Travel: Employees will be reimbursed the lowest logical fare for an economy-class ticket. Booking air travel well in advance will ensure the lowest possible cost.

Gas / Milage: Employees can claim for reimbursement of gas or mileage but not both for the same trip. The mileage reimbursement rate will be aligned to the per kilometre rate as published by the CRA. The rate may change from time to time as established by the Executive Director.

Parking Charges: Parking charges are reimbursable if required for Foundation business.

Lodging: Reasonable lodging costs are reimbursable for out-of-town events and Foundation business.

Meals: Meals while attending out-of-town events are reimbursable including gratuities, provided the amounts are reasonable.

Insurance: Out-of-country health and cancellation insurance is reimbursable.

Conference Registration Fees: As pre-approved by the Executive Director.

Entertainment: In certain circumstances, entertainment expenses will be reimbursable provided the expense was incurred to transact Foundation business.

Telephone: Long-distance telephone expenses related to Foundation business incurred on personal phones are reimbursable provided they are reasonable, appropriate and necessary to transact Foundation business.

Mobile Phones: The Executive Director may approve managers to receive an allowance toward the cost of their personal mobile phones. The allowance will be \$70 per month, paid by cheque. This allowance is not considered part of an employee's base salary but is a reimbursement related to the use of personal devices for Foundation business. Every three years, managers may request an additional \$100 to upgrade or exchange their personal mobile device.

9. Review

This document must be reviewed once every two years by the Finance and Audit Committee. The Executive Director and Finance Manager recommend changes to the Chair of the Committee as needed. The Board approves any and all changes to this document.