


Policy:	Finance Policy
Last Amended:	April 2022
Responsibility:	Board of Directors; Finance Committee
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Board Chair Signature:	 Joshua Sydney

1. GENERAL

A. Purpose of Policy

- i. The Finance Committee is responsible for:
 - 1) Providing oversight of the organization's budget
 - 2) Ensuring that to the best of the committee's knowledge, financial statements are complete, accurate and up to date
 - 3) Ensuring that the Annual Audit is presented to the Board of Directors
 - 4) Safeguarding the organization's assets through reviewing and updating policy

B. Membership of committee

- i. The Finance Committee will be comprised of three (3) to five (5) members of SMUSA's Board of Directors.
- ii. The Committee Chair shall be elected by the members of the Finance Committee

C. Accountability

- i. The Finance Committee will be accountable to SMUSA's Board of Directors

2. CASH MANAGEMENT

- A. All cash deposits are to be held by a Schedule 1 bank. This will ensure the deposits are CDIC insured. Two signing officers (not the Accountant) are required for cheque signing. The Accountant will ensure there is sufficient cash in the main operating account to cover SMUSA's operating expenses. If the Accountant foresees a cash shortage, the Accountant will bring this matter to the attention of the General Manager and President in a timely manner.

3. INVESTMENT MANAGEMENT

- A. SMUSA, from time to time, has funds that exceed its annual expenses. Rather than leave all of those funds in a chequing account, SMUSA may invest a portion of the extra funds in a conservative manner. This policy sets forth SMUSA's investment philosophy.
- B. The investment portfolio has the purpose of preserving assets by investing unneeded, discretionary funds in low-risk secure investments.
- C. Investments should be made following the following guidelines:
 - i. Investment assets are to be managed by a broker with appropriate risk guidelines established prior to investing. At the moment, SMUSA's investments are held by RBC Dominion Securities and are comprised of a mix of cash, cash equivalents, mutual funds and equities.
 - ii. Only conservative investments with minimal risk are permitted.
 - iii. Approval by the Board is necessary before any investments are purchased or liquidated.
 - iv. Interest from reserve funds is to be added into the reserve growth fund.

4. DEBT MANAGEMENT

- A. The Debt Policy of SMUSA is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth guidelines for the issuance and management of all financings of the Association. Adherence to the policy is essential to ensure that the Association maintains a sound debt position and protects the credit quality of its obligations while providing flexibility and preserving financial stability.
 - i. Fund reserves should, for most of the time, cover any cash flow problems, but if not, short-term borrowing or lines of credit may be used to cover anticipated revenue proceeds or temporary cash flow shortages.
- B. A permanent database is to be maintained of any debt SMUSA has containing:
 - i. Date of purchase
 - ii. Payment date
 - iii. Interest payments required
 - iv. Present value of debt based on prevailing interest
 - v. Funding source (debtor)
 - vi. Funding source (debtor) restrictions
- C. Annual revaluation of the debt will be carried out by the Accountant to account for any changes regarding debt.
- D. All results from this revaluation should be added to database and the board notified during budget meetings.
- E. Debt is to be paid in line with stated payment terms.
- F. SMUSA shall review and update its debt policy, as necessary -- but not than less than once every four years.

5. AUDITING

- A. The purpose of the SMUSA Auditing Policy is to establish the requirements for conducting annual financial audits of SMUSA. The SMUSA Auditing Policy applies to any individual or process that participates in SMUSA financial audits in any tangible manner.
- B. Financial audits must be conducted by a Public Accountant who is a member in good standing of an institute or association of accountants incorporated by or under an act of the legislature of a province of Canada.
- C. Personnel conducting audits should communicate the following information to information resource owners, custodians, and users, prior to conducting an audit:
 - i. The date in which the audit will begin,
 - ii. The date in which the audit will end,
 - iii. The scope of the audit,

- iv. The purpose of the audit,
 - v. The potential, even if slight, of service disruption.
- D. Information resource owners and custodians must provide reasonable access to information resources for audit personnel to conduct audits in accordance with the documented purpose and scope of the audit.
 - E. Audit summary reports must be created for each audit conducted, and the reports must be provided to management at the conclusion of the audit.
 - F. The Board is responsible for establishing, coordinating, and managing the annual financial statement audit performed by an external auditing firm, as recommended by the finance committee.
 - G. The Executive Team will submit the annual audited financial statements to the Board for approval prior to March 1st each year.
 - H. The Finance Committee will review the independence of the auditor.
 - I. The annual audit should be started no later than July 31 and be completed no later than November 30.
 - J. Once the annual audit is complete, it must be distributed to the Board of Directors for review within 14 days of receipt by the SMUSA office.

6. FINANCIAL RECORDING

- A. The purpose of the financial reporting policy is to report SMUSA's financial position and its results of operations to designated stakeholders in a timely and appropriate manner. These policies apply to internal and external reporting performed on a semi-annual and annual basis, as well as the ongoing accounting records used to generate this reporting. SMUSA follows the Canadian Accounting Standards for Not-For-Profit Organizations to record financial transactions and prepare the Association's financial statements. The Accountant, the President, and the Board of Governance are responsible for ensuring the overall accuracy and integrity of the financial data used to compile the Association's financial statements.
- B. This policy applies to all employees of SMUSA who submit financial transactions, manage financial matters, and produce financial reports.
- C. All financial transactions must be submitted to the Accountant in a timely manner with clear descriptions and substantiated with the appropriate supporting documentation. The accompanying supporting documentation must be sufficient to demonstrate the purpose of the transaction, its occurrence (including date of the transaction), and the accuracy of the amount.
- D. No transaction or its documentation shall deliberately be altered or submitted incompletely as to mislead or obscure the intended purpose of the transaction.

7. FINANCIAL REPORTING

- A. Internal and External
 - i. **Internal:** The current year's Semi-Annual financial report will generally be presented to the Board by the last Board meeting of the third quarter. The previous year's Annual financial report in the form of the audited statements will be presented to the Board, no later than March 1st of each year.
 - ii. **External:** Annual audited financial reports are posted to the SMUSA website after approval from the board.
- B. Semi-Annual Financial Report
 - i. The Accountant prepares the Semi-Annual Financial Report, including the variance analysis, and any significant changes in funds. Supporting documentation remains in designated areas.
 - ii. The President, or an appropriate member of the Association appointed by the President, reviews the draft report prior to submission to the Board. The Board reviews and approves the report.
- C. Annual Financial Report

- i. The Accountant compiles the Annual Financial Report including the Balance Sheet, Statement of Operations and Changes in Fund Balances, Statement of Cash Flows, and Notes to Financial Statements once received from the auditor.
 - ii. The President, or an appropriate member of the Association appointed by the President, reviews the audited financial statements prior to submission to the Board.
 - iii. The Board reviews the audited financial statements in a special meeting with the Auditor.
 - D. Any financial reports to outside parties, including the external public annual financial report, must be approved by the Board prior to distribution.
 - E. A Report will be presented to the board prior to March 31 regarding potential surpluses identified for the current year.
- 8. CREDIT CARD SPENDING
 - A. The purpose of this policy is to define the responsibility for and use of a SMUSA Corporate Credit Cards (“Corporate Card” or “Card”). The policy also serves to identify managerial reporting related to Corporate Card purchases, improve oversight effectiveness, reduce costs of payable processing and mitigate the risk of potential abuse (i.e., using it for personal gain, fraud or other unauthorized purposes).
 - B. Corporate Cards are issued to employees in good standing only upon approval of the General Manager and Operations Manager when deemed necessary due to purchasing and operational responsibilities. Corporate Cards are to be used for business related purposes. Cash advances drawn from credit cards are not allowed.
 - C. Use of the Corporate Card is authorized for the purchase of local, domestic, and international travel and goods and services on behalf of SMUSA.
 - D. Cardholders must not exceed the credit limits that have been set for their Cards.
 - E. External auditors may perform periodic audits of Card use. All employees must fully cooperate and make all documents available when requested by auditors.
 - F. Individuals who do not adhere to these policies and procedures risk revocation of their Card privileges and/or disciplinary action including termination of employment or prosecution.
 - G. The use of each Card is governed by the conditions set out in this policy and the relevant Cardholders’ Responsibility Statement by the bank issuing each Card. Cardholders and their supervisors are responsible for ensuring that they adhere to this policy and the bank’s policies. Cardholders should refer to the Accountant or General Manager for further information on their role in relation to fraud and corruption prevention or misuse.
 - H. PROCEDURES
 - i. **Cardholder Record Keeping and Retention**
 - 1) Any employee who receives a Corporate Card must sign the Cardholder Agreement form acknowledging that they have reviewed and agree to comply with this and any related policies. The Corporate Card holders must retain detailed receipts for purchases.
 - 2) In accordance with CRA rules, each receipt for meals and entertainment must include the date, time, names of all persons involved in the purchase, and a brief description of the business purpose of the purchase. Detailed meal receipts must be submitted, not just the credit card receipt.

- 3) Detailed receipts must be submitted to the Accountant within ten (10) business days of receipt of monthly card statements to enable timely payment of amounts due by the Cardholder or their designee.

ii. Cardholder Responsibilities

- 1) Cardholders must retain transactional evidence to support all charges. Acceptable receipt for reimbursements of claimable business expenses on the Card is an original receipt (which may include a receipt emailed by the vendor). Card purchases without receipts are ultimately the responsibility of the Cardholder.
- 2) Reimbursement for return of goods and/or services must be credited directly to the Card. The Cardholder should receive no cash for return of goods.
- 3) Lost or stolen Cards must be cancelled immediately by the Cardholder by contacting the Lost/Stolen Cards Unit of the credit card bank along with notifying the General Manager and/or the Accountant.
- 4) Prior to departure or termination from their position, the Cardholder must reconcile all expenditures on his/her Card account. The Card must be surrendered upon termination of employment or upon request to their immediate supervisor or the the General Manager or Accountant. Employees must return cards to the General Manager or Accountant.

iii. Supervisor Responsibilities

The Cardholders' supervisor or designee is responsible for:

- 1) Reviewing expenses for legitimacy, accuracy, and sufficiency of documentation.
- 2) Promptly reporting a cardholder's departure from approved policies to the Compliance and Purchasing Departments;
- 4) Obtaining the card from a departing employee and returning it to the General Manager prior to approving any final payments due to employee;
- 5) Reporting known or suspected misappropriations to the General Manager or Accountant.

I. Finance Staff Responsibilities

Finance staff is responsible for:

- i. Reviewing expenses to ensure compliance with SMUSA policies and to confirm transaction coding on a monthly basis
- ii. Reconciling all statements;
- iii. Recording Corporate Card activity on relevant accounting systems; and
- iv. Ensuring that Corporate Card balances are paid in a timely manner.

J. Corporate Card Limits

- i. Each card may be limited to a maximum set by the General Manager who will determine the limit on the basis of expected need and available budget.