

*Manitoba Water & Wastewater Association*

*Finance Policy*



***Manitoba Water and Wastewater Association Inc.*****Finance Policy**

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## **1. Introduction**

The Executive of the Manitoba Water and Wastewater Association has developed this policy. The primary use of Association funds is to benefit the membership through programs, educational and training opportunities, conferences, and other related activities. The Association believes it's also prudent to plan for unexpected financial events that could jeopardize the Association's stability, and to evaluate the best use of surplus funds. The general investment strategy should be developed and reviewed annually. The Finance Committee will be responsible for this aspect in conjunction with the Executive Director.

All financial activity and investment policy will be for the sole interest and exclusive purpose of the Association and its membership. The Association's assets and funds should be handled and invested with care, skill and diligence, and in compliance with all applicable guidelines, rules, and legislation.

## **2. Purpose**

The purpose of this document is:

- To provide Board members and staff with an overview of the roles and responsibilities with respect to financial control and handling of funds to ensure accountability and equity,
- To provide a financial policy that serves as a guide for day-to-day financial operations that satisfies the requirements of a not-for-profit organization,
- To establish policy on the budgeting process,
- To establish policy on reimbursable expenses,
- To establish policy for the necessary reserve to ensure financial stability,
- To provide an investment policy, to be reviewed each year, that serves as a guide for investing reserve funds, and
- To establish limits, if necessary, on any surpluses generated by the Association.

## **3. Objectives**

The primary objectives of the Association with respect to its finances are:

- To ensure sufficient funds are available to provide a satisfactory level of service to the membership,
- To preserve operating capital and assets,
- To maintain sufficient liquidity to meet cash flow needs in the event of foreseen and unforeseen circumstances, and
- To make conservative investments to avoid loss of principal.

## **4. Financial Administrative Policy**

### **41 Banking**

All bank accounts shall be with a chartered bank of Canada. The Chair, 1st Vice Chair, 2<sup>nd</sup> Vice Chair and Executive Director are signatories.

#### **4.2 Invoice Processing**

The Executive Director receives all invoices and expense claims and prepares cheques for signing. All cheque disbursements require approved invoices or expense claim forms. Cheques will be issued on a monthly basis, or more frequently if required. All unused cheques will be kept in a secure location.

#### **4.3 Cash Flow**

On a quarterly basis the Executive Director and the 1st Vice Chair review the Associations budget status including anticipated expenditures and revenues.

Schedule A identifies the minimum balance and maximum balance to be retained in the current account to meet the anticipated monthly accounts payable. The Associations Credit card Limit is also reflected in the Schedule.

If funds fall below the minimum amount, or if additional funds are required to meet anticipated payments, short-term deposits will be cashed. If funds exceed the maximum amount, and additional expenses are not anticipated in the near future, then monies will be transferred to short-term deposits. The Finance Committee has the authority to make these decisions with notification to the Board.

#### **4.4 Accounts Receivable**

Past due account reminder letters are generated by the office and faxed at 90 days, and then again monthly. At six months delinquent, the payee is notified by telephone. If there is still no response and a significant level of bad debt was incurred (e.g. >\$500), then the matter would be referred to the Board for direction.

#### **4.5 Accounting Method**

The Association will follow all generally accepted accounting principles of not-for-profit organizations.

#### **4.6 Auditing**

A certified financial accountant may review the Association's finances once per year. The constitution identifies that audit will be done by two members at large prior to Annual Meeting. The results of the audit will be presented at the Annual Board Meeting.

#### **4.7 Liability Insurance**

The Association will maintain a Not-For-Profit Corporation Liability Insurance Policy for office property and staff and Officers and Directors Liability insurance on an annual basis.

#### **4.8 Contract Signing**

Where possible, committee members and those organizing events should ensure all negotiations and finalization of contracts for workshops, seminars, meetings and supply of services are handled through the Associations office. The Finance Committee must be notified of all contracts signed on behalf of the Association, and these contracts must not exceed approved budget amounts.

Monies owing for any contracts should be billed directly to the Manitoba Water and Wastewater Association office.

### **5. Budget Policy**

#### **5.1 Budget Preparation**

The fiscal year for the Association is the calendar year, from January 1 to December 31.

The Executive Director and Finance Committee will review budgetary requests from all Board members, committee chairs and any others preparing budget submissions two months prior to the Board Meeting in January. The Executive Director shall prepare a preliminary budget based on the prior annual budget, current and projected revenues and expenditures, and requests for funds.

The preliminary budget will be distributed to the Finance Committee at least two weeks prior to the January Board meeting. This Committee will review and if necessary, amend the preliminary budget prior to the January Board meeting. The Finance Committee will submit the preliminary budget to the Board at the January Board Meeting for approval.

After adoption of the preliminary budget, any requests for additional funds shall be directed to the Finance Committee. They shall determine if funds are available. The Finance Committee will then make a recommendation to the Board, who will then consider the proposed change to the budget. The budget will be amended to reflect any Board approved changes.

The Association should maintain a balanced budget each year.

The Association shall maintain a minimum of one years operating expenses at all times as part of the total Association equity, including account balances, investments, and other equity. Association equity shall be reviewed as part of the budget preparation process.

## **5.2 Financial Statements**

Financial statements will be presented at the Board meetings indicating the status of the

- Existing budget
- Investment status
- Balance sheet
- Annual cash flow
- The annual financial audit when appropriate.

In addition, the Executive Director will prepare budget status reports for the Finance Committee, and circulate budget status to the Board at Board meetings.

## **5.3 Finance Committee**

The Finance committee will be comprised of the 1st Vice Chair (In The Chair), the 2nd Vice Chair, the Executive Director and Chair of the association as ex-officio of all committees. The Committee will meet before the November Board meeting to address the following items:

- Review the annual budget,
- Review the Finance Policy, and
- Any miscellaneous expenses.

A Finance Committee Report detailing Annual Finance Activities will be presented to the Board at the December Board Meeting for approval.

## **6. Expense Policy**

The Association makes all expenditures based on the annual budget approved by the Board. Any exceptions to the expense policy require prior Board approval. No unapproved expenditures shall be reimbursed.

All expenses claimed must be supported by applicable receipts and must also be completed in accordance with reimbursement rates established for expenses. All expenses claims are subject to review by the Finance Committee and will be in accordance with established Board Policy, as revised from time to time by the Chair, Finance Committee, and Executive Director. Good judgment should be used to minimize costs to the Association.

### **6.1 Transportation**

All air travel will be at excursion rates whenever possible. Travel booking will be made as far in advance of travel as possible to ensure the best possible fares. Upgrades to business or first class may be made at personal expense.

Dates for air transportation shall be booked to minimize overall costs where possible.

All travel using a personal vehicle on Association business will be subject to a reimbursement for mileage. Refer to Schedule B for the current mileage rate. All those claiming vehicle expenses while on Association business are to ensure they have appropriate vehicle insurance. The Association will cover transportation costs at the lowest cost option. In no circumstances is the mileage paid to exceed the cost of a return excursion airfare and related costs.

### **6.2 Accommodation**

Hotels are to be booked in accordance with rates for the particular function. Ideally Association representatives when travelling should use only hotels with favourable rates. The dates booked for accommodation should minimize overall costs to the Association. Typically, hotel expenses will be covered for the night before and the nights of the published dates of Board meetings, and or the dates for other related meetings. If travel to home destination is possible at a reasonable hour on the same day following meetings or planned Association events, then accommodation for that night will not be covered unless authorized by the Board.

### **6.3 Miscellaneous Expenses**

While attending an Association meeting, miscellaneous expenses will be reimbursed upon submission of an expense report. Transportation to and from the airport will also be covered and if by own vehicle, will be covered at the current mileage rate.

At Board meetings it is reasonable for the Board to expense dinner. Actual, reasonable costs will be reimbursed. Restaurants with reasonable rates should be chosen (casual and informal).

### **6.4 Expense Claims**

Original receipts must accompany all expense forms. Copies of electronic tickets are acceptable for air travel. Expense claims must be submitted to the Association office no later than 90 days after the expense occurred, unless otherwise approved by the Finance Committee. Cheques will be issued within a month of receipt of the expense report.

### **6.5 Advances/Deposits**

The Executive Director on behalf of the Association shall make deposits for meetings, seminars, or workshops.

## **6.6 Association Credit Card**

The Association will issue a credit card to the Executive Director for use for Association expenses. The credit limit is to be determined by the Board. Charges on the card are to be paid as they are incurred to avoid finance charges.

## **7. Investment Policy**

The investment responsibility of the Association rests with the Board. However, the Finance Committee is authorized to make day-to-day decisions within this investment policy, with notification to the Board.

Invested maturities will be staggered to ensure that the Association has access to the funds and maintains a level of liquidity throughout the year. However, in the event of an unforeseen need, investments may be liquidated prior to maturity with board approval.

Safety of the principal shall prevail in all investment decisions. Reviewing rate of return and length of deposit required will maximize yield. Investments providing maximum return while meeting safety requirements will be selected.

Approved investments are:

- GICs
- Domestic Bank Certificates or Money Market Accounts
- Federal Funds

No common stock, preferred stock, or real estate for investment purposes will be purchased.

## **8. Schedule A**

Minimum Cash Account Balance	\$35,000
Maximum Cash Account Balance	\$80,000
Credit Card Limit	\$10,000

## **9. Schedule B**

a): Vehicle Travel Reimbursement - Executive Director

Vehicle Travel Reimbursement for Executive Director at the current City of Portage la Prairie rate (0.42/km - including GST)

b): Vehicle Travel Reimbursement for Board Members - same as Executive Director rate.

c): In the event that it is convenient for a Board or a staff member to stay with a family member, said family shall be reimbursed at the rate of \$40.00 per night.

## 10. Schedule C

<b>Meeting</b>	<b>Typical Timing</b>	<b>Location</b>	<b>Purpose</b>	<b>Typical Attendees</b>
Annual Budget Review	October	Will vary	Set the budget for the upcoming year	1 <sup>st</sup> Vice Chair, 2 <sup>nd</sup> Vice Chair, Chair and Exec. Director
Prepare Preliminary Budget	Prior to November Board meeting	Will vary	Review Budgetary requests, and current and projected revenues & expenditures	1 <sup>st</sup> Vice Chair, 2 <sup>nd</sup> Vice Chair, Chair and Exec. Director
Finance Committee Report	December or January Board meeting	Will vary	Presentation of details of financial activity over the past calendar year.	All Board members
Submit Preliminary Budget to Board	2 weeks prior to December Board meeting	Will vary	Preliminary Budget to Board for review and amendment if necessary	All Board members
Annual Budget approval	January Board Meeting	Will vary	Approval of Budget	All Board members