



Centre de santé communautaire

Votre bien-être, notre raison d'être!

HAMILTON | NIAGARA

Policy :	FINANCIAL MANAGEMENT
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TABLE OF CONTENTS

1. GENERAL..... 3

2. SEPARATION OF DUTIES 3

3. EXPENSE LIMITS..... 3

 3.1 PURCHASE OF GOODS AND SERVICES.....3

4. EXPENSE AUTHORIZATION..... 4

5. PREPAID EXPENSES..... 4

6. CSCHN CREDIT CARDS..... 4

7. PAYMENTS 5

 7.1 NUMBER OF SIGNATURES ON CHEQUES5

 7.2 AUTHORIZED CHEQUE SIGNERS.....5

 7.3 ISSUANCE OF CHEQUES.....5

 7.4 ISSUANCE OF DIRECT DEPOSITS5

8. PETTY CASH 5

9. PAYROLL SERVICE MANAGEMENT..... 5

 9.1 PURCHASING OF SERVICES5

 9.2 PAYROLL SYSTEM.....5

 9.3 PAYROLL PROCESSING.....6

 9.4 CHANGES TO THE PAYROLL SYSTEM6

 9.5 ROLE OF FINANCE.....6

10. BANK DEPOSITS AND MONTHLY BANK RECONCILIATIONS..... 7

 10.1 AUTOMATIC DIRECT BANK TRANSFERS7

 10.2 MANUAL DEPOSITS.....7

 10.3 MONTHLY BANK RECONCILIATIONS.....7

11. FINANCIAL REPORTS 7

 11.1 ANNUAL BUDGET7

 11.2 QUARTERLY REPORTS.....7

 11.3 BUDGET VARIANCE.....7

12. SPONSORSHIP 7

13. FUNDRAISING..... 8

 13.1 DEFINITIONS.....8

 13.2 ETHICAL GUIDELINES.....8

 13.3 STEPS TO FOLLOW9

14. INVESTMENTS 10

APPENDIX 1..... 11

1. GENERAL

Beginning in April 2019, this policy will be reviewed annually.

The Centre de santé communautaire Hamilton-Niagara Inc. (hereafter referred to as the CSCHN) adheres at all times to generally accepted accounting practices and complies with the financial management and purchasing guidelines of its funders. In addition to the responsibilities shared between the Board of Directors and the Executive Director as outlined in the CSCHN Governance Policy, the following policy applies.

The guiding principle for all CSCHN purchases is to strive for the best quality for the best price.

2. SEPARATION OF DUTIES

The financial duties of the CSCHN are separated among several individuals to ensure protection against fraud and error. The allocation of duties is designed to ensure maximum protection of the CSCHN's assets while taking into account the efficiency of operations.

For example, the financial analyst, under the authority of the Executive Director and the Finance Director, processes accounts receivable. The CSCHN does not charge clients for its services; however, the CSCHN may charge third parties for information requests (e.g., a lawyer) to cover administrative costs.

The Accounts Payable Clerk, under the authority of the Executive Director and the Finance Director, handles accounts payable. Accounts payable is separated between different roles; check signers are not involved in expense approval or basic accounting procedures and someone outside the accounting function must open and record all received checks. For bank reconciliations, see Section 10.3.

3. EXPENSE LIMITS

- a. Department directors/managers may approve any request for less than one thousand dollars (\$1,000) excluding taxes.
- b. The Finance Director may approve any request greater than one thousand dollars (\$1,000) and less than five thousand dollars (\$5,000).
- c. The Executive Director must approve any request exceeding five thousand dollars (\$5,000).
- d. All purchases in excess of five thousand dollars (\$5,000) excluding taxes must be accompanied by three (3) quotes that take into account the guiding principle stated in paragraph 1 of this policy.
- e. All purchases in excess of ten thousand dollars (\$10,000) excluding taxes and not included in annual budgets submitted by funders must be approved by the Board of Directors at a regularly-scheduled meeting or by the Executive Committee members in an emergency.
- f. All purchases or expenses in excess of ten thousand dollars (\$10,000.00) excluding taxes from the corporate fund must be approved by the Board of Directors at a regularly scheduled meeting or by the Executive Committee in an emergency.
- g. All purchases over twenty-five thousand dollars (\$25,000) excluding taxes must be tendered and include the information found in Section 2.1 of this policy.
- h. To ensure proper oversight of financial operations, the Executive Director is required to file a financial monitoring report with the Board of Directors on a quarterly basis (see Appendix 1).

3.1 Purchase of Goods and Services

A purchase of goods and services with an external service provider must be done in writing.

Date of approval by the Board of Directors

14 December 2020

Purchases of goods and services must comply with the CSCHN's policy on the subject as well as the requirements of the funders who are funding the purchase. Purchases of goods and services in excess of twenty-five thousand dollars (\$25,000) must be tendered.

The agreement must include the following information at minimum:

- a. The nature of the goods and services to be provided;
- b. The final cost of the obligation;
- c. The agreement term, where necessary;
- d. The terms of payment;
- e. A termination clause for the agreement;
- f. Proof of insurance, where necessary;
- g. A WSIB clearance certificate, where necessary.

4. EXPENSE AUTHORIZATION

All purchase orders, travel indemnification claims, and other expenses incurred by the CSCHN must be verified and approved for accuracy and validity by a department director/manager or their delegate or the Finance Director, depending on their respective areas of responsibility.

As authorized by the Executive Director, the Reception of each point of service is provided a budget of up to one thousand dollars (\$1,000) per month to place routine orders for office supplies.

Expenses for gift vouchers will be authorized in advance through purchase orders from a department director/manager or their delegate. (See **Purchase Order Procedure**.)

Expenses for bus tickets and gift cards (groceries, gasoline) will be authorized in advance through purchase orders from a department director/manager or their delegate. (See **Gift Card Request Procedure**.)

Upon receipt of the ordered goods, the Secretary-Receptionist checks the contents, initials the delivery note, and hands it to the Accounting Department.

The Executive Director's expense accounts are approved by the Chair of the Board of Directors, or, in their absence, by a member of the Board of Directors authorized to sign cheques.

5. PREPAID EXPENSES


Prepaid expenses such as gift cards and advertising are treated as cash at all times. The custody and distribution of these items are subject to the same general controls as petty cash according to procedures established by Accounting and approved by the department director/manager.

6. CSCHN CREDIT CARDS

The Board of Directors approves, by resolution of the Board of Directors, the granting of a corporate credit card held by members of the management team.

Only those individuals in whose name a CSCHN corporate credit card has been issued have the authority to approve the use of their credit card for a financial transaction. While expenses paid with the credit card are subject to the same controls as those paid by cheque, there are a few additional obligations to which cardholders are subject:

- 1) If the card is used to make a payment directly to the supplier at the point of transaction, the cardholder must indicate on the transaction receipt given by the supplier the reason for the expense and the service to which it is attributed (do not forget to include the itemized bill);
- 2) If the cardholder or a third party makes the transaction over the phone, the cardholder must sign an authorization to use the card and indicate to which service the expense will be attributed.

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Date of approval by the Board of Directors	14 December 2020

This receipt and authorization must be submitted as supporting documentation to the Accounting Department as transactions are made.

7. PAYMENTS

7.1 Number of Signatures on Cheques

Every check must include two signatures, except for electronic funds transfers, which allow only one electronic signature/approval. No authorized signer may sign a check issued in their name or a check to pay a credit card issued in their name.

7.2 Authorized Cheque Signers

The Board of Directors shall ensure at the beginning of each term following a general member meeting that it identifies by resolution the persons authorized to sign cheques issued on behalf of the CSCHN. The Chair, the Treasurer, the Executive Director, and the Finance Director will normally be the signing officers. The Board of Directors, as required or appropriate, may add others.

7.3 Issuance of Cheques

Cheques are normally issued every two weeks.

7.4 Issuance of Direct Deposits

Suppliers have the option of being reimbursed by direct deposit. Direct deposits are normally issued every two weeks. Prior to being issued, electronic funds transfers are verified by two individuals, one of whom is the Finance Director, who also signs the electronic transfer.

8. PETTY CASH

Financial procedures must be established to ensure the proper control and management of petty cash and prepaid items. These procedures are developed by the Finance Director and approved by the Executive Director. The CSCHN's financial procedures must be consistent with funder requirements and must be based on the principles of sound financial management. All expenses must be approved by the department director/manager and supporting documentation must be submitted with claims. (See Petty Cash Procedure.)

9. PAYROLL SERVICE MANAGEMENT

9.1 Purchasing of Services

The Executive Director must approve in writing all service purchases and hiring of freelance workers.

Service purchases and hiring freelance workers must comply with the requirements of the corresponding funders.

Once services are rendered, service purchases are paid by cheque upon presentation of invoices at the rate authorized by the Executive Director.

9.2 Payroll System

All salaried employees employed by the CSCHN are paid through an external payroll service used by the CSCHN.

There are typically twenty-six (26) pay periods per year (every four years there are 27 pay periods):

Date of approval by the Board of Directors

14 December 2020

employees are normally paid on Thursday, every two weeks, for the two weeks ending the previous Friday. Deductions are made from their net pay for the CSCHN social committee and the cost of parking in Hamilton. These deductions are optional. If the employee chooses, they must sign the authorization for the deduction of their social committee dues and/or Hamilton parking. The employee's social committee contribution is deposited directly into the social committee bank account.

9.3 Payroll Processing

The external payroll service is responsible:

- 1) for payroll processing;
- 2) for providing an electronic pay slip every pay period for each employee paid;
- 3) for making direct deposits of employee's net pay into the bank account of their choice;
- 4) for maintaining a current payroll record for all employees and providing them with an update each pay period;
- 5) for making government remittances at the appropriate frequency;
- 6) for producing records of employment for employees who leave the employment of the CSCHN;
- 7) for preparing T4s annually for each employee paid in the current year.

9.4 Changes to the Payroll System

Only the Executive Director or their delegate has the authority to authorize any payroll system changes that affect the amounts paid by the CSCHN. Such payroll system changes may include, but are not limited to:

- 1) registering a new person as an employee (use the **Basic Staff Information** form);
- 2) the termination of an employee's employment (end of contract, layoff, etc.);
- 3) changes in the number of paid working hours by employees;
- 4) changes in an employee's pay rate, including retroactivity.

9.5 Role of Finance

The Finance Director is responsible:

- 1) for providing the external payroll service with all changes authorized by the Executive Director;
- 2) for reporting to the external payroll service, in a timely manner, the number of authorized working hours for each employee during the pay period;
- 3) for ensuring electronic posting of pay slips provided by the payroll service to employees with each pay period;
- 4) for completing records of employment and sending copies to the persons indicated at the bottom of the records;
- 5) for making journal entries for each payroll and allocating amounts to the various budgetary services according to an allocation decided by the Executive Director (only the Executive Director can authorize modifications to this allocation);
- 6) for reconciling the bank, the payroll register provided by the payroll service, and the CSCHN ledger each pay period,
- 7) for keeping under lock and key, in a location not accessible to other staff members, the payroll record prepared by the payroll service;

Date of approval by the Board of Directors

14 December 2020

- 8) for distributing T4s to all persons paid during the year (send to last known address for former employees);
- 9) for preparing the T4 summary report annually and forwarding it to the appropriate ministry.

10. BANK DEPOSITS AND MONTHLY BANK RECONCILIATIONS

10.1 Automatic Direct Bank Transfers

Many of our funders transfer our grants directly into our bank account on a set monthly payment schedule based on approved budgets for the current year. The Finance Director is responsible for reconciling these deposits on a monthly basis and reporting them to the Executive Director.

10.2 Manual Deposits

For payments made by cheque, the Finance Director or their delegate is responsible for the receipt of cheques received by the CSCHN. If the cheque does not have a stub, the Finance Director or their delegate is responsible for making a photocopy. The Finance Director or their delegate is responsible for preparing deposits by entering each cheque received directly into the bank's commercial deposit slip book, calculating the total of each deposit and initialing it in a conspicuous place. The deposit book and check stubs or photocopies are submitted to the Finance Director, who codes them for the ledger and sorts them by envelope according to their source. The Finance Director or their delegate normally visits the bank to make the deposits. The deposit book is kept in a secure and locked location.

10.3 Monthly Bank Reconciliations

The Finance Director or their delegate is responsible for completing the bank reconciliations for each month by the 15th of the following month. In addition, the Finance Director will review the bank statement each month to ensure that it corresponds to the information in the deposit book.

11. FINANCIAL REPORTS

11.1 Annual Budget

The Finance Director prepares budgets for each of the CSCHN's funders and a master budget that provides an overview of all of the CSCHN's funding sources as well as projections of the CSCHN's overall expenses. The Board of Directors must approve the master budget annually. Taking into account financial requirements, the Executive Director is allowed to start the fiscal year with a tentative budget based on the previous year's budget, but the Board of Directors must approve it by the end of the second quarter of the year.

11.2 Quarterly Reports


The Finance Director prepares quarterly financial reports for review by the Executive Director and the Board of Directors. These financial reports include budgeted and actual revenues and expenses, significant variances from the annual budget approved by the Board of Directors, and a financial monitoring report.

11.3 Budget Variance

All budget variances of 10% or more must be identified and explained in the financial reports prepared for the Executive Director and the Board of Directors.

12. SPONSORSHIP

The Executive Director may approve sponsorship of community events based on the following criteria:

 <p>Centre de santé communautaire Votre bien-être, notre raison d'être HAMILTON NIAGARA</p>	FINANCIAL MANAGEMENT
Date of approval by the Board of Directors	14 December 2020

- 1) the event contributes to the advancement of the Francophone community in the territory served by the CSCHN;
- 2) the event contributes to bringing together newcomer communities and the native French-speaking population;
- 3) the nature of the event and all related activities do not conflict with the organizational policies or values of the CSCHN;
- 4) The sponsorship allows the CSCHN to increase its visibility among its clientele;
- 5) The sponsorship does not conflict with the requirements of our funders.

13. FUNDRAISING

No fundraising from amongst the community, community partners, or vendors can be done without the written approval of the Executive Director or their delegate.

In general, grants from the CSCHN's funders enable the CSCHN to pay for its operational expenses. However, as a charitable organization, the CSCHN is entitled to receive donations. Occasionally, the CSCHN will fundraise for items or events that can enhance the quality of our programs and services and for which we do not receive funding.

13.1 Definitions

Donation : A charitable donation is a donation that entitles the donor to a tax receipt. The donor receives no benefit. The donation must be made freely, without benefit to the donor or obligation on either side.

Sponsorship : This can be a monetary amount or an exchange of services. It is a very detailed partnership between the CSCHN and another organization or business with obligations and benefits for both parties. The sponsor receives visibility in exchange for their contribution.

Fundraising : Fundraising is an organized activity that involves in-kind or monetary contributions to promote the mission and work of the CSCHN. Examples include activities governed by the *Ontario Gaming Control Act*, special events, sales of goods to raise money or to support a project or program of the CSCHN (garage sales, car washes...). These do not include funding proposals submitted to a government or foundation.

13.2 Ethical Guidelines

Any fundraising, donation, or sponsorship activity must be consistent with the vision, mission, and values of the CSCHN.

All solicitations carried out by the CSCHN must :

- clearly identify the CSCHN as the sponsoring organization;
- be truthful and accurate in describing the activities and accomplishments of the CSCHN;
- disclose the name of the CSCHN and include an address or other contact information;
- disclose the purpose of the solicitation;
- sensitively and fairly represent the people served by the organization, their needs and how the organization meets their needs;
- disclose the CSCHN policy concerning the issuance of tax receipts, including any policies on minimum amounts for which a receipt will be issued;
- disclose the Canada Revenue Agency (CRA) registration number;

Date of approval by the Board of Directors

14 December 2020

- disclose upon request whether an individual or entity collecting donations is a volunteer, an employee, or a contracted third party, and, if fundraising activities are conducted in person, ensure that the individual has identification from the organization;
- be subject to the CSCHN maintaining its registered charitable status;
- respect any request from a donor or prospective donor regarding frequency of contact, preferred method, receipt of printed materials, termination of contact and anonymity.

In addition:

- All costs associated with fundraising activities are thoroughly disclosed;
- Fundraisers do not receive interim commissions, fees or percentage remuneration based on contributions (directly or indirectly);
- The donor list cannot be sold;
- If a donor list is rented, traded, or otherwise shared, the CSCHN follows the Canadian Marketing Association's Code of Ethics and Standards; and
- Requests from donors to be excluded from this list are respected.

13.3 Steps to Follow

Criteria for the evaluation and approval of fundraising, sponsorships, or donations must be respected. These criteria are designed to ensure that all solicitation activities are consistent with the mission, vision, and values of the CSCHN.


Board of Directors members and employees are required to comply with the CSCHN's policies regarding conflicts of interest.

The Executive Director is responsible for pre-approving solicitation requests over one thousand dollars (\$1,000) based on the criteria in this policy. The department director/manager must submit the completed "Solicitation Campaign" form to the Executive Director. Once approved, the form is forwarded to the Finance Department.

The Board of Directors approves solicitation proposals over one hundred thousand dollars (\$100,000) following the same process for a campaign over one thousand dollars (\$1,000). The Executive Director is responsible for submitting the proposal to the Board of Directors.

All donors and sponsors must meet the following criteria :

- A company, its product, or services must be consistent with the CSCHN's vision, mission, and values or operations;
- The sponsor's or potential donor's products and services must not be considered harmful to the individual, public health, or the environment;
- A business, its product, or service must not be in violation of municipal, provincial or federal laws or regulations;
- Upon approval of a sponsor, an agreement between the CSCHN and the sponsor is required. The agreement must include the following details:
 - The amount of money or items donated;
 - details about how the money or items will be used;
 - the quantities and distribution of the resulting products;
 - the CSCHN's affected priorities;
 - the level of recognition the sponsor will receive and the responsibilities of each party.

	FINANCIAL MANAGEMENT
Date of approval by the Board of Directors	14 December 2020

Fundraising activities must meet the following criteria :

- Fundraising activities must be consistent with the vision, mission, and values of the CSCHN;
- Fundraising activities must be consistent with the goals of supporting CSCHN clients and improving their health;
- Fundraising activities cannot in themselves or by virtue of their activities cause harm or risk to persons, public health, or the environment;
- Fundraising activities must not make fun of anyone, or embarrass or ridicule anyone, unless prior permission and consent have been obtained for the sole purpose of fundraising (roasts);
- Fundraising activities should never be linked to political campaigns or political parties;
- All fundraising activities involving lotteries, bingos, or other games of chance must comply with the *Ontario Gaming Control Act*.


Donations and sponsorships may be accepted under the following conditions:

- Donations or sponsorships are made directly to the CSCHN, and an official tax receipt is issued for donations over twenty dollars (\$20) or when requested by the donor;
- Donations or sponsorships are made without expectation of future preferential treatment and do not give rise to a conflict of interest.

14. INVESTMENTS

The Executive Director of the CSCHN ensures that the funds of the CSCHN are invested in a safe and appropriate manner. Acceptable instruments are short-term corporate bonds, guaranteed investment certificates and term deposits, which are issued or guaranteed by any financial institution subject to the *Bank Act* of Canada.

The Executive Director presents an annual investment performance report to the Board of Directors.

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Date of approval by the Board of Directors	14 December 2020

APPENDIX 1
SURVEILLANCE REPORT
FINANCIAL RESOURCES – INTERNAL CONTROL

POLICY: GOVERNANCE
CHAPTER : 5.6.5 FINANCIAL PLANNING
SURVEILLANCE: March, June, September, December

GUIDING PRINCIPLE

With respect to the current and ongoing financial situation of the CSCHN, the Executive Director does not cause or permit any financial difficulties or loss of probity in the allocation of funds.

THE POLICY

The policy provides that the Executive Director may not authorize, nor cause, any budgeting that:

- 1) is insufficiently detailed to permit projection of revenues and expenses, recording of capital and operating expenses, cash on hand, and any other audit trail and disclosure of planning speculation;
- 2) projects expenses in excess of conservatively projected revenues for a fiscal year;
- 3) fails to meet the essential expenses that are the prerogative of the Board of Directors in a fiscal year, i.e., expenses for activities and training of members;
- 4) is not the result of a long-term plan or one-time (short-term) fiscal budgets;
- 5) is not in a format that meets the requirements of major funders;
- 6) does not provide the types and standards of services required by major funders;
- 7) deviates significantly from the priorities established by the Board of Directors with respect to the allocation of funds to meet various budgetary needs.

EXECUTIVE DIRECTOR DUTIES

The Executive Director will not :

- 1) use restricted reserve funds or trust funds for any purpose designated by the Board of Directors without the Board's authorization
- 2) allow cash on hand to fall below the amount required to cover payroll costs and timely payment of debts;
- 3) allow payments of taxes or any other amounts due to governments to become overdue, unpaid, or inaccurate;
- 4) allow the allocation of funds to become significant priorities established by the Board of Directors in its goals;
- 5) allow more than a modest fiscal year deficit to occur for a limited period of time without taking steps to have revenues or expenses adjusted to bring the budget back into balance;

Date of approval by the Board of Directors

14 December 2020

- 6) acquire capital assets in excess of ten thousand dollars (\$10,000) without prior approval of the Board of Directors in the event that the purchases were not included in the operational budgets approved by the various ministries.

TREASURY AND FINANCIAL UPDATE

1. Cash on hand at the beginning of the quarter	_____
2. Cash on hand at the end of the quarter	_____
3. Interest on amount advanced on the line of credit during the quarter	0 \$
4. Balance (amount borrowed) of line of credit at the end of the quarter	0 \$

Executive Director

Finance Director

Date