

Editors' Association of Canada/Association canadienne des réviseurs Financial Procedures

Effective date: June 2021

Purpose

These procedures are to implement the Editors' Association of Canada (Editors Canada) Financial Policy.

Section 1: Budgeting, bookkeeping and reporting

Budgeting

The budget enables the national executive council (NEC) and staff to keep track of and measure financial performance.

The NEC will select a director to act as treasurer. The treasurer has the primary responsibility for working with the executive director on all financial matters. The NEC may also convene a financial committee comprising several directors to discuss financial issues and make recommendations to the NEC and executive director.

The executive director, in cooperation with the treasurer and the financial committee, is responsible for the following activities.

- preparing and presenting a draft annual budget for NEC approval at least one month before the beginning of every fiscal year
- developing the budget with sufficient information to judge the accuracy of the projections of revenues and expenditures
- ensuring that the basis of the budget in any one year is consistent with previous years' financial performance
- identifying revenues and expenditures for different program areas
- updating the NEC each quarter on the performance of the organization in relation to the budget, and presenting recommendations to the NEC that vary from the approved budget if necessary

Bookkeeping and internal controls

Standardized bookkeeping and internal controls are important for meeting Editors Canada's obligations under the *Canada Not-for-profit Corporations Act* and the *Excise Tax Act*, for facilitating financial oversight, and for preventing fraud or mismanagement of its resources.

The executive director is responsible for ensuring the following.

- A complete and up-to-date set of financial records is maintained in a manner consistent with generally accepted accounting principles and bookkeeping standards.
- Account reconciliations and closings are completed properly.
- Segregated accounts are maintained for tracking finances for projects funded through grants to enable timely and accurate financial reporting to funders where required.
- All expenditures made are within the budget, or approval is obtained from the NEC to diverge from the budget by more than 10 percent.
- Payroll and other taxes are submitted as required by law.

- Payroll and other liabilities are settled in a timely manner.
- Adequate oversight of signing authority for all financial transactions is provided.

Financial reporting

It is important that directors and branches have the up-to-date financial information they need to make decisions.

To make sure that information is available at any time, the executive director must do the following.

- report financial results to the NEC in a meaningful way, including performance to budget and year-to-year comparison
- report extraordinary changes to assets and liabilities
- report on any other financial issues that jeopardize the ability of the association to meet its short- and long-term financial obligations, including cash-flow issues and overdue payments
- respond to the advice from auditors on needed improvements to financial management practices by making recommendations to the NEC
- present particular financial reports quarterly or as requested by the NEC

Branch treasurers are responsible for reporting quarterly on branch finances to the executive director.

Branches must either maintain financial records that conform with generally accepted accounting principles and bookkeeping standards, or arrange for this to be carried out through the national office. Branches are responsible for collecting and remitting any required taxes for their branch, including GST/HST and/or payroll taxes.

Section 2: Signing authorities at the branch and director level

Branch officers

Branch chairs are designated as officers of the association, with defined signing authority.

- The national executive council (NEC) has delegated certain specified powers to that role.
- In practice, branches elect their own branch chairs and other positions.
- Each year, the NEC must pass a resolution appointing someone from each branch to the national position of branch officer. This can be done in conjunction with the vote on the branch signing officer, below.

Approving signing officers: branch level

The executive director and the treasurer will ensure that branch signing officers are in place for the association.

After directors are elected at the annual general meeting and the directors choose a treasurer from among themselves, the treasurer will ask branch chairs for the names of their signing officers.

- The signing officer may be the same person as the branch officer (the branch chair) and/or anyone their branch executive delegates. The branch may delegate more than one signing officer from the branch executive.

- When the treasurer receives the names of all the branch signing officers, the NEC will vote to approve the branch officers and branch signing officers.

Approving signing officers: national executive council

The executive director and the treasurer will ensure that NEC signing officers are in place for the association.

After directors are elected at the annual general meeting, the executive director will review the current signing officers and recommend to the NEC changes in signing officers as a result of elections.

There should be four signing officers appointed, including the executive director and treasurer, plus two other directors.

- The NEC must vote on the roster of signing officers.
- Following the vote, the executive director should arrange with the bank to have the signing officers added as signing authorities on the association's accounts.

Section 3: Signing authorities for payments at the executive director level

The executive director has signing authority with the following controls.

1. These are the configurations for who can approve what payment amounts.
 - a. One NEC signing officer or the executive director can approve payments under \$500.
 - b. One NEC signing officer plus the executive director (or plus a second NEC signing officer) are required to approve payments of \$500 to \$5,000.
 - c. Two NEC signing officers are required to approve payments over \$5,000.
 - d. Exception: any payments to the Receiver General for Canada (HST, payroll remittance and deductions) may be approved by the executive director plus one NEC signing officer.
2. The executive director can approve payments as long as the association's financial statements are within 45 days of being current.
3. Any transfer between accounts requires prior approval, by email, from two NEC signing officers.
4. Use of corporate credit cards belonging to the association is limited to the executive director. Other staff members may use a corporate credit card for association expenses under the supervision of the executive director. Payments made by credit card are subject to the same approval requirements outlined under (1) above. No credit card belonging to Editors Canada may have a credit limit above \$15,000.

The NEC reserves the right to revoke the signing authority of the executive director or any signing officer at any time and for any reason.

Section 4: Signing authority for signing agreements at the executive director level

Contracts and loans

Agreements and contracts can legally obligate the association to spend significant amounts of money, potentially over a long period. It is therefore important to have the NEC approve any large contracts or agreements.

The executive director must not do any of the following without NEC approval.

- enter into new contractual arrangements with vendors that involve annual commitments by the association of more than \$5,000 or are longer than three years
- enter into contractual arrangements for goods and services that involve commitments of more than \$5,000
- apply for a grant that includes a commitment for the association to spend more than \$1,000
- substantially change the organization's banking arrangements or financial institutions
- purchase or enter into contracts in situations where the directors of the NEC or staff have an undeclared conflict of interest as defined in the Editors Canada Conflict of Interest Policy.
- enter into a loan agreement with a bank or financial institution
- overdraw any bank account or approve payments for which there are insufficient funds available

No other representative of Editors Canada (whether a member of the NEC, a committee chair or other volunteer) may enter into a contract or agreement or apply for a grant on behalf of Editors Canada with a value of more than \$1,000 unless approved by the NEC.

Purchasing and the protection of assets

The practices below ensure that Editors Canada sources goods and services ethically and transparently, and does not put its assets at unreasonable risk.

The executive director is responsible for the following activities.

- ensuring that where an expense for particular goods or services purchased exceeds \$1,000, there is an assessment of the quality and price offered by different vendors
- preparing and issuing requests for proposals (RFPs) where the value of the goods or services exceeds \$3,000
- establishing standing offers where the nature of the service to be provided is repetitive
- operating with adequate director, fire, theft and liability insurance in effect, as needed
- operating with effective procedures for the safekeeping of key legal and contractual documents
- operating with procedures for backing up and safekeeping of financial and other key records

Section 5: Cash reserves

It is important to maintain adequate cash reserves for emergency situations and to not spend those reserves on general operational expenses.

The target amount of cash reserves for the association to maintain is at least 3 months' operating costs.

Cash reserves should be invested in low-risk financial products to protect their capital (for example, guaranteed investment certificates, government bonds, or savings accounts).

The NEC must approve any plan to spend any part of the association's cash reserves.

Revisions

Substantive revisions to these guidelines must be ratified by a vote of the association's national executive council.