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## **1.0 Preamble**

Shingwauk Kinooomaage Gamig is committed to accountability and stewardship of its resources, and to the effective use of its resources to support its mission.

SKG's financial and management controls will be established and maintained in a way that provides reasonable assurance that:

- SKG is accountable to its funding sources;
- Assets are safeguarded, accounted for, and controlled;
- Internal controls and risk management techniques are in place;
- Planning and budgeting processes are employed;
- Record-keeping, analysis, and reporting processes are in place; and
- SKG meets legal and regulatory requirements.

## **2.0 Definitions**

“Auditor” means a member of a recognized accounting association holding a valid public accountant license.

“Board” means the board of governors of SKG.

“Department” means a separate administrative part of SKG.

“Director of Operations” means the senior executive of SKG responsible for financial administration, regardless of the title of that position.

“Employee” means an employee of SKG.

“Expenditure” means funds that the SKG expects to pay out during a given fiscal year whether or not such funds are actually paid out.

“Fiscal year” means the twelve (12) month period in which SKG carries out projects for which it has prepared a budget.

“Officer” means an individual appointed by SKG's board as an officer under SKG's bylaw no. 1.

“Program” means a plan or system under which action may be taken toward a goal, to which a specified budget of expenditures is assigned.

“SKG” means Shingwauk Kinooomaage Gamig.

“SKG director” means an individual appointed as a director on SKG's board of governors.

### **3.0 Roles and Responsibilities**

#### **3.1 Board of Governors**

SKG's board is responsible for all matters relating to the financial administration of SKG, whether or not these matters have been assigned or delegated to an officer, employee, committee, contractor, or agent by or under this policy.

The board may delegate to any of its officers, employees, committees, contractors, or agents any of its functions under this policy except the following:

- Approval of policies, procedures or directions relating to SKG's financial administration;
- Approval of SKG's budgets and financial statements; and
- Approval of SKG's borrowing (if applicable).

The board shall, by motion, delegate authority for approval of payments (including but not limited to cheques and electronic transfers of funds) to specific persons or positions. The Director of Operations shall provide required notices to the financial institution of any changes in signing authority.

#### **3.2 Director of Operations**

The Director of Operations is responsible to establish and oversee processes for:

- Financial administration of SKG, including:
  - Preparation of budget estimates,
  - Preparation of budgets for expenditures for each department and program of SKG,
  - Determination of financial commitments,
  - Preparation of accounts for reporting of expenditures,
  - Leases or charges for the provision of services or the use of facilities of SKG or rental of SKG property,
  - Purchase of adequate insurance for coverage of all SKG property,
  - Issuance of licenses and leases, and
  - Procedures by which a department and/or program will manage and record financial information.
- Accounting of revenues received, or receivable, from any source.
- Preparation of a financial plan by each department and/or program.
- Completion of other such tasks that may be directed by SKG.

## **4.0 Delegation of Authority**

The Director of Operations may delegate and revoke responsibility for tasks to accomplish duties under this policy to any appropriate officer or employee of SKG.

Officers or employees assigned delegated authorities must apply these authorities only in undertaking assigned responsibilities, within an approved mandate and the scope of operations under the assignee's control.

Delegations made to any employee apply to all levels of SKG management to whom the employee reports.

Authorities and delegations cannot be transferred from one person to another unless that person is in an "acting" position with delegated authority.

The Director of Operations shall maintain a record of delegated authorities to incumbents of positions in SKG's organization or to other specific officers or employees.

## **5.0 Financial Year**

The Shingwauk Kinoomaage Gamig fiscal year shall begin on April 1 and end on the following March 31st.

## **6.0 Budget administration**

### **6.1 Approval of annual budget**

SKG shall prepare timely estimates of the revenues and expenditures for the annual budget.

No commitment shall be made until budgets are allocated.

The Director of Operations shall oversee the preparation of budgets for each department and program. The Director of Operations may assign responsibility to staff responsible for departments and programs to prepare budgets.

The Director of Operations shall ensure that SKG's budgeted expenditures meet requirements of entities that have provided funding to SKG, where funding is conditional on activities or results specified by the funder.

- Where any entity has provided a funding grant for a specific project or purpose, the Director of Operations shall ensure that SKG's budget and accounts segregate this funding from SKG's operating budget.
- Funding from transfer payments to SKG from the Ontario government may be included in SKG's operating budget. The Director of Operations shall ensure that SKG's activities meet any requirements attached to the Ontario government's transfer payments to support SKG's operation.

The Director of Operations shall present a consolidated budget (including both SKG's operating budget and budgets for segregated project funds) for SKG to the board for timely consideration and approval.

The Director of Operations shall strive to present a budget for the upcoming fiscal year before the beginning of that fiscal year, or as soon as practicable in that fiscal year.

- It is recognized that significant revisions to the annual budget may be required in-year to respond to changed circumstances (for example, changes in operating grants from the Ministry of Colleges and Universities, or project grants from funders).
- Where anticipated revenue and/or expenditures are expected to vary materially from the approved budget, the Director of Operations shall present a revised budget to the board for approval.

The board may increase allocations of funds in the budget, reduce allocations of funds in the budget, or reallocate funds to different departments or programs in the annual budget based on priorities and policies, and in adherence with requirements of funding sources.

The board may amend the annual budget at any time before or after its implementation based on changes in priorities, funding allocations, new or reduced programs or other such events that may occur during the course of conducting the business of SKG.

The board may set limits on the extent to which variances of expenditures approved in line items in the approved budget can occur without the board's approval of an amended budget.

## **6.2 Monitoring of budgets**

Budgeted funds provided by SKG are to be expended for the purposes identified and approved in the annual budget, or in approved budgets as amended.

The Director of Operations shall establish processes to ensure that:

- Staff responsible for budgets and programs maintain records and controls to ensure that approved limits are not exceeded.
- Staff responsible for budgets and programs maintain records and controls that segregate operating budgets and budgets for projects supported by segregated funds.
- Staff responsible for departments and programs have access to financial statements for each department and/or program under their direction, at appropriate intervals, to allow them to monitor revenue and expenditures and compare revenue and expenditures to approved budgets.
- Year-to-date expenditures of all SKG's departments and programs are monitored and compared to approved budgets at appropriate intervals, to enable in-year reporting to the board and other reporting as required.

Each SKG officer or employee responsible for a department and/or program shall ensure that the department and/or program stays within budgeted allocations and shall report shortages and overages to the Director of Operations in a timely way if these occur.

## **6.3 Reporting to the board concerning budgets**

The Director of Operations shall present reports to the board showing year-to-date revenues and expenditures for each line item in the budget approved by the board and showing actual and forecasted variances from the approved budget.

- See also the section of this policy concerning financial reporting.

The Director of Operations may present a re-forecast of budgets to the board to include new or reduced program funding, changes in priorities or any other such events that may occur during the course of conducting SKG's activities.

#### **6.4 Classification of transactions**

The Director of Operations shall ensure that SKG establishes and maintains a system of classification of SKG revenues and expenditures.

This system shall ensure that:

- The classification of revenues and expenditures appropriately reflects and distinguishes SKG's activities and programs.
- Information about revenues and expenditures can be aggregated in support of budgeting and reporting.

#### **6.5 Financial information systems**

The Director of Operations shall ensure that SKG uses financial information systems that support business and financial reporting requirements and include controls to ensure that information is complete, accurate, and properly authorized.

### **7.0 Expenditures and Accounts Payable**

#### **7.1 Authorization of expenditures and commitments of funds**

The Director of Operations shall establish and maintain a system that designates authorization of expenditures and commitments of funds to positions or individuals in SKG. The system shall establish categories by amounts of expenditure or commitment of funds and set requirements for authorization for each category.

The board shall approve the system that designates authorization of expenditures and commitments of funds to positions or individuals in SKG.

The Director of Operations shall establish and maintain procedures to ensure that each expenditure and commitment of funds:

- Is authorized only by officers or employees who are authorized to approve them,
- Can be met by allocations within the applicable approved budget, and
- Is recorded in SKG's accounts in a way that associates it with an approved budget item.

#### **7.2 Payments of accounts payable**

The Director of Operations shall establish and maintain procedures to ensure that each disbursement of funds is:

- Authorized by an SKG officer or employee with authority to approve the disbursement;

- Supported by documentation that sets out SKG’s expectations for the quality and quantity of the goods or services to be purchased (for example, a purchase order, requisition, or contract); and
- Supported by documentation that includes adequate information concerning the entity from whom the goods and services were purchased and the quality and quantity of goods or services that were purchased.

The Director of Operations shall establish and maintain procedures to record and monitor all disbursements of funds, and to assign disbursements in the accounts of departments or programs.

### **7.3 Purchase of goods and services**

Goods and services shall be purchased for a department or program of SKG only where funds are available in a budget for that department or program that has been approved by SKG’s board.

Individuals responsible for decisions about purchase of goods and services shall strive to ensure that SKG receives good value for funds expended for the goods and services.

SKG shall maintain, to the extent possible given its staff complement, a segregation of responsibilities in the authorization of purchases.

### **7.4 Competitive procurement**

SKG shall use competitive procurement for purchases of goods and services for large purchases.

The Director of Operations shall develop, maintain, and implement a framework setting out requirements for competitive processes. The framework shall address requirements for processes for determining a vendor and for approval of purchases varying by dollar value of the procurement.

#### **7.4.1 Exceptions concerning competitive procurement**

It is recognized that situations may exist or arise that make a competitive procurement process impractical or impossible.

The chair of the board may authorize non-competitive procurement, on the recommendation of the Director of Operations.

Examples where competitive procurement may be bypassed include but are not limited to:

- An urgent situation exists and a competitive process would take too long,
- Only one vendor can provide the good or service, or
- Where a vendor was retained for a similar project (preferably through a competitive process) and it makes good business sense to retain the same vendor for reasons of continuity.



## **7.5 Payroll**

The Director of Operations shall establish and maintain procedures to:

- Monitor attendance or hours of work (as appropriate for the basis of officers' or employees' compensation) to ensure alignment of compensation with work performed;
- Calculate salary and wage disbursements accurately;
- Calculate all statutory deductions from salary and wages and remit these deductions to entities that require them;
- Maintain records of compensation paid; and
- Provide required documentation of employment and compensation to SKG officers and employees and other organizations (for example, income tax and employment insurance documentation).

## **7.6 Corporate credit cards**

SKG may determine that designated officers and employees may utilize corporate credit cards for purchases in support of SKG activities.

If SKG utilizes corporate credit cards, the Director of Operations shall develop and implement an accountability framework for the utilization of corporate credit cards.

The accountability framework governing the utilization of corporate credit cards shall include:

- The designation of specific officers or employees who may utilize a corporate credit card;
- Spending limits on corporate credit cards;
- Allowable expenditures that may be charged to corporate credit cards;
- Procedures for prior approval (where applicable), recording, and monitoring of expenditures made with corporate credit cards;
- Policy and procedures for recovery of unauthorized expenditures; and
- A report to the board for information that describes the accountability framework and provisions of the contract with the corporate credit card issuer.

## **7.7 Petty cash**

The Director of Operations shall establish and maintain procedures to:

- Designate officers or individuals in SKG who may disperse petty cash;
- Control the purposes for which petty cash may be disbursed, and the amounts of petty cash that may be disbursed;
- Record and monitor disbursements from petty cash; and
- Take appropriate and feasible steps to recover any misappropriated petty cash.

## **8.0 Revenues and Accounts Receivable**

### **8.1 Receipt of revenue**

The Director of Operations shall establish and maintain procedures to ensure that:

- Revenue due to SKG is recorded and collected on a timely basis;
- Amounts receivables are recorded in SKG's budget forecasts and accounts, and are not removed from the records without the appropriate authorization;
- All cheques, cash and other transactions are received and recorded by designated officers or employees of SKG, with adequate information concerning the source and purpose of the receipts;
- All cash and cheques received are securely stored and transmitted for deposit in a timely way;
- Appropriate and feasible steps are taken to recover any revenue lost to theft or fraud.

### **8.2 Accounts receivable**

The Director of Operations shall establish and maintain procedures to ensure that:

- Accounts receivables are recorded and monitored;
- Invoices for goods or services delivered by SKG are sent to recipients of goods or services in a timely way; and
- Action is taken to recover overdue accounts.

## **9.0 Financial Reporting**

### **9.1 Reporting in the course of a fiscal year**

The Director of Operations shall present reports to the board showing year-to-date revenues and expenditures for each line item in the budget approved by the board and showing actual and forecasted variances from the approved budget.

The Director of Operations shall present these reports for each quarter of the fiscal year (at a minimum), as soon as practicable for the reporting period.

### **9.2 Reporting for the fiscal year**

The Director of Operations shall ensure that accurate and comprehensive financial statements are prepared for each fiscal year.

The financial statements must:

- Be prepared in accordance with generally accepted accounting practices for non-profit corporations;
- Include all revenue and expenditures of SKG;

- Show revenues and expenditures disaggregated for SKG's operating budget and each segregated fund relating to a grant for a specific project or purpose;
- Be prepared as soon as practicable after the end of the fiscal year; and
- Be audited in accordance with this policy's provisions concerning audit (set out in a separate section).

The board must review and approve the annual financial statements.

Once approved by the board, the financial statements must be published in a way accessible to the public.

## **10.0 Banking**

### **10.1 Approval of banking arrangements**

Only the board may establish SKG bank accounts with financial institutions. All requests regarding operation of bank accounts shall be recommended by Director of Operations and approved by the board in the form of a motion.

SKG shall use the payment and deposit facilities of a bank authorized by the board.

All bank and investment accounts shall be in the name of SKG.

### **10.2 Authority to conduct banking transactions**

The board shall authorize specific individuals to conduct banking transactions (deposits, payments, transfers) in SKG accounts.

- The board may authorize specific SKG directors, officers, and/or employees.
- Any change in authorizations must be approved by the board.
- The board shall ensure that its authorization of individuals to conduct banking transactions provides appropriate balance between accountability and efficiency of operations. Authorizations should be differentiated by thresholds in the amount of the transaction and may include other differentiating characteristics as the board determines.
- Every banking transaction shall require approval of at least two authorized individuals.

The Director of Operations shall ensure that a record is maintained of the board's authorization of individuals and the transactions for which they are authorized.

### **10.3 Reconciliation of statements**

The Director of Operations shall ensure that SKG has established procedures to reconcile bank account statements with the recording of those transactions in SKG's account records.

## **11.0 Investments**

The Director of Operations shall ensure that SKG's cash deposits are managed economically and efficiently.

## **11.1 Management of surplus funds**

The Director of Operations shall ensure that SKG's surplus funds are managed economically, efficiently, and prudently, and shall seek to realize a reasonable return on surplus funds.

Where SKG has funds surplus to immediate needs, surplus funds shall be invested in accordance with the following investment approach and objectives:

1. Preserve the value of the assets against undue financial and market risk (including credit risk, foreign exchange risk, and interest risk).
2. Manage maturities of investments to meet cash flow requirements.
3. Provide a reliable high-quality stream of income.
4. Maintain a reasonable degree of liquidity for the investment of excess funds only.

To achieve these objectives, the following are permitted investments:

1. Obligations of the Government of Canada or guaranteed by the Government of Canada.
2. Obligations of a Province of Canada or guaranteed by a Province of Canada.
3. Obligations of a schedule 1 Canadian Chartered Bank with Dominion Bond Rating Services (DBRS) [or Standard and Poor's (S&P) or Moody's Investors Services equivalent] of not less than A, including securities such as bonds or debentures and other investments such as guaranteed investment certificates or term deposits.
4. All federally chartered schedule two (2) banks with DBRS rating of not less than A.

The maximum term to maturity of any single security is one year or cashable within one year at par for excess funds.

## **11.2 Endowments**

The Director of Operations shall ensure that endowments received by SKG are administered in a way consistent with the terms of the endowment, and that principle and income from the endowment is used only for purposes allowed by the terms of the endowment.

## **12.0 Audit**

The board shall approve an auditor to conduct an external audit of SKG annually.

The auditor must be a Chartered Public Accountant with a public accounting license valid in the Province of Ontario.

The board shall establish the terms of reference for the annual audit and other projects that may be undertaken by the auditor.

Upon the board's selection of a qualified auditor, a Letter of Engagement shall be drawn up and signed by the chair of the board and signed by the auditor.

The external audit shall be completed as soon as practicable following the completion of financial statements for the prior fiscal year.

The Director of Operations shall oversee the work of the external auditor.

As part of the annual audit of financial statements, the auditor shall prepare a management letter that comments on, and makes recommendations relating to, SKG's financial management practices and its system of internal controls.

Where applicable, the Director of Operations shall prepare a report to the board addressing recommendations made by the auditor relating to SKG's financial management practices and its system of internal controls.

### **13.0 Conflict of interest**

SKG's policy concerning conflict of interest applies to SKG directors, officers, and employees of SKG, and individuals acting under contract to SKG.

- SKG's Code of Conduct for SKG directors also addresses conflict of interest. If there is any contradiction between the Code of Conduct and this policy, the Code of Conduct shall prevail.

#### **13.1 Definitions**

For the purposes of this policy,

"Benefiting individual" means an individual responsible for acting in the interests of SKG or with duties to SKG who would benefit from a financial transaction of SKG, or an individual whose immediate family member would benefit from a financial transaction of SKG.

"Conflict of interest" means a conflict or possible conflict between SKG's interests and/or an individual's duties to SKG and an individual's personal or business interests, the interests of someone in his or her immediate family, or that individual's duties to any other organization.

"Immediate family" for the purposes of this section means a spouse (including a common law partner resident with employee), child, stepchild, a child who is a ward, parent (including stepparents or foster parent), brother, sister, grandparent, grandchild, mother-in-law, father-in-law, sister-in-law, brother-in-law, aunt, uncle, or any other relative residing in the individual's household or with whom the individual permanently resides.

#### **13.2 Authorization of transactions**

No individual responsible for acting in the interests of SKG or with duties to SKG shall authorize any financial transaction of SKG where that individual has a conflict of interest.

An individual who is authorized to approve a transaction where he or she has a conflict of interest shall declare that conflict to the Director of Operations.

#### **13.3 Benefit from transactions**

A benefitting individual shall declare a conflict of interest to the Director of Operations as soon as he or she becomes aware of the conflict of interest that would arise from a transaction or a financial decision of SKG.

- If the benefiting individual is the Director of Operations, the Director of Operations shall declare the conflict to the chair of the board.

#### **13.4 Process to address conflicts of interest**

At least two individuals in SKG (other than the individual who has declared a conflict) shall approve a transaction or decision where a conflict has been declared.

A benefitting individual shall recuse him or herself from any SKG discussion or decision-making involving a matter relevant to the conflict of interest.

The Director of Operations shall establish and maintain a process to ensure that, where a conflict or possible conflict is declared:

- At least two appropriate individuals in SKG shall review and determine whether to approve the decision or transaction, and
- Large transactions are brought to the attention of the chair of the board prior to their approval.

#### **13.5 Relationships with and gifts from third parties**

SKG directors, officers, or employees shall not receive a personal benefit from any person or firm that is seeking to do business or to retain business with the SKG.

SKG directors, officers, and employees, and members of their immediate families, shall not accept gifts from persons or firms that deal with the SKG where any such gift has value beyond what is a normal and customary business courtesy.

#### **13.6 Personal use of SKG assets**

SKG directors, officers, and employees shall not use SKG assets, resources, or information except in connection with SKG business.

#### **14.0 Procedures related to this policy**

Procedures related to this policy that are published as Procedure for FIN 01: Financial Administration shall be approved by the board before taking effect.

#### **15.0 Review of and amendments to this policy**

The Director of Operations shall review this policy at the end of the fifth year following the board's most recent approval of the policy. The review shall address the adequacy of the policy to ensure that the objectives set out in section 1.0 are met.

The Director of Operations shall present a report to the board concerning the findings of this review.

The board shall consider the findings of the review and approve this policy with amendments as warranted.

The Director of Operations may initiate a review of this policy or propose amendments to this policy at any time if the Director of Operations believes that a review or amendments are required.

The board may require the Director of Operations to initiate a review of this policy at any time.

**16.0 Related Policies, Procedures & Documents**

Procedure for FIN 01: Financial Administration

FIN 02 Honoraria

FIN 03 Travel and Related Costs

Procedure for FIN 03 Travel and Related Costs

SKG’s policies and procedures may be found here. [\[hyperlink to be added\]](#)

**17.0 Responsible Officer**

Director of Operations

**18.0 Version history**

Approved by:	Board
Original Approval Date:	February 9, 2023
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