



## **Briarpatch Magazine Inc.**

### **Financial Policy**

***Adopted February 1, 2022***

#### **Introduction**

The responsibility for managing and protecting the assets of Briarpatch Magazine Inc. rests on the shoulders of the volunteer board of directors. Financial management in a not-for-profit organization can be described as the managing and accounting of funds to ensure these funds are spent in accordance with board objectives. The effective acquisition, allocation, and use of funds determines the extent to which goals and objectives of the board are realized. Board members are responsible for the overall management of Briarpatch's resources – the responsibility does not simply fall to the Treasurer of the organization. Board members can, in some instances, be held individually liable for debts of Briarpatch in the event of non-performance. These responsibilities cover many areas of operation. For example, as a board member you will be required to approve the budget. This means asking sufficient questions so that the budget is understood.

Financial procedures are meant to protect the people responsible as well as the organization. Proper financial procedures help to take the entire burden off the shoulders of the treasurer and eliminate temptations for anyone involved in managing the assets of Briarpatch.

#### **Signing Authority**

Briarpatch has a standard safeguard where it is required to have a minimum of two authorized officers to sign all cheques. Briarpatch tends to have three or four people who are authorized to provide signatures so that if one person becomes ill or goes on an extended trip the organization always has at least two people to sign cheques. This procedure is ineffective if one of the officers signs a quantity of blank checks in advance. While probably well intentioned, this person has abdicated their duty as an officer and director and has put the organization's funds at risk. Signing officers and the entire board should always insist on all cheques being completely filled in before anyone signs. Officers with signing authority may also want to verify the cheques against the corresponding invoices before signing.

#### **Regular Reporting**

Financial reporting will be in detail and completed quarterly to obtain a clear indication of how Briarpatch sits financially. At a minimum, financial reports should indicate the current cash position of Briarpatch, the inflows and outflows for the reporting period and any outstanding expenses or receipts. Copies of the report are provided to all board members. It is the duty of the directors to ensure that they review and understand the financial reports provided.

The financial books or records of Briarpatch are the property of Briarpatch and not the treasurer. They should be open for examination at any reasonable time by directors of Briarpatch.

#### **Annual Budgets And Spending Limits**



Spending authority for the signing officers is normally provided in the annual budget of Briarpatch. The board of directors delegates authority to the signing officers for day to day purchases outlined in the budget. Expenditures not included in the budget should be approved by motion at a meeting of the board.

In responding to the needs of the magazine, staff can authorize expenditures (without Board approval) up to 10% over budget in any category of expenses (Program, Administration, Governance –not including the Payroll category) provided total expenditures do not exceed total revenues. Approval will be sought prior to expenditures as much as possible, and when not possible explanation will be given for over-budget categories.

The organization may set out spending limits for the staff on major purchases. Expenditures over \$500 require board approval. *This needs to be discussed and potentially approved by motion at a board meeting.*

For expenditures over \$2,500 or for capital expenditures over \$1,000, Briarpatch is required to obtain multiple quotes or estimates from vendors. Written quotes from two or three vendors would be obtained and presented to the Finance Portfolio before a purchase is approved.

### **Cash Transactions**

Some activities of Briarpatch may be most easily handled with cash. Sometimes this may result in large amounts of cash being handled at one time. Some simple procedures to eliminate risks in handling cash:

- Have cash receipts counted and recorded as soon as possible from the time that they were received.
- Always ensure that there are at least two people present when cash is being handled.
- Once cash has been counted, lock it up in a location that can only be accessed by authorized individuals.
- Make bank deposits regularly to avoid having significant amounts of cash on hand.
- In cases where cash is being distributed, request receipts or have the individuals receiving the cash sign a form stating that they have received it.

### **Cheques**

Cheques provide an easy to follow paper trail for Briarpatch. The following actions can help reduce the risks involved with handling cheques:

- Keep all blank cheques in a secure and preferably locked location.
- Keep signed cancelled cheques that are returned from the bank in a secure and preferably locked location.
- When a signing authority is paid via cheque, the staff member being paid should not sign the cheque. When this is unavoidable, written approval should be provided (such as via email) from a third signing authority.

### **E-transfers and PayPal**

E-transfers and using Paypal, along with other electronic payment methods are convenient for Briarpatch. Ensuring screenshots and appropriate digital documentation is necessary, as risks of



fraud increase with electronic payments. The following actions should be taken to reduce the risks involved:

- Ensure two-to-approve any e-transfer or electronic payment.
- When a signing authority is paid via e-transfer, the staff member being paid should not approve the e-transfer. When this unavoidable, written approval should be provided (such as via email) from two authorized signatories who are not the staff member.

### **Credit And Debit Cards**

Credit and debit cards are convenient and widely accepted, Briarpatch believes that it is appropriate for staff to be issued a Global Payments Mastercard. These are issued by Conexus Credit Union and can be used online, though the funds come directly from the Briarpatch account, not from credit. The Briarpatch credit cards should never be used for personal items even if the individual pays their share of the balance as soon as the statement comes due.

### **Independent Financial Reviews**

Briarpatch has their financial statements examined by an independent, objective, and qualified person once a year. A financial review completed by a professional in the field will provide Briarpatch with a credible opinion about the accuracy of the financial statements, how fairly the statements reflect the financial situation of Briarpatch and the degree to which the organization has complied with generally accepted accounting principles. Any concerns about the financial health of Briarpatch or the financial practices of Briarpatch will be brought to the attention of the board of directors. This type of review provides the board with assurance that the assets of Briarpatch are being managed properly and that the financial records and supporting documents are accurate and complete.

Briarpatch is required by ISC to provide board minutes noting that we waive the audit (Non-Profit Act) along with our incorporation documents each year at the board/membership level. Briarpatch is consistent at acquiring an accountant to complete a financial review annually.

The accountant can provide these commonly used services.

- **Audit** - An “audit” includes the use of inspection, observation, enquiry, confirmation, computation, analysis and discussion to provide the highest level of assurance possible.
- **Review** - A “review” includes the use of enquiry, analysis and discussion of information supplied by the organization to provide a moderate level of assurance. A review is less rigorous than an audit and does not provide the same level of assurance.
- **Compilation** - In a “compilation”, the accounting firm compiles financial statements for Briarpatch from the books and records of the organization. Briarpatch knows that the statements are accurate based on the information provided but have no assurance that the records have been verified as accurate.

Individual board members may be liable for payroll deductions for staff that are payable to Canada Revenue Agency and not remitted in a timely fashion. These include income taxes, Canada Pension Plan, and Employment Insurance deductions. There is also a liability for Goods and Services Tax remittances to Canada Revenue Agency. Organizations should have procedures in place to ensure these deductions are being remitted when required.



Professional accountants who sit on boards of directors do assume a greater legal responsibility for financial management than do other non-financial board members. They are assumed to have a greater level of skill in the financial area that they must apply to their responsibilities as board members.

In addition to the Treasurer's responsibility as a member of the board, the Treasurer may maintain all bank accounts, supervise all financial transactions, monitor the organization's budget, report to the Board of Directors and general membership on finances, and prepare any required financial reporting forms.

It is important that Briarpatch identifies a board member who is responsible for these tasks and that this decision be recorded. Financial policy is written so that the roles, responsibilities and limits of authority of those responsible for financial management are clearly articulated. Using simple language with a straightforward tone is the way to ensure that everyone can read and understand what is meant by the policy.

(Source: <http://culture.alberta.ca/bdp/workbooks/financial.pdf>)