Role of the Treasurer

Board Leadership Calgary 2014
University of Calgary Downtown
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Introduction

What is the story of why you chose to come to this session?

OR

What are you hoping to learn today and why?
Overview of this Session

1. Introduction and Definitions
2. The Role of the Treasurer: An Overview
3. The Treasurer and Good Governance
4. Resources: Tools, Templates and Tips
5. Questions
THE ROLE OF THE TREASURER: AN OVERVIEW
Financial Responsibilities of Nonprofit Boards

Who is Responsible?

- The Board of Directors
- Individual – voting for financial policies and the budget
- Collectively – fiduciary responsibility
- The board may delegate authority for some financial management duties to senior staff, finance committee or a treasurer

What is Required?

- What is stated in corporate legislation and other legislation and regulation
- What is stated in your bylaws

*Everything else is optional...*
Ladder of Authority

1. Staff
2. Board
3. Policy
4. Bylaws
5. Members
6. Regulation
7. Public Officials
8. Legislation
9. Legislature
What is a Treasurer?

- 1 of 4 traditional officer roles
- “Officer” is an old staple of corporate law
- Nonprofit context: Oversee financial management and report to the board and members financial status of organization.
Financial Management

Financial Management = managing how:

1. Income is generated (contributions or earnings)
2. Money is spent
3. Net assets are protected/ invested
4. Finances are presented and accounted for

Activities Related to Financial Management:

- Budgeting
- Accounting and financial statements
- Reporting and analysis
- Developing and monitoring financial policy
- Managing cash flow
- Transactions and internal controls
- Managing grants and contracts
- Risk management
- Annual reporting, income tax filing and statutory remittances
Finance Functions in Organizations

Transactional
• clerical tasks that support the accounting function, such as copying, filing, and making bank deposits
• attention to detail, exposure to basic accounting principles.

Operational
• range of accounting functions, such as paying bills and producing monthly financial statements
• nonprofit accounting knowledge, including managing grants and contracts.

Strategic
• systems development, financial analysis, planning, and communication about the organization's financial position
• Chief Financial Officer (CFO) level knowledge and skills

What Type of Board are You?

Board must determine policies and implement policies (has no senior staff)

Have senior management staff to implement policies determined by the Board

Sample Job Description – Board Treasurer

• Attend all board meetings
• Maintain knowledge of the organization and personal commitment to its goals and objectives
• Understand financial accounting for nonprofit organizations
• Serve as the chair of the finance committee
• Manage, with the finance committee, the board's review of and action related to the board's financial responsibilities
• Work with the chief executive and the chief financial officer to ensure that appropriate financial reports are made available to the board on a timely basis
• Present the annual budget to the board for approval
• Review the annual audit and answer board members' questions about the audit

Roles and Responsibilities (BoardSource 2008).
Levels of Authority

**Strategic**
- Approving and monitoring policy
- Setting goals/ strategic direction
- Committee leadership
- Analysis and reporting of financial status
- Overseeing financial operations

**Operational**
- Developing and monitoring budgets/ financial plans
- Managing cash flow
- Monitoring controls/ overseeing transactions
- Managing grants and contracts
- Bookkeeping/ supervising booking

**Transactional**
- Clerical tasks that support the accounting function, such as copying, filing, and making bank deposits

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Source: Board Development Program, Alberta Culture, [www.albertabdp.ca](http://www.albertabdp.ca)
SUPPORTING GOOD GOVERNANCE
Principles of Good Governance

An effective board will provide good governance and leadership by:

1. Understanding their role
2. Ensuring delivery of organizational purpose
3. Working effectively both as individuals and as a team
4. Exercising effective control
5. Behaving with integrity
6. Being open and accountable

Small Group Discussion:
How can the treasurer role support good governance?

FINANCIAL ACCOUNTABILITY

FINANCIAL STATEMENTS:
- Annual, acceptable CICA format
- Income over $1 mil must audit, others review engagement (unless required by legislation to have an audit)
- Financial statements received, approved by board, released within 6 months of FYE

TAX RETURN:
- Process to ensure accurate income tax return (T2 or T3010)

BUDGET:
- Board approves annual budget
- Has process to monitor organization’s performance in relation to budget.
- Board or committee reviews actual revenues and expenses versus budget at least twice a year.

REMITTANCES:
- Board or board committee receives from management, at least twice a year, assurance that all statutory remittances have been made

FINANCIAL ACCOUNTABILITY continued...

- **FUNDRAISING COST EFFECTIVENESS:**
  - Board regularly reviews the cost effectiveness of fundraising activities
  - No more spent on admin and fundraising than is required

- **INVESTMENT POLICY:**
  - Organizations with investable assets over $100,000 must have investment policy
  - Describe asset allocation, procedures for investments, and asset protection issues

- **COLLECTING ONLINE MONEY:**
  - Online donations or sales consistent with Canadian Code of Practice for Consumer Protection in Electronic Commerce
  - (and soon to be anti-spam legislation coming this summer)

Imagine Canada Standards Program

**TRANSPARENCY**

- **AVAILABILITY OF STATEMENTS**
  - Level 1 Organizations (5 FTE and up to $2 million in annual expenses) Publicly Available
  - Level 2 and 3 Organizations: last 3 years of annual reports, statements, accountant reports and names of all current board members
  - Charities must post registration number (BN) and public portion of most recent T3010

- **COMPENSATION:**
  - Accessible to its stakeholders to at least the same level as required by CRA in T3010

- **DISCLOSURE:**
  - Disclose in financial statements details of the purpose / amount of any payment for products or services to board members or companies in which a board member is an owner, partner or senior manager
  - Accurate disclosure of all costs associated with fundraising activities

RESOURCES:
TOOLS, TEMPLATES & TIPS
TIP: Financial Policy Essentials

- Assignment of authority for necessary and regular financial actions and decisions, which may include delegation of some authority to staff leaders
- Policy statement on conflicts of interest, or insider transactions
- Clear authority to spend funds including approval, cheque signing, and payroll
- Clear assignment of authority to enter into contracts
- Clear responsibility for maintaining accurate financial records

TIP: 3 Rules for Internal Controls

1. Ensure safe care of your assets
2. Separation of duties/ divide responsibilities
3. Transparency/ full disclosure

TIP: Budget Essentials

Two Functions
1. Planning - documents goals and objectives, in monetary terms, for a period of time
2. Monitoring - a guide to track progress on goals

Types
1. Accrual basis – based on matching income to expenses regardless of actual cash transaction
2. Cash basis – based on when cash transaction occurs
3. Capital budget – purchase or development of fixed assets
4. Flexible budget – if patterns of revenues and expenses are related to volume, e.g. occupancy; forecast for various levels

TIP: Budget Essentials

Guiding Questions:

- Does the budget reflect organizational priorities?
- What are the fundamental assumptions upon which the budget has been based?
- Who is responsible for monitoring and controlling the budget expenditures?
- What are the board’s budget policies that govern preparation and control of the budget?

Preparing the Budget:

- List goals and objectives for the year
- Estimate costs
- Forecast income for budget period (usually one year)
- Compare total expected revenue to the expenses
- Present budget to board for discussion and approval

USEFUL RESOURCES

Fiscal Policies and Procedures Template and Guide (Compass Point, June 2012)

Financial Responsibilities for Not-for-Profit Boards (Alberta Government & The Muttart Foundation, 2008),

Standards Program for Canada’s Charities and Nonprofits (Imagine Canada, 2012)
http://www.imaginecanada.ca/node/172

Financial Management Resources: National Council of Nonprofits
http://www.councilofnonprofits.org/resources/financial-management

An Executive Director’s Guide to Financial Leadership (Barr and Bell, 2014)

A Guide to Financial Statements for Not-For-Profit Organizations (CPA Canada, 2013)