

# **Role of the Treasurer and Finance Committee**

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**Rick Moyse**

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# Learning Outcomes

*Participants will:*

- Gain a better understanding of why the board treasurer position is so important
- Learn key board treasurer responsibilities
- Provide an opportunity to network with other treasurers and finance committee members
- Become familiar with related templates and resources that will make the job easier

# What We'll Cover

- The Treasurer's Responsibilities
- Special Roles
- The Societies Act
- Board Oversight
- Policies and Procedures
- Bookkeeper versus Treasurer
- Where can Things Go Wrong?
- Risk Management
- Due Diligence always Wins!

# The Treasurer's Responsibilities

- Stewardship of all funds and assets.
- Accounting for all income.
- Verifying all outflows, payments.
- Reporting.
- Assisting with the planning of the society's activities through financial budgeting.
- Providing advice on all matters relating to finance.

# Special Roles

- Payroll.
- Deductions and submissions to federal government (E. I., CPP).
- Management of pension plans and other benefits.
- Fundraising.
- Preservation of (federal) charitable status.
- Special applications and reports for grants & government funding.

# **Societies Act** **The LAW in Alberta!**

- Gives legal status to the organization, rather than resting on the individuals.
- Does not allow the issuing of shares or dividends (not a business corporation).
- Bylaws must contain clauses defining ten required areas, six of which directly affect the Treasurer.

# Societies Act – Bylaw Requirements Affecting Treasurers

- Membership (admission, expulsion, fees).
- Directors and officers (appointment, removal).
- Exercise of borrowing powers.
- Audit of accounts.
- Preparation & custody of books & records.
- Time & place of inspection by members.

# Societies Act – Annual Reporting

- Annual requirement to report on or before the last day of the month immediately following the society's anniversary month.
- The report must include:
  - ❖ an audited financial statement
  - ❖ list of directors



# Other Incorporation Options

- Alberta Companies Act
- The Canada Corporations Act
- Other Special Statutes
  - Cooperative Associations Act
  - FCSS / Children's Services Act
  - Agricultural Societies Act
  - Religious Societies Land Act
- Private Act of Legislature

# Board Oversight - where the Treasurer needs to be involved!

- What does the organization need to do to meet its goals, what is needed for resources, and how will it to this?
- What boundaries are needed to guide members so that they have freedom to act independently but within the scope of how the organization desires to operate?
- What does the Board need to do to maintain itself in order to function at its best potential?
- How will the Board know that its goals are being achieved successfully?

# What are Policies & Procedures?

- POLICIES define broad values and perspectives of the organization in four areas by defining:
  - ❖ the needs, and the outcome of meeting the organization's needs, and at what cost.
  - ❖ the boundaries of what is deemed acceptable for actions, practices and circumstances.
  - ❖ the governance practices that define the job of the Board and the rules they must follow.
  - ❖ how the Board will delegate to and monitor staff and/or volunteers performance.

# What are Policies & Procedures?

- PROCEDURES lay out the “how to do it” steps so as to ensure consistency and continuity:
  - ❖ allow for the creation of, and monitoring of, checks and balances.
  - ❖ each policy that applies to financial affairs should have a Procedure document flow from it.

# Policy Topics of Interest to a Treasurer

- Vision Statement and Mission Statement, defining what we strive for and what our role is in working toward this.
- Budget – income and spending controls.
- Pledging the assets of the organization.
- Financial safeguards, checks, and balances.
- Financial stewardship.

# Policy Topics of Interest to a Treasurer

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- Protection of assets.
- Treatment of staff and volunteers.
- Cash flow management and control.
- Deviation from approved spending.

# Procedures

- Who can spend money (or be reimbursed for personal spending), and how?
  - ❖ No-one can pledge the credit of a society.
  - ❖ It must be “in the budget”.
  - ❖ Limits can be defined; anything over must be invoiced and then paid by cheque.
  - ❖ Predetermined amounts (i.e. meal costs) can be set.
  - ❖ A claim form itemizing expenses and signed, can be created.

# Procedures

- Who can handle cash? What safeguards are in place for verification of income? What safety measures are used to protect the physical safety of those people?
  - ❖ Limit the size of a petty-cash startup amount.
  - ❖ Regularly collect cash, with a sheet itemizing what it is for, and signed by the volunteer(s) handling that money.
  - ❖ Use a cash register that prints a receipt for each transaction.



# Procedures

- How are decisions about where to bank recorded? Is the motion appointing signing authorities on the books annually?
  - ❖ Check with banks about their interest in working with societies; no-charge accounts, etc.
  - ❖ The Treasurer can keep a checklist of things needed annually, and make motions accordingly.
  - ❖ Signing authorities should be based on ensuring safeguards first and convenience second; often it is any 2 of 3 approved to sign; some groups prefer it to be the Treasurer and any other of 2 or 3.
  - ❖ Don't break your own rules by pre-signing blank cheques.

# Procedures

- Who has signing authority for cheques, and who has control over the cheque book?
  - ❖ Signing authorities must be appointed by motion.
  - ❖ The Treasurer should retain all blank or voided cheques.

# Procedures

- How are revenues tracked? Cash payments? Donations? Does the paper trail flow from letters/e-mails to receipts to deposit slips to reports?

# Procedures

- How do you create a paper trail, from identifying the need for something, to ensuring the best purchase (price, quality) is obtained, to buying it and paying for it, to matching receipts to cheque requisitions?
  - ❖ Create your own process and forms.
  - ❖ Consider using a requisition form that has all of the necessary boxes for all of this.

# Procedures

- What reports are presented to the Board, and with what frequency?
  - ❖ Cash flow
  - ❖ Income and outflow, net balances
  - ❖ Itemized expenditures

# Procedures

- Do you have a secure storage for all financial records, and do you know how long you must retain them?
  - ❖ Regular accounting generally must be stored for a number of (at least 6) years, just like personal tax information.
  - ❖ Casino funds often have special rules, so know them!
  - ❖ Grants often require special actions too.

# Procedures - Audit

- When do you use internal members to conduct the annual financial review, and when do you go “outside” for a full audit?
  - ❖ Create your own rule on this.
  - ❖ Audit any time a Treasurer resigns, even in mid-year.
  - ❖ Audit when funders require this over a financial review.
  - ❖ Audit any time there is a possible contention or perception of wrong-doing (to protect both the society and the treasurer).
  - ❖ Financial reviews should be done by at least two members, neither of whom have any conflict-of-interests with the financial side of the organization such as being signing authorities or having spouses who are.
  - ❖ A member should only be used twice in a row in order to maintain a fresh perspective.

# Procedures - Audit

- The Treasurer normally makes the motion at the Annual General Meeting by naming the option of either a financial review or an audit, and by naming the individuals or firm.



# Procedures – Internal Review

- Develop a checklist to be used by the two volunteers doing the internal financial review
  - ❖ Check the cheques cleared by the bank against the general ledger; watch for missing numbers.
  - ❖ Check the signatures to make sure only authorized signers have signed, and that the correct number of signatures are present.
  - ❖ Check to make sure invoices have details about the payment and have been receipted.
  - ❖ Check the calculations from the opening balance by adding all income and subtracting all expenses; check against the end-of-year balance.
  - ❖ Check bank statements to ensure there are 12 and each has been reconciled.
  - ❖ THIS IS ONLY THE START OF THAT CHECKLIST...

# Bookkeeper versus Treasurer

- Often you may do both roles.
- Bookkeeper records all transactions, maintains all records, prepares all cheques.
- Bookkeeper strongly guided by board policies and procedures.
- The Bookkeeper may be a contracted role.
- Treasurer provides oversight (board member).
- Treasurer holds ultimate responsibility.
- Treasurer prepares reports.

# Where Can Things Go Wrong?

- Now that you understand your role in managing MONEY, let's finish by talking about how you manage your RISKS!
- Where money is concerned, if it can go wrong, sometime it will!
- Stewardship: anticipating a problem in time to prevent it (one person's perspective...)

# Management at Work!

- Identify every thing that could go wrong.
- For each, think about how often it might happen.
- For each, think about how serious it might be.
- Plot each thing on the grid.
- Come up with things to PREVENT each, to MINIMIZE the consequence of each, or to AVOID it.

## A member sues the Treasurer.

**Treasurer  
“borrows”  
money.**

<b>F R E Q U E N C Y</b> High Low	<b>REDUCE</b> Risk	<b>AVOID</b> Risk
	<b>RETAIN/ACCEPT</b> Risk	<b>TRANSFER</b> Risk
	<b>Low</b>	<b>High</b>

## Software crashes, losing financial data.

**Cash is pocketed  
by a volunteer.**

# Diligence Always Wins!

- You didn't take on this role intending to fail.
- Your board should help you determine the actual expectations on this position.
- Don't feel overwhelmed; start with what currently exists (unless it is flawed).
- Plan to leave the position in better shape when you leave than when you started.
- Think about who will replace you (succession planning)

# Thanks, and All the Best!

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- Your position can be the most exciting (and important) of any of the positions on the Board!
- Feel free to contact us in Stony Plain at 780-963-2281 to get ideas, assistance, and training!