

| STATEMENT of POLICY and PROCEDURE | | | |
|--|---|----------|-------------|
| Manual: | O'Keefe Ranch and Interior Heritage Society | SPP No. | 4.05 |
| Section: | Financial Management | Approved | March 2018 |
| Subject: | Cash Management | Amended | March 2018 |
| Issue to: | Board of Directors | Page: | 1 of 5 |
| | | | |
| Issued by: | | | |

1 POLICY

- 1.01 **O'Keefe Ranch and Interior Heritage Society** will have a minimum of two signing officers for cash disbursements. In the normal course of events, they shall be the President, Secretary, Treasurer and a member of the Leadership Team.
- 1.02 All new bank accounts shall require a resolution of the Board of Directors.
- 1.03 Segregated funds shall be kept in a bank account separate from operational funds.
- 1.04 A cash reserve of 3 months of normal expenses shall be maintained at all times. The cash reserve may be held in cash, provincial or federal treasury bills, GICs of a Schedule I chartered bank, or Investment Savings Accounts insured by CDIC.
- 1.05 A credit line equivalent to 2 months of normal expenses shall be maintained at the bank.
- 1.06 Charitable receipts shall be issued by the Finance/HR Director. Bank deposits shall be made twice weekly and reconciled to charitable receipts by the bookkeeper.

2 PURPOSE

- 2.01 The purpose of this Statement of Policy and Procedure is to provide guidance on the treatment of the cash balances of the organization as well as appropriate controls over handling of cash.

3 SCOPE

- 3.01 This policy applies to the Board of Directors, the Leadership Team and all employees involved in the handling of cash.
-

| STATEMENT of POLICY and PROCEDURE | | | |
|--|---|----------|-------------|
| Manual: | O'Keefe Ranch and Interior Heritage Society | SPP No. | 4.05 |
| Section: | Financial Management | Approved | March 2018 |
| Subject: | Cash Management | Amended | March 2018 |
| Issue to: | Board of Directors | Page: | 2 of 5 |
| | | | |
| Issued by: | | | |

4 RESPONSIBILITY

- 4.01 It is the responsibility of the Board of Directors to set guidelines for cash balances and investments, reflecting prudent stewardship of member/donor funds and to assure itself that cash and investments are being managed and controlled effectively.
- 4.02 It is the responsibility of the Finance / HR Director to ensure that:
- (a) Cash and investments are managed according to guidelines set out by the Board of Directors.
 - (b) Internal controls are established over the handling and access to cash.
 - (c) Cash forecasts are performed on a periodic basis.
- 4.03 It is the responsibility of the Finance / HR Director to:
- (a) Perform regular reconciliations of bank balances and bank deposits to charitable receipts.
 - (b) Monitor the levels of inventory and accounts receivable.
 - (c) Review investments and cash balances monthly.
 - (d) Ensure that annual distributions meet CRA guidelines (see NP 1.06 – Taxes and Charitable Returns, on page 1.06-iv).

5 DEFINITIONS

- 5.01 “**Accounts payable**” is an amount owed for goods or services purchased but not yet paid for.
- 5.02 “**Petty cash**” means a small amount of cash kept on hand to be used for necessary minor purchases.
- 5.03 “**Accounts receivable**” is an amount due for goods or services sold but not yet paid for. Note that a pledged donation is not an account receivable.
- 5.04 “**Bank reconciliation**” is a comparison between the bank’s record of transactions and the records of the organization. After taking into account deposits not yet recorded and outstanding cheques the two records should be in agreement.

| STATEMENT of POLICY and PROCEDURE | | | |
|--|---|----------|-------------|
| Manual: | O'Keefe Ranch and Interior Heritage Society | SPP No. | 4.05 |
| Section: | Financial Management | Approved | March 2018 |
| Subject: | Cash Management | Amended | March 2018 |
| Issue to: | Board of Directors | Page: | 3 of 5 |
| | | | |
| Issued by: | | | |

5.05 **“Controls”** are mechanisms such as reports, reviews and procedures that are designed to ensure policies are effectively adhered to and reduce the risk of fraud or error.

5.06 **“Reconciliation of charitable receipts”** is the comparison between charitable receipts issued to bank deposits and the investigation of any unexplained differences.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP NP 1.06 – Taxes and Charitable Returns

SPP NP 2.05 – Risk Management

SPP NP 4.01 – Financial Management Primer

SPP NP 4.02 – Revenues

SPP NP 4.03 – Expenses

SPP NP 4.04 – Assets

SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

7.01 Banking Accounts and Authorization

- (a) New bank accounts must be approved by a resolution of the Board of Directors.
 - (b) All cheques will require two signatures with authorized signatories approved by resolution of the Board of Directors.
 - (c) All payments made by the organization with the exception of payments made from petty cash must be made by cheque or transfer from one of its bank accounts.
 - (d) All funds received by the organization must be deposited to one of its bank accounts on the day received.
 - (e) Transfers between the operations account and other accounts for segregated funds must be approved by the Board of Directors.
 - (f) Every bank account will be reconciled monthly. Discrepancies must be reported to the bank in writing immediately and followed up. Bank reconciliation forms will be retained for seven years.
-

| STATEMENT of POLICY and PROCEDURE | | | |
|--|---|----------|-------------|
| Manual: | O'Keefe Ranch and Interior Heritage Society | SPP No. | 4.05 |
| Section: | Financial Management | Approved | March 2018 |
| Subject: | Cash Management | Amended | March 2018 |
| Issue to: | Board of Directors | Page: | 4 of 5 |
| | | | |
| Issued by: | | | |

7.02 Reconciliation to Charitable Receipts

Weekly charitable receipts issued will be reconciled to bank deposits. Discrepancies will be investigated and reported to the Finance/HR Director.

7.03 Credit Lines and Loans

- (a) Access to the credit line by the bank as required to cover cheques issued by the organization may be automatic at the discretion of the **[Finance Manager]**.
- (b) Failing automatic triggering of credit, the credit line may be activated only with the approval of the **[Finance Manager]** or the **[ED/CEO]**.
- (c) Loan arrangements other than a credit line may not be made without the express authorization of the Board of Directors.

7.04 Cash Forecasts

- (a) Quarterly, the Finance/HR Director will review cash requirements and expectations for the coming three to six months and take necessary steps to ensure that sufficient cash is available through:
 - (i) Receivables management
 - (ii) Payables management
 - (iii) Inventory management
 - (iv) Purchase advances or deferrals
 - (v) Activation of the credit line
- (b) In the event that these actions are likely to be insufficient to the purpose, the Finance/HR Director will refer it to the CEO who will take necessary additional steps.
- (c) Annually coincident with the development of the budget, the Finance/HR Director will review longer-term cash requirements and expectations and take necessary steps in consultation with the CEO to ensure that cash will be available when needed, through:
 - (i) Adjustments to the budget
 - (ii) Supplementary fund-raising plans
 - (iii) Lease vs. purchase analysis
 - (iv) Borrowing
 - (v) Other steps as appropriate

STATEMENT of POLICY and PROCEDURE

| | | | |
|------------|---|----------|-------------|
| Manual: | O'Keefe Ranch and Interior Heritage Society | SPP No. | 4.05 |
| Section: | Financial Management | Approved | March 2018 |
| Subject: | Cash Management | Amended | March 2018 |
| Issue to: | Board of Directors | Page: | 1 of 5 |
| | | | |
| Issued by: | | | |