



∴ ontario library association

## **Governance Policies and Procedures**

<b>Policy Name: Finance</b>	
<b>Policy Number: G 5.1</b>	<b>Policy Type: Administrative</b>
<b>Approval Date: September 21, 2018</b>	<b>Date for Review: Every 3 Years</b>

### **INTRODUCTION:**

This financial policy supports the statements of purpose and objectives of the Association, reflects the needs of the program, assists in the orderly conduct of the Association's business and ensures fiscal responsibility.

### **The Financial Year**

The fiscal year of the Association terminates on the 31st day of August until otherwise determined by the OLA's Board of Directors.

### **PURPOSE:**

#### **Responsibility**

The OLA Board of Directors is responsible for approving the annual budget and for the setting of policy to guide the development, determination and fiscal success of the Association.

The OLA Finance Committee is composed of all Treasurers of the Association and is responsible for monitoring the financial health of the Association, reviewing proposed budget, policies, and making recommendations to the OLA Board of Directors on policy, budget and fiscal matters.

Each Treasurer is responsible for keeping their immediate President informed on all financial matters. The Board Treasurer is the Chair of the Finance Committee

The Ontario Library Association is a registered Corporation and must hold an Annual General Meeting (AGM). The AGM is held at the Super Conference and the business must include:

- The Annual Report
- The annual Audited Financial Statements
- The Management report from the appointed Auditing firm

In addition, any membership fee changes must be approved at the AGM.

### **Long Range Financial Planning**

The OLA Executive Director and Director, Operations and Treasurer shall ensure that all funds raised by the Ontario Library Association are invested with the advice of the auditors and approved by the Board of Directors.

## **PROCEDURES:**

### **Audit**

#### **Corporation**

As a corporation, the Association is subject to an audit of its financial activity each year.

#### **Timing**

The audit takes place about 3-4 months into the new fiscal year and takes approximately 4-6 weeks to complete. Statements are available in advance of the OLA AGM, which is held at the Super Conference.

#### **Disposition of Expenditures**

All invoices from the year should be recorded no later than October 1.

Director, Operations in conjunction with Accountant during year-end preparation will accrue all expenses that apply to the previous year and prepay expenses for the following year.

#### **Receipts**

Original receipts are required in the OLA office. The Treasurers of each council may accept photocopies or scanned copies of the receipts for review. All original receipts are to be sent to the OLA office Accounting Department.

The budget of the Association is based on the overall operations, events, programs, divisions, committees, affiliates, and partners as appropriate.

The budget of the Association is completed on an annual basis and includes estimates for:

- OLA Board expenses
- Office operating expenses (HR, benefits, overhead)
- Divisions (6) and related operations
- Membership dues
- Super Conference operations
- Education Institute & Events
- Forest of Reading Program
- Publication Program operations
- Other projects as appropriate

The budget of the Association does not include contract management activities.

#### **Allocation of Surpluses**

All surplus funds created from the under spending of budgets and arising from Association contract management activities are to be directed to the development of a reserve equivalent to 75% of the annual operating budget of the Association and to the fiscal support of Association issues identified by the OLA Board of Directors.

## **Limitations**

The budget approved by the OLA Finance Committee for presentation to the OLA Board of Directors in a given year must be balanced or be showing a surplus.

## **Budget**

### **Presentation to the Board**

The Board Treasurer shall present the budget, policies and other recommendations approved by the OLA Finance Committee at the September Board meeting.

### **The Budget Procedure**

Each council is expected to have developed a strategic plan that outlines the direction of programs and activities for which the budget is being developed.

The program items applicable to the budget year under development are listed line by line and figures summarized both as a program budget and the administrative costs implicit in each program line.

Each Executive of the Association shall annually submit to the Board of Directors through the appropriate council Treasurer:

- The unit's strategic plan
- A report on the accomplishments of the previous year's budget
- A fiscal summary of the budget request for the coming year

### **Budget Approval Process**

Budget projections are to be submitted to the Executive Director and/or Director, Operations no later than 30 days prior to the budget meeting or at a date mutually acceptable to all Treasurers.

The OLA Executive staff integrates all budgets into a grid to create a global budget statement. The Director, Operations will meet with all Councils/Board/Staff to develop the annual budget between June-August each fiscal.

The OLA Finance committee meets a minimum of 2 weeks prior to the OLA Board meeting at which the annual budget is presented and recommendations are made for approval at the September Board of Directors meeting.

At this meeting, the Treasurers are to determine the appropriateness of the spending for the past year and to review the budget recommendations from OLA's Leadership (Executive Director and Director, Operations) to operate for the coming year. Related policy considerations are to be in the report being brought forward to the OLA Board of Directors by the OLA Treasurer.

The OLA Finance Committee shall consider all financial policy change recommendations. Where the OLA Finance Committee is willing to support a change, a recommendation should be sent forward to the OLA Board of Directors for consideration and approval.

Detailed financial statements are provided to the OLA Board of Directors with audit completion. At each Board meeting, the Director, Operations in conjunction with the Board Treasurer will provide a financial quarterly report on budget vs. actuals. In addition, each divisional council Treasurer will receive quarterly reports prepared by the Director, Operations.

Each quarter, the Board Treasurer will report on 3 areas:

1. Good news story, if applicable
2. Summary, which reports a surplus or deficit and;
3. Areas of concern, budget targets were not met (identify reasons)

### **Budget Maintenance**

Funds in excess of those approved by the OLA Board of Directors in the annual budget estimates require a new application to the Board.

By-Law No. 1, Clause 29 includes legal requirements for signing of cheques, arranging, settling, balancing and certifying books and accounts with the Association's bankers. By-Law No. 1, Clause 30 outlines the manner in which securities are to be handled. By-Law No. 1, Clause 31 outlines the basis for borrowing by the Association.

Detailed financial statement is provided to the OLA Board of Directors for each Board meeting and also sent to all treasurers on a quarterly basis.

### **Budget Development Timetable**

#### **June – August (Summer)**

The OLA Board of Directors and Association Councils (6) meet separately and/or jointly to update their strategic plans and determine budget needs for carrying out the activities and strategies designated for the coming fiscal year. Global budget developed and reviewed with Board Treasurer and presented to the Finance Committee before the Board of Directors for approval.

#### **August 1**

Budget proposals due. Proposals should be submitted to the Committee staff liaison or the Director, Operations.

#### **September**

Beginning of financial year. All claims from the previous twelve-month period should be in the office by October 1 for reimbursements in the fiscal year and in order to be ready for the annual audit. With recommendations from the Finance Committee, the Treasurer will present to the Board of Directors for approval at the September meeting.

#### **January**

Auditor presents audited statements and findings report to the OLA Board of Directors for approval prior to the Annual General Meeting.

**Within 6 Months after Fiscal Year Ends** The OLA Board Treasurer at the OLA Annual General Meeting (AGM) held at Super Conference will present audited statements to the membership.

Cycle restarts

### Operating Policies

#### **GST/HST**

GST/HST is charged on all related business activity subject to the guidelines from Canada Revenue Agency. The Association receives an income tax credit on GST/HST spent by the Association in return for collecting this money for the federal government.

No GST/HST is charged on membership fees. As a not-for-profit association, OLA is able to claim a rebate on the GST/HST spent by the Association on its general operations.

#### **Refunds**

Membership fees are non-refundable, except as approved by the OLA Staff or designate in special circumstances.

Refunds are allowed on events if a request has been received in writing (mail, email). Registrations will be reimbursed at 75% until 30 days prior to the event; 50% until 15 days prior to the event and will not be reimbursed at all within 14 days of the event. Registration can be transferred to another staff member at any point during the registration process.

Refunds are subject to an administrative fee in every case.

#### **Bad Debts**

Persons or companies with outstanding debts from earlier transactions will not be processed until moneys owing are paid in full.

Bank charges billed to the OLA for NSF cheques are billed back to the person having the difficulty.

#### **Meetings**

The Association provides compensation for travel, accommodation and other sundry expenses to bona fide OLA members attending official meetings of the Association or its units if a budget has been approved.

A meeting to be eligible for such compensation must be a minimum of four hours in length or a half-day and must have an approved budget.

Non-members invited as experts to eligible meetings are not eligible for expense compensation except in special circumstances where special approval has been received from OLA Leadership.

**Claim Procedures**

All claims for expenses for members and employees must be submitted on the appropriate OLA Expense Form accompanied by the appropriate original receipts.

Claims must be approved by the Staff liaison/Treasurer of the unit holding the meeting.

**Special Considerations**

Per diems may be claimed for any expense incurred as a result of attending an eligible meeting if a budget was approved. Receipts showing how the per diem was spent are required.

Car travel is reimbursed at a rate set from time-to-time by the OLA Board of Directors. Mileage charge will be allowed provided it is no greater than the charge by the most economical type of public conveyance.

OLA may pay the cost of supply teachers for Presidents who are Directors on the OLA Board of Directors only if they are required by virtue of their office to attend an OLA sponsored meeting or event and a budget has been approved.

**Ineligible Claims**

Where a claim is adjusted to conform to OLA Financial Policies, the Treasurer and/or OLA's Leadership must inform the claimant of the change.

**Donation of Expenses**

Volunteers may donate their claims if they prefer. A donation receipt will be issued in lieu of payment if the appropriate box is ticked on the Expense Claim Form. Proof of expense is required for audit purposes.

Special Project Grants**Objective**

The objective is to make special project grants to members, associations, or other organizations that apply for financial support from the Ontario Library Association.

**Limitations**

Grants will only be considered that promote the interests of the Association and the interests of libraries in the Province of Ontario.

**Responsibility**

It shall be the duty of the OLA Board of Directors to authorize grants and/or to recommend other ways and means for applicants to consider.

In special circumstances, the OLA Executive may grant up to \$1,000 subject to Board ratification at a later date.

**Funds**

By June of each year, OLA executive staff shall determine the sum deemed reasonable for special projects outside the Association. Funds for these requests shall be provided from the reserve fund. Unused funds shall be returned to the reserve fund.

**Applications**

Applications may be made to the OLA through any part of the Association but are subject to the direct approval of the OLA Board.

The application must state the purposes and amount required for any special project. All requests must include reasons why the funds are needed, how the funds will be allocated, and what the value to Ontario libraries would be. New Initiatives application should be used.

**Recognition**

All recipients of funds must agree to recognize OLA's contribution to their projects. The OLA Board of Directors will set the conditions for recognition of an OLA grant.

**The Agreement**

The receiving agent or agency must sign a formal letter of agreement.

All granted funds are conditional on the funds being used in the manner approved.

The grant is subject to the applicant accepting the conditions set out in the letter of agreement.

**The Power of the Board and the Executive Director****Authority**

The Board of Directors is ultimately responsible for the financial management of all activities.

The OLA Treasurer is responsible for the corporate funds and securities of the Association and shall account to the Executive Committee, the Board of Directors and the members of the Association for all financial transactions of the Association.

The Executive Director is responsible for the day--to--day financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank and investment accounts.

**Authorized Signing Officer**

The following persons are the authorized signing officers for the Association: OLA President, OLA Treasure, the Executive Director, and two other staff members nominated by the Executive Director and approved by the Board of Directors.

The signing officers are authorized to sign cheques and contracts. Two signing officers are required for each payable cheque. The Executive Director and the staff signing



officer(s) are authorized to sign cheques up to \$100,000 for budgeted expenditures and contract management activities. Cheques for amount greater than \$100,000 shall require additional authorization from the OLA Treasurer or OLA President. Authorization may be given by email when required by expenditure timelines.

The Executive Director and staff signing officer(s) are authorized to enter into contracts for activities that have been approved by the Board as part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters.

### **Operating Loans**

New operating credit facilities may be established upon approval of the Board of Directors. The OLA Executive Director will propose establishing new operating credit facilities to the Board of Directors, as required, and will advise the Board of the associated terms and conditions of the proposed loan, including but not limited to: total amount, rate of interest, repayment period.

Once the credit facility is established with the maximum loan limit stipulated by the financial institute, the OLA Treasurer and the Executive Director are jointly authorized to:

1. for the contract management activities which the repayment is guaranteed, borrow from the credit facility for the amount up to \$400,000 or the maximum loan limit, whichever is lower, and for an expected repayment period no more than three months; and
2. for all other purposes, borrow from the credit facility for the amount up to \$150,000 or the maximum loan limit, whichever is lower, and for an expected repayment period no more than three months. The OLA Treasurer is required to report back to the Board of Directors on the loan and repayment status during the period of the borrowing.

The Board of Directors must authorize any borrowing request outside of these parameters.

### **Investment**

By-Law No. 1, Clause 30 outlines the manner in which securities are to be handled:

“The securities of the Association shall be deposited for safekeeping with one or more bankers, trust companies or other financial institutions to be selected by the Board of Directors of the Association. Any and all securities so deposited may be withdrawn from time to time only upon the written order of the Association signed by such officer or officers, agent or agents of the Association and in such manner, as shall from time to time be determined by resolution of the Board of Directors of the Association and such authority may be general or confined to specific instances. The institutions which may be so selected as custodians of the Board of Directors of the Association shall be fully protected in acting in accordance with the directions of the Board of Directors of the Association and shall in no event be liable for the due application of the securities so withdrawn from deposit or the proceeds thereof.”



#### Procedures for Expense Claims & Approvals

The claimant should mail all the original receipts and the completed Expense Claim Form with the claimant's signature directly to the OLA office. The claimant may also scan/email the copy of the receipts and the claim form to the appropriate Treasurer. The Treasurer should review the claim request and email the OLA office if changes are required.

Cheques are signed bi-weekly. Expect a three-to-four week turnaround during the Association's busy season.

The Director, Operations will send a budget vs. actual report with detailed trial balance to each council every quarter. Please verify that all changes on these statements are accurate. Send an email to indicate mistakes and they will be corrected. If you see a charge that has come through the office that you do not recognize, please enquire.