

Governance Policies and Procedures

Policy Name: Finance	
Policy Number: G 5.1	Policy Type: Administrative
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FINANCE

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 Annual General Meeting must be held within 6 months of the end of the fiscal year and may be held virtually or in person.

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 or by-law changes must be approved at the AGM.

Long Range Financial Planning

The OLA Executive Director, Director of Operations, OLA Accountant, and Board 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 3-4 months into the new fiscal year and takes approximately 4-6 weeks to complete. Audited Financial Statements are available 10 days in advance of the OLA AGM, which must be held within 6 months of the end of the fiscal.

Disposition of Expenditures

All invoices for 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

Receipts must accompany expense claims for reimbursement.

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 (7), Committees and related operations
- Membership dues

- Super Conference operations
- Education programming & events
- Forest of Reading Program, and Festival
- Publications
- Other projects as appropriate

The budget of the Association does not include contract management activities. OLA occasionally provides contract services for other organizations and incurs expenses and revenues. Past examples include the Youth Initiative Program (formerly known as the Community Access Program), an Industry Canada program that supported youth working in public libraries.

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, with support from the Director, Operations 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 an action plan based on the multi-year 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 Division and Committee of the Association shall annually submit to the Board of Directors

through the appropriate council Treasurer:

- The division action plan, work 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 on 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 must receive the draft budget a minimum of 10 days in advance and meet to review the budget prior to the 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 Board 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. For Board meetings that include financial reports (3 times annually), the Director, Operations in conjunction with the Board Treasurer will provide a quarterly financial 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 4 areas:

- 1) Good news story, if applicable
- 2) Summary, which reports a surplus or deficit and;
- 3) Areas of concern, budget targets not met (identify reasons)
- 4) Comparators (chart, graphs, trends)

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 quarterly reports are provided to the OLA Board of Directors three times per year and reviewed with the Board Treasurer prior to presentation.

Budget Development Timetable

June – August (Summer)

The OLA Board of Directors and Association Councils (7) meet separately and/or jointly to update their action/workplans 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 received 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 Board Treasurer will present the proposed budget to the Board of Directors for approval at the September meeting.

January

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

Within 6 Months after the Fiscal Year ends the OLA Board Treasurer at the OLA Annual General Meeting (AGM) 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 for events if a request is made in writing to OLA staff.

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 e-copy 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 not 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 Board 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 Board Treasurer, 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 Board Treasurer or OLA Board 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 of no more than three months. The OLA Board 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.