



Policy and Procedures: Financial Policy

File Category: Administration/Policy and Procedures

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BACKGROUND AND PURPOSE:

This policy provides guidance regarding Financial activities within CLCCF's corporate governance structure.

PURPOSE: To establish a Financial Policy.

POLICY:

WHEREAS The Board of the Cascade Lower Canyon Community Forest Corporation (CLCCF) requires clear financial policy to govern its operations,

AND WHEREAS this Policy must be clear to the Board and General Manager in contract to the Corporation,

THEREFORE be it resolved that the Board of the CLCCF establishes the following Financial Policy.

SECTION 1 – Financial Policies and Procedures

The purpose of financial management at CLCCF is to ensure that funds are used effectively to achieve the Corporation's goals.

The following persons are involved in the financial management of the CLCCF:

1. Board of Directors
2. General Manager
3. Bookkeeper

SECTION 2 – Financial Accountability – Board of Directors

The Board of Directors is responsible for ensuring the overall financial stability of the CLCCF. The Board is responsible for effective financial management to ensure a stable and viable Corporation.

Procedures, The Board of Directors will:

1. Ensure that the financial policies and procedures are established and adhered to.
2. Review of financial policies and procedures annually
3. Approve the Annual Plan & Budget.



4. Review revenue and expenses on a quarterly basis and compare them with the approved budget.
5. Ensure that the physical and financial assets of the Corporation are properly managed.
6. Annually review, and if necessary revise, and approve the General Manager's contract.
7. Ensure the financial dealings of the Corporation will be in accordance with its Policies.
8. Not authorize any transactions that will result in any personal liability of the Board of Directors or that will adversely affect the capital and assets of the Corporation.
9. Ensure that debts are settled in a timely manner.
10. Ensure that CLCCF's general liability coverage and Directors and Officers liability insurance do not lapse and reflect the current needs of the Corporation.
11. Only approve a deficit budget and utilize contingency funds when log market conditions require them to do so.

SECTION 3 – Financial Accountability – Book Keeper

Book Keeper Responsibility

1. Is assigned by the Board of the CLCCF.
2. To give the GM a backup copy of the current year's financial records monthly or as requested.
3. To receive all invoicing, billings, cheques received and payables via the GM.
4. To obtain the bank statements and cancelled cheques and review these on a monthly basis.

SECTION 4 – Financial Accountability – General Manager

1. Receive and sign all invoicing, billings, cheques received and payables.
2. Code the same and forward to the book keeper with signature approving payment.
3. File the original items in #1 in the GM's CLCCF office.
4. Assist in the preparation of the AP&B, monitor the same, and recommend any revisions necessary.
5. Participate in the preparation of Annual Plan and Budget,
6. Maintain chequing, savings, term deposits/investments and recommend any changes to the Board.
7. Prepare, monitor and revise the Silvicultural Accrual.
8. Manage Contracts as per the current fiscal years budget.
9. Has the authority to spend CLCCF funds according to the current fiscal years budget and Corporate Plan consistent with this policy.

SECTION 5 – Financial Controls- Internal Control



The CLCCF will implement a well designed system of internal controls.

Procedures

1. The Board of Directors will ensure that appropriate safeguards are implemented to prevent fraud or theft of CLCCF's funds.
2. Assets will be physically protected. Cheques will be kept in a secure location and will be deposited in the bank by the book keeper as soon after receipt as possible.
3. Insurance coverage shall be reviewed annually to ensure CLCCF needs are met.
4. Accurate and complete documentation of all meetings of the Board are to be maintained in the form of minutes in the corporation office by the GM.

SECTION 6 – Financial Controls – Annual Budget Review

An annual budget will be completed and presented to the Board of Directors prior to the start of each fiscal year. The annual budget will be completed consistent with the operations plan for the upcoming fiscal year.

SECTION 7 – Financial Controls – Annual Audit

The annual preparation of our financial documents will be completed by an accountant through a Letter of Engagement (LE).

Procedures

1. The Board of Directors will appoint a chartered professional accountant to prepare the financial documents for the next fiscal year.
2. The accountant will conduct an audit of CLCCF's financial/accounting systems and ensure that financial statements and records have been prepared in accordance with generally accepted accounting principles.
3. These financial statements will be presented to the Board for its approval as soon as is feasible after the end of the fiscal year.
4. The financial statements will be filed with Revenue Canada by the accountant.

SECTION 8 – Financial Controls – Review of Financial Statements

The Board of Directors will review the financial statements to compare expenditures and incomes against the CLCCF's Annual Plan & Budget on a quarterly basis.

Procedures

1. The General Manager will receive and review these financial statements on a quarterly basis.
2. The Board of Directors will receive and review financial statements indicating CLCCF's current cash position in relation to the approved budgets monitored quarterly.



3. The Board of Directors will pass formal motions accepting the financial statements quarterly.
4. The General Manager will produce a monthly summary of our cash on hand, liabilities and surplus to be included in the Board's monthly meeting minutes.

SECTION 9 – Financial Controls – Signing Authority

The CLCCF will adhere to the signing authority requirements as specified in the Policy - Corporate Governance Policy revised Oct 19, 2015.

Procedures

1. CLCCF and the Board of Directors will maintain a formal list of names, titles and signatures of those individuals who have signing authority.
2. There will be two authorized officers' signatures on all CLCCF cheques.
3. The President, Vice President and General Manager will maintain bank signing authority. All cheques require 2 signatures. These signing officers have authorization to transfer funds within the Corporation's banking accounts. Ideally this transfer will be done by the General Manager.

SECTION 10– Financial Controls – Cheques

The CLCCF Board will ensure that internal controls on the use of cheques are implemented.

Procedures

1. All cheques will be numbered and used in numerical order.
2. All cheques, including blank unused cheques, will be kept in a secure location.
3. All void cheques will be maintained on file.
4. Cheques will not be issued to "cash" or "the bearer."
5. All invoices will be reviewed by a signing officer.
6. A cheque will be completed before receiving the second and final signature.
7. The General Manager will be responsible to review bank records.

SECTION 11 – Financial Controls – Deposit of Funds

Funds received by our organization will be subject to internal controls.

Procedures

1. The General Manager is responsible to confirm the deposit of account receivable cheques.
2. The cheques are normally deposited by the book keeper.

SECTION 12 – Financial Controls – CLCCF Investments



The Board of Directors will ensure that investments held by CLCCF are secure investments and that they are monitored on a regular basis. Funds held by CLCCF over and above the current fiscal years budget will be invested according to this policy.

Procedures

1. All investments, purchase and sale of securities, will be under the control of the Board of Directors.
2. Investment income earned will be subject to the same financial controls as all other CLCCF funds.
3. CLCCF investments should be very secure investments, short term and liquid.
4. Two signing officers are required to setup or redeem CLCCF investments with Board approval.
5. The General Board must review the investment prior to the renewal date and arrange for investments to be redeemed into general revenues as needed, so that CLCCF's operating costs may be met.
6. CLCCF's Contingency Fund will be monitored according Section 18 of this Policy.

SECTION 13– Financial Processes: Contracts

The Corporation is responsible for all contracts that are entered into by the Board of Directors. The Tendering Policy CF28-2015 will be followed.

SECTION 14– Financial Processes: Contingency Funds

The purpose of the Contingency Fund is:

1. To provide funding:
 - a. For unforeseen liabilities that arise.
 - b. To cover CLCCF expenses in times of depressed log prices.
 - c. To cover required expenditures should the Board decide to postpone the logging of any portion of the AAC.
 - d. To provide a buffer that facilitates an even flow of funds available to the Partners for disbursement to the community.

Minimum Amount

A minimum budgeted balance of 2 times the immediate past 3 year average total cost.

Example: **CLCCF** corporation to maintain the following funds as an Contingency Fund:

- ♦ One year's Costs = (Office Administrative costs + Forestry and Engineering Cost) = Total Cost
- ♦ Total Cost x 2yrs = **Contingency Fund**

must be maintained on an annual basis. This amount will be reviewed by the Board annually.



Allocations

All allocations from this fund must be approved by the Board.

SECTION 15– Financial Processes

The Board will only approve a deficit budget and utilize Contingency funds when log market conditions require them to do so.

Budget Revenue Adjustments

General Manager Authority

Approved budget revenue GLs can be adjusted at any time during the Fiscal Year by the General Manager to increase revenue amounts if the increase of revenue is the result of projects that have been previously approved by the CLCCF Board of Directors.

Approved budget revenue GLs can be adjusted at any time during the Fiscal Year by the General Manager to increase revenue amounts if the increase of revenue is less than 30% of the gross revenue as the result of projects that have not been previously approved by the CLCCF Board of Directors.

Approved budget revenue GLs can be adjusted for a decreased amount less than 30% of the gross revenue, at any time during the Fiscal Year with the approval of the General Manager under the condition there is no net loss to the overall proposed profit margin.

CLCCF Board of Directors

Approved budget revenue GLs adjustment decreases that will impact the overall proposed profit margin must be approved by the CLCCF Board of Directors.

Approved budget revenue GLs adjustment increases amounts greater than 30% of the gross revenue as the result of projects that have not been previously approved by the CLCCF Board of Directors, must be approved by the CLCCF Board of Directors.

Budget Expense Adjustments

General Manager Authority

Approved budget expense GLs can be adjusted by up to 30% of the gross expenses, at any time during the Fiscal Year with the approval of the General Manager by moving budgeted funds from one expense GL to another under the condition there is no net loss to the overall proposed profit margin. The General Manager must update the CLCCF Board when moving funds from one GL to another.

Approved expense GLs can be adjusted up to 30% of the gross expenses, at any time during the Fiscal Year with the approval of the General Manager if there is a corresponding increase to the revenue GLs. The General Manager must update the CLCCF Board when moving funds from one GL to another.



CLCCF Board of Directors

Approved budget expense GLs adjustment amounts greater than 30% of an individual expense GL or GL adjustments that will impact the overall proposed profit margin must be approved by the CLCCF Board of Directors.

SECTION 16– Community based For Profit Corporation

The Corporation exists to manage the community forest and return all surplus funds over and above funds required to operate the Community

Forest (including the **Contingency Fund**) in a fiscally prudent manner to the CLCCF Community Forest Partners. The Partners will distribute these funds to the community through projects submitted to and approved by each of the Partners in accordance with their individual policies.

End of policy.