

## Section 6: Operations – Finance Policies

OF-1	Financial Planning and Budgeting .....	1
OF-2	Financial Condition .....	2
OF-3	Asset Protection and Risk Management.....	4
OF-4	Capital Assets – Acquisition and Disposal .....	6
OF-5	Investments.....	8
OF-6	Confidential Submission Process.....	9
OF-7	Reserve Fund .....	10

Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-1</b>
Policy: <b>Financial Planning and Budgeting</b>	Date Approved: <b>April 24, 2003</b>
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To ensure the financial stability and long-term sustainability of the AWWA, the Executive Director develops an annual budget based on the AWWA's mission, priorities, policies, and annual plan. Budgets must:

- Show acceptable levels of foresight
- Ensure that the AWWA avoids financial jeopardy
- Meet the requirements of all relevant legislation

**Parameters:**

1. Budgets must provide:
  - a) Enough detail to enable reasonably accurate projections of revenues and expenses
  - b) Separation of capital and operational items
  - c) Appropriate detail for the annual fiscal audit
  - d) Disclosure of planning assumptions, with related rationale for major assumptions
2. Budgets must be based on Board-approved priorities and on a long-term administrative plan that includes the replacement and repair of capital items.
3. Budgets must meet Generally Accepted Accounting Principles (GAAP), except when alternate methods are required and noted.

Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-2</b>
Policy: <b>Financial Condition</b>	Date Approved: <b>April 24, 2003</b>
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The AWWA must operate in a financially sound and prudent manner. Thus, the Executive Director must:

- Ensure the AWWA's financial well-being by not causing or allowing situations that jeopardize the AWWA
- Conduct the AWWA's financial affairs in a manner that meets its obligations under relevant legislation and funding agreements
- Adhere to the approved budget

#### **Parameters:**

1. Actual allocations must follow Board-approved priorities, relevant legislation, and funding agreements.
2. The Executive Director presents at each Board meeting a current income statement and balance sheet that has been prepared no more than forty-five (45) days prior to the meeting.
3. The Executive Director must bring to the Board any financial matters that fall outside of the approved budget prior to making any commitments or expenditures in these areas. In emergency situations, the Executive Committee may approve such a commitment or expenditure. The Executive Committee must report any such approvals at the next Board meeting.
4. **Accounts Payable**  
The Executive Director ensures that:
  - a) Accounts payable are processed in a timely manner.
  - b) Tax payments and other government-ordered payments are filed accurately and/or paid on time.
5. **Accounts Receivable**
  - a) Accounts receivable that are received within thirty (30) days of the date of the invoice are eligible for a 2% discount.

**b) Advertisers**

- i. Cash in advance (COD) is required for advertisers with accounts that are sixty (60) days or more in arrears. Exceptions may be made only if the advertiser that is in arrears:

- Has agreed to a payment plan that is acceptable to the AWWNA and
- Is meeting the requirements of a payment plan

The AWWNA does not carry outstanding client balances over 90 days. Payment plans should be structured so that account balances do not age beyond 90 days. In the event that a client is unable to meet the requirements of such a payment plan, further ad placements will not be made on behalf of the client until such requirements are met.

- ii. New advertisers pay in advance until credit is established with the AWWNA. The only exceptions are advertising agencies that have accreditation with the Canadian Newspapers Association (CNA) or the Canadian Association of Broadcasters (CAB).
- iii. All new accounts for advertisers, and any accounts that have been inactive for eighteen (18) months or more, must complete a credit application.
- iv. An Equifax report must be requested for all new accounts, and must be reviewed prior to granting credit.
- v. The AWWNA does not run any ads before receiving payment or approving the advertiser for credit privileges.

- c) The Executive Committee reviews annually the AWWNA's collection procedures.

Collection procedure (See Appendix B)

6. The Board may establish long-term reserves to meet the needs of AWWNA for:
  - a) Capital requirements approved in the budget and/or long-term plan
  - b) Unusual or excessive bad debts
    - i. The funds in this reserve are to be maintained in an interest-bearing account or in interest-bearing securities.
    - ii. Any earned interest is accumulated in this reserve.
    - iii. This fund may be used, with Board approval, to cover bad debts that are unusual or excessive.
  - c) Research, development, and training

Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-3</b>
Policy: <b>Asset Protection and Risk Management</b>	Date Approved: <b>April 24, 2003</b>
	Last Date Reviewed: <b>Nov 2007</b>
	Last Date Revised: <b>September 17, 2003</b>
	Number of Pages: 2

The safety and dignity of its members, its paid and volunteer staff, and anyone who has contact with the AWWNA, are of primary importance in the operations of AWWNA. To help ensure this, the AWWNA practices effective risk management in order to protect its human, capital, financial, and goodwill assets and resources. Thus, the Executive Director ensures that assets are protected and adequately maintained, and develops a risk management plan for the AWWNA that is reviewed and updated as needed.

#### **Parameters:**

The Executive Director ensures that:

#### **1. Financial Controls**

- 1.1 Sufficient internal financial controls are in place for receiving, processing, and disbursing funds. These controls must meet the Board-appointed auditor's standards for a similar-sized organization.
- 1.2 The Board must authorize any unbudgeted expenditures.
- 1.3 The President must approve the Executive Director's expense claims. See OF-2, point 3.
- 1.4 The Executive Director, unless required otherwise, may sign all contracts and documents relating to operational matters of the AWWNA.
- 1.5 Signing Authority
  - 1.5.1 All cheques must be signed by two (2) of the following:
    - a) President
    - b) 1<sup>st</sup> Vice President
    - c) Corporate Secretary
    - d) Executive Director
    - e) Controller
    - f) Professional Development and Communication Coordinator
  - 1.5.2 For cheques over \$5000.00, one of the signatures must be the President, 1<sup>st</sup> Vice President, or the Corporate Secretary. Routine cheques to the Receiver General, member newspapers, and the CCNA are exempt from this requirement. Expenditures over \$5000.00 that are pre-approved by the Board, through motion, are also exempt.

2. **Insurance and Liability**
  - 1.1 Insurance against theft and casualty losses must be maintained at replacement value.
  - 1.2 Insurance against liability losses to Board members, to staff, or to the AWWA must be maintained at a prudent level.
3. **Human Resources**
  - 3.1 There is a current disaster plan, with fire safety policies, that is readily available to all staff, and is reviewed annually with all staff.
4. **Property and Equipment**
  - 4.1 Quality, after-purchase service, and value are considered when making purchases. The Executive Director provides an opportunity for fair competition, while considering conflict-of-interest, both real and perceived. See *Policy OF-4* for the acquisition and disposal of capital assets.
  - 4.2 Property is inventoried and a tracking system is in place to prevent loss, damage or theft.
  - 4.3 Facilities and on-site equipment are properly maintained.
5. **Intellectual Property, Records, and Image**
  - 5.1 Designated records are retained according to Provincial legislation and regulations. Other records, intellectual property, information, and/or files are protected from loss or significant damage.
  - 5.2 Essential information stored in computers is copied on a regular basis, with provision for both onsite and offsite storage.
  - 5.3 All confidential records are maintained in an appropriate manner and stored securely.
  - 5.4 The public image and credibility of the AWWA is protected.
6. **Service Contracts**
  - 6.1 Service contractors provide sufficient proof of:
    - a) Acceptable standards of operation
    - b) Adequate insurance coverage to mitigate against risk
7. **Interruption of Business**
  - 7.1 There is an emergency plan that describes the steps to be taken in case of the interruption of service due to fire or other circumstances. The Executive Director reviews this plan annually.

Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-4</b>
Policy: <b>Capital Assets – Acquisition and Disposal</b>	Date Approved: <b>April 24, 2003</b>
	Last Date Reviewed: <b>Nov 2007</b>
	Last Date Revised: <b>January 2006</b>
	Number of Pages: <b>2</b>

Capital assets must be acquired and disposed of in a cost-effective manner that protects the Awna from conflict-of-interest situations.

**Parameters:**

**1. Acquisitions**

**1.1 Threshold**

1.1. Individual asset items are considered capital assets if the item has a:

- a) Purchase price of \$1,000 or more; and,
- b) Life expectancy of more than one year.

Individual asset items purchased that are less than \$1000 are considered expenses.

**1.2 Classes/ lengths of amortization period**

1.1 Asset classes/ lengths of amortization are as follows:

- a. Computer/ office equipment - five years
- b. Office furnishings - ten years
- c. Leashold improvements - length of office lease

**1.3 Method**

1.1 The method of amortization is as follows:

The Awna will follow the “straight-line” method of amortization, with amounts of depreciation to be allocated in equal amounts over each successive year of the amortization period, until the asset item is fully amortized.

**1.4** The Executive Director includes anticipated capital acquisitions in the normal budgetary process as part of a separate capital acquisitions budget. The Executive Director must receive Board approval prior to the purchase of unanticipated capital acquisitions.

**1.5** Capital items must be tagged and inventoried.

## 2. **Disposal**

- 2.1 Before disposal, the Executive Director creates a record of all obsolete capital assets that includes the date purchased and the reason for disposal.
- 2.2 Awna staff may purchase obsolete capital assets.
- 2.3 The Executive Director maintains a record of the disposal.



Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-5</b>
Policy: <b>Investments</b>	Date Approved: <b>October 2018</b>
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AWNA's funds are invested to maximize return while protecting principal.

**Parameters:**

1. The Board reviews investment activity annually.
2. The Executive Director reviews the investment activity quarterly to assess performance, and immediately reports any substantial loss to the Board.
3. Acceptable investment vehicles and/or accounts are those that are both:
  - a) Low to moderate risk, and
  - b) Are liquid, and
  - c) Comprise 50% fixed income and 50% equity investments.
4. All securities are written in the name of AWNA.
5. Investments must meet the requirements of the *Trustee Act*.
6. The board shall review its investment policy annually or upon the recommendation of the Executive Director.

Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-6</b>
Policy: <b>Confidential Submission Process</b>	Date Approved:
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### **Confidential Submission Process**

A Confidential Submission Process allows employees to anonymously express concerns regarding financial reporting issues or questionable business practices they observe. Such a process provides employees who may otherwise feel uncomfortable an opportunity to voice their concerns about significant organizational issues.

Staff can report any concerns regarding financial improprieties directly to the Awna President. The Awna President will determine whether the issue should then be brought to the Board.

Policy Section: <b>Operations – Finance</b>	Policy Number: <b>OF-7</b>
Policy: <b>Financial Planning and Budgeting – Reserve Fund</b>	Date Approved: <b>April 25, 2017</b>
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AWNA's reserves are to ensure the stability of the mission, programs, employment and ongoing operations of the association and to provide a source of internal funds for organizational priorities.

**Parameters:**

1. The Board reviews reserve funds annually and /or upon the recommendation of the Executive Director.
2. Reserves should be categorized as:
  - a) Restricted net assets, and
  - b) Unrestricted net assets, and
  - c) Invested in capital assets.
3. Unrestricted equity (operating reserve) should be maintained at a minimum six months of operating costs.
4. The reserve funds will be accounted for in the association's financial records.
5. Use of reserves requires:
  - a) Identification of use as provided by the Executive Director, and
  - b) Authority to use reserves as approved by the Board of Directors, and
  - c) Reporting and monitoring to ensure funds are maintained and used only as described by policy.