

OKF FINANCIAL POLICY

OKF Board of Directors will include a member-elected Treasurer. This Treasurer will oversee the Finance Committee that will be comprised of one member from each relevant committee (that involves a budget and expenses). For example, but not limited to, one member from each of the coaching, officials, membership committees may form the Finance Committee.

1. Policy

1.1 The OKF Financial Policy exists to ensure that only necessary and authorized purchases are made and that funds exist within approved budgets to meet any expenditures. Controls within the policy will also ensure that payments are only made for goods and services actually received at the price and / or quality agreed.

2. General

2.1 All financial transactions shall be governed by accounting standards as they apply to not-for-profit organizations and ensure that the Board of Directors' legal and fiscal responsibilities are observed.

2.2 The Treasurer shall ensure that all books and financial records are maintained and kept current.

2.3 Financial reports shall be prepared in accordance with Sport Canada and Not-for-Profit requirements.

2.4 The fiscal year shall commence on April 1st of each year and end on March 31st of the following year.

2.5 The banking business of the Corporation shall be transacted with such bank or banks, or trust company or trust companies as the Board may by resolution from time to time determine. All such banking business, or any part thereof, shall be transacted on the corporation's behalf by such Officer(s) and/or other person(s) as the Board may by resolution from time to time determine.

3. Treasurer – Roles and Responsibilities

3.1 Act as main liaison to the OKF Board of Directors regarding all financial matters. Communicate regularly with the OKF Board and membership regarding finances of the federation.

3.2 Approve and execute financial tasks and procedures, including, but not limited to, purchases, deposits, dues collection, reimbursements, paying bills and fundraising.

3.3 Work in coordination with the Finance Committee to accumulate data and develop appropriate committee budgets and an overall annual budget for OKF.

- 3.4 Keep an accurate record of all financial transactions, including, but not limited to, keeping an official ledger. Such ledger will be regularly reviewed by the OKF Board.
- 3.5 Ensure that appropriate procedures are in place to enable OKF to receive all income to which it is entitled.
- 3.6 Reconcile financial activity regularly. Keep the Board and members informed about the current financial status of OKF through regular reports.
- 3.7 Collect and deposit any dues and other income. Any cash received will be recorded through use of a receipt book – including signature of the members receiving and providing the cash. The deposit will then be itemized in the ledger.
- 3.8 Deposit federation funds within 48hrs of receipt. All bank deposits are supported by other records, such as itemized breakdowns in the official ledger.
- 3.9 Responsible for ensuring that any external grants or subsidies received by OKF are invoiced or otherwise received promptly and appropriately recorded in the OKF accounts. Where this involves more than one financial year, the Treasurer shall ensure that appropriate arrangements are in place to identify these sums as restricted funds in OKF's accounts.
- 3.10 Adhere to all financial policies and procedures in the official OKF manual.

4. Finance Committee – Roles and Responsibilities

- 4.1 Responsible for the long term financial planning and yearly budgeting of the association.
- 4.2 Responsible for the administration of funds as directed by the Board.
- 4.3 Should be aware of the financial policies and procedures related to the Ministry of Tourism, Culture and Sport.
- 4.4 Recommend financial guidelines and policies to the Board of Directors.
- 4.5 Review fundraising and marketing needs and make recommendations to the Board of Directors regarding it.
- 4.6 As required provide financial information to the Board of Directors.
- 4.7 Ensure a yearly audit or review of the association is conducted as per the Act.
- 4.8 Investigate new accounting procedures as required.
- 4.9 Keep abreast of new funding sources.

- 4.10 Determine program's administration expenses and program's ministry funding for next fiscal year.
- 4.11 Review Association's Accounts Receivables.
- 4.12 Prepare a yearly report for the Annual General Meeting of Ontario Karate Federation

5. Accounts & Audit or Review

- 5.1 The books of account shall be audited annually by an auditor appointed at the preceding Annual General Meeting. The reports of the auditor shall be submitted by the Treasurer to the Annual General Meeting following the end of the fiscal year. However, where a review is required under the Act, a Review shall take place in accordance with the Act.
- 5.2 The Members shall appoint an auditor at the Annual General Meeting to hold office until close of the next Annual General Meeting. If such an appointment is not made, the current auditor in office continues in office until a successor is appointed.
- 5.3 The signing authority of the Corporation shall be vested in the Officers, and staff member(s) as authorized by the Board.

6. Budget

- 6.1 With input and consultation of the members of the Finance Committee and BOD, the Treasurer will create an annual operating budget that reflects revenue and expenditure for the Federation, including all programs and administration and is consistent with those priorities as determined by the OKF Board of Directors, in consideration of the developed Strategic Plan.
- 6.2 The annual operating budget will be presented to the BOD for review and approval prior to the conclusion of the previous fiscal year. Budget preparation will be carried out in a timely manner to allow for adequate scrutiny in advance of formal Board approval. This timetable will be determined annually, taking in to account the date of the AGM and surrounding events.
- 6.3 Preparation of budgetary reports will be the responsibility of each member of the Finance Committee with respect to their particular area. Detailed financial accounts will be produced and reviewed on a monthly basis. The Treasurer, in conjunction with these members, will then be responsible for reviewing the overall OKF accounts on a monthly basis. OKF's financial position will be reported on a monthly basis to the BOD and made available to members as part of reports or upon request. Explanations will be provided for variances between actual and predicted budgets.
- 6.4 At each Board Meeting it will be the responsibility of the Treasurer to present the latest financial accounts to the Board of Directors.

7. Quotes and Tenders

7.1 In order to ensure the best value for money and transparency, staff responsible for ordering goods and services, are required to conform to the following:

7.1.1 For goods and services with a value of less than \$500, orders may be placed at the Board member's discretion. Proper receipt and reimbursement protocol is required.

7.1.2 For goods and services with a value of \$500 or more, a minimum of 3 written quotes must be obtained where practicable and retained as part of the company's accounting records. Where 3 quotes are not obtained prior written approval must be sought from OKF Board of Directors.

8. Purchasing Procedure

8.1 The fundamental control principle in place is that at least 2 employees are involved in ordering and certifying invoice payments. This is a key control measure for OKF and will also protect individual employees. These individuals can include the Treasurer, a Finance Committee member, or a Board member.

8.2 Purchase Approval: Any orders placed without required approval, will NOT be covered by OKF. For approval, email the Treasurer:

- Vendor name
- Item(s) and price per item
- Total cost
- Include copy of any artwork (for apparel orders)

8.3 The order may be placed once the email request is returned as approved.

- Preferred Approach for orders
 - Place order after receiving approval
 - Have bills sent to the Treasurer via email, fax or surface mail
- If a vendor requires prepayment, make the appropriate arrangements through the treasurer.

8.4 Invoices received for the supply of goods and services are to be checked for arithmetical accuracy and against orders confirming the price paid and against the delivery note to ensure that the goods and services as invoiced have actually been received.

9. Reimbursements

9.1 In order to be reimbursed for expenditures made for official association business incurred by an individual, one must:

- Provide the Treasurer with all original receipts, which must be no more than 30 days old. (Faxes or email may be initially provided, but only until the original can be given in).
- Complete a Request for Reimbursement form

10. Bank Mandates and Cheque Signatories

10.1 OKF will pay the majority of its suppliers via cheque. This is useful with respect to tracking information.

10.2 The Executive Director, along with the Treasurer, will be responsible for arranging the necessary proof of identity and completion of bank authority signing mandates, as well as ensuring deletion of such signing authority upon termination of a Board member's position.

10.3 The Treasurer is responsible for completing all payee details and amounts to be paid. Prompt recording of payments in the official ledger is required, including details of the cheque number, payees' details and the value of the payment.

10.4 Bank mandates and cheques require two signatures, as per the Bylaws.

10.5 Cheques shall not be signed unless supported by evidence of the validity of the payment, including relevant invoices and confirmation that the goods or services have been received.

10.6 Under no circumstances may any individual sign blank cheques.

10.7 The Treasurer is responsible for the security of the cheque books and official ledger. These shall be stored securely at all times. In the event of loss or theft, the Treasurer shall inform the Executive Director immediately and report the loss to the relevant bank and police (if theft is suspected).

11. Credit Cards

11.1 At this time, Ontario Karate Federation does not have any credit cards in its name. In the event that that should change, the Board of Directors will develop appropriate guidelines. These will include, but not be limited to:

- Credit cards will be registered to the OKF head office and not an individual card holder's home address.
- Credit cards shall not be used for cash withdrawals.
- All credit card expenditures must be supported by a voucher and/or invoice and recorded and analyzed within the official ledger. This is the responsibility of the Treasurer.

12. Petty Cash

- 12.1 Payments made in cash by OKF will be kept to a minimum. Under no circumstances may cash payments be made from incoming cash receipts or by way of direct withdrawal from OKF bank accounts.
- 12.2 At OKF sanctioned events, a designated OKF Board member or representative will have a maximum of \$250 cash on hand. Responsibility for the use of said cash will rest with the designate and/or Treasurer. Petty cash may only be used for small value purchases (\$50 or less). Where expenditure is over this level, alternative forms of payment must be used.
- 12.3 All purchases made using petty cash will be entered in to the receipt book as per above. All petty cash will be accounted for at the end of any event. Regular spot checks of the petty cash will be made, along with inspection of the official ledger. Review of the financial records can be done by the Board of Directors and/or the Finance Committee.
- 12.4 Petty cash balances shall be reimbursed to the value of the Petty Cash held as required by the submission of a Petty Cash Claim form and supporting documentation to the Treasurer.

13. Loans

- 13.1 Where consent is given for Ontario Karate Federation to borrow money, the Treasurer and President are responsible for the taking out of any loan which shall be in the name of OKF where it is in the interests of OKF to do so. The Treasurer is responsible for reporting the details of the loan including full terms and conditions to the BOD and Finance Committee.
- 13.2 The Treasurer shall ensure that:
 - OKF is able to meet the repayments of the principle and interest as they fall due before taking out any loan, with a plan in place to support this;
 - All loans are documented, including the amount of the loan, any charges, and interest due;
 - A record of all outstanding loans is kept noting the history of repayments of principle and interest for each loan and outstanding balance;
 - If a loan is secured or subject to bank covenants, the terms of the security or bank covenants are in the interests of the organization and appropriate details are logged on the register of assets.

14. Collection of Debts

14.1 The Treasurer shall have overall responsibility, but may work in conjunction with other members, for the collection of monies due to OKF and to ensure that systems are in place so that:

- Debtors invoices are raised promptly in respect of income due to OKF;
- Swift and efficient action is taken to collect overdue debts in accordance with OKF policy; and
- Outstanding debts are monitored and reports prepared for the Finance Committee and BOD

14.2 Provision for bad debts reflected within OKF's financial accounts is the responsibility of the Treasurer.

15. Use of Restricted Funds

15.1 External grants received by OKF are typically received for particular purposes and may only be used for such purposes. It is the responsibility of the Treasurer to identify such restricted funds and ensure that where grant funding remains at the end of a financial year or where funding is allocated over more than one financial year that such funding is clearly identified as restricted funding within OKF accounts.

15.2 It is the responsibility of the members submitting successful grant funding applications to advise the Treasurer of such restricted funds.

16. Sports Coaching Equipment

16.1 It is recognized that some members will need to utilize OKF equipment and as such will remove it from headquarters or storage facilities. Where members are authorized to remove such equipment, they are responsible for ensuring that they take all reasonable steps to protect the equipment from theft ie. Not leaving equipment unattended or in unlocked cars.

17. Expenses Policy

17.1 OKF's expenses policy applies without exception to all Directors, employees (ED), staff and volunteers.

17.2 In all cases, expense claims are required to be authorized by someone other than the claimant. In most cases this will be the Treasurer, but the Executive Director or President may also be involved. The member is required to certify that the claim is accurate and has

been incurred in connection with OKF business. This may include volunteer work undertaken by Directors and employees in connection with other sporting organizations, professional bodies and similar organizations. Falsification of expenses claims may result in disciplinary action.

- 17.3 All claims made under the Expenses Policy will be checked for accuracy prior to approving payments. All expenses will be paid by cheque in accordance with OKF procedures.
- 17.4 Specific arrangements with respect to appropriate claims for travel expenses, mileage and accommodation incurred in carrying out OKF activities will be reviewed annually and on a per event basis, taking in to consideration OKF's current financial position.

18. Accepting Gifts and Hospitality

Transparency in all decisions taken by OKF Directors is essential. The acceptance of gifts and hospitality must be carefully considered to protect the reputation of Ontario Karate Federation and the involved individuals.

OKF's policy on the acceptance of gifts and hospitality is as follows:

- 18.1 Gifts and hospitality under the value of \$20 may be accepted by a member where it is incurred wholly in connection with their duties. Such gifts may include calendars, pens, pins, and similar. Working lunches or dinners provided that no extravagance is involved may also be acceptable.
- 18.2 Gifts over the value of \$20 may not be accepted, except where their refusal may cause offence. In such circumstances gifts may be accepted but shall not be personally retained by the member. Their disposal will be subject to Board approval. The gift and action taken will be recorded in the Gifts and Hospitality Register by the Executive Director.
- 18.3 Hospitality between the value of \$10 and \$250 may only be accepted where it is impossible to do so without causing significant offence. All such cases of hospitality shall be declared to the ED and recorded in the Gifts and Hospitality Register.
- 18.4 Hospitality involving sexual or gambling activities and/or activities of a nature likely to bring OKF into disrepute may not be accepted in any circumstances.
- 18.5 Hospitality over the value of \$250, involving overseas travel or events may only be accepted with prior approval of the OKF BOD.

19. Professional Fees

- 19.1 Professional fees can only be paid or reimbursed with the prior approval of the Treasurer, Executive Director or Board of Directors.

20. Fraud and Irregularity

- 20.1 Financial fraud and abuse may arise from a number of different activities: bribery, fraud, theft and money laundering or the loss of electronic data may result in significant loss for OKF but also damage to its reputation with members, other sports organizations and the general public. There may be significant risk to OKF's reputation from association with bribery or the making of facilitation payments (perceived or real). OKF's Code of Conduct is to be followed at all times by all members and volunteers. Fraud and financial crime may occur by income-related fraud, expenditure-related fraud, investment fraud, procurement fraud, fraudulent invoicing and grant applications, identify theft / fraud, banking fraud and E-Crime (including phishing)
- 20.2 Transparency in all decisions taken by OKF members is an essential part of the culture of Ontario Karate Federation. Implementation of control measures identified within this policy play an important part in managing the risk from fraudulent activities.
- 20.3 An initial breach of these financial procedures will not automatically be treated as a disciplinary matter. OKF embraces the values of transparency, integrity and honesty, with members being trusted to act appropriately at all times. However, it is also recognized that genuine mistakes may be made due to particular circumstances, lack of training, or misunderstanding of requirements.
- 20.4 Where it is recognized by a member or volunteer that they themselves have committed a breach of financial regulations, it is important that the individual brings this breach to the attention of a Finance Committee member or the Treasurer at the earliest opportunity. The Treasurer is responsible for investigating the breach and for its rectification, where possible. In addition the Treasurer is responsible for ensuring that the employee who committed the breach understands the correct action to take in the future. The action taken should be recorded.
- 20.5 Where members or volunteers suspect fraudulent or other criminal activity they are encouraged to report their suspicions to a Finance Committee member or Treasurer, or in the event of those individuals being implicated or otherwise uncomfortable with raising the issue with, they should report the matter to an appropriate member of the Board. This policy applies to all members, staff and volunteers, including any concerns about the conduct of Committee Chairs, the Executive Director or the Board Directors.

21. Review

- 21.1 OKF will review this policy and procedures on an annual basis, or as required, and will make necessary adjustments to ensure that it meets the needs of all members.