



# Western Canada Water Finance Policy

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## 1. Introduction

The primary use of Association funds is to benefit the membership through programs, educational opportunities, conferences, and other related activities. The Association believes it's also prudent to plan for unexpected financial events that could jeopardize the Association's stability, and to evaluate the best use of surplus funds. The general investment strategy should be developed and reviewed annually. The Treasurer will be responsible for this aspect in conjunction with the President and the Executive Director.

All financial activity and investment policy will be for the sole interest and exclusive purpose of the Association and its membership. The Association's assets and funds should be handled and invested with care, skill and diligence, and in compliance with all applicable guidelines, rules, and legislation.

## 2. Purpose

The purpose of this document is:

- To provide Board members and staff with an overview of the roles and responsibilities with respect to financial control and handling of funds to ensure accountability and equity,
- To provide a financial policy that serves as a guide for day-to-day financial operations that satisfies the requirements of a not-for-profit organization,
- To establish policy on the budgeting process,
- To establish policy on reimbursable expenses,
- To establish policy for the necessary reserve to ensure financial stability,
- To provide an investment policy, to be reviewed each year, that serves as a guide for investing reserve funds, and
- To establish limits, if necessary, on any surpluses generated by the Association.

## 3. Objectives

The primary objectives of the Association with respect to its finances are:

- to ensure sufficient funds are available to provide a satisfactory level of service to the membership,
- to preserve operating capital and assets,
- to maintain sufficient liquidity to meet cash flow needs in the event of foreseen and unforeseen circumstances, and
- to make conservative investments to avoid loss of principal.

## 4. Financial Administrative Policy

### 4.1. Accounting Method

All accounting processes are described in the Accounting Procedures Manual which is to follow all generally accepted accounting principles of not-for-profit organizations. Specific procedures are defined in the WCW Accounting Procedures Manual.

### 4.2. Banking

All bank accounts shall be with a recognized bank in Canada. The Treasurer and Executive Director are signatories with another Executive member to be assigned in case the Treasurer is unavailable. The executive director can sign cheques up to a value of \$2500, with a second signatory by authorized board member required for all amounts above \$2500. The Treasurer is usually from Calgary to help facilitate this process.

### 4.3. Cash Flow

On a quarterly basis the Executive Director and the Treasurer review the Association's budget status including anticipated expenditures and revenues.

Schedule A identifies the minimum balance to be retained in the current account to meet the anticipated monthly accounts payable. A cash flow analysis should be undertaken if the balance falls below the indicated value. The maximum cash account balance is the point where the investment policy should be referenced to determine if it is prudent to move funds to investments. The Association's Credit card Limit is also reflected in the Schedule.

Re-stating the above in practical terms, if funds fall below the minimum amount, or if additional funds are required to meet anticipated payments, short term deposits will be cashed. If funds exceed the maximum amount, and additional expenses are not anticipated in the near future, then monies will be transferred to short term deposits. The Treasurer has the authority to make these decisions with notification to the Board.

### 4.4. Auditing

The Association's finances will be audited once per year by a qualified auditor. The results of the audit will be



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presented at the Annual Board Meeting/AGM.

## 4.5. Liability Insurance

The Association will maintain a Not-For-Profit Corporation Liability Insurance Policy for office property and staff. Officers and Directors Liability insurance will also be maintained.

## 4.6. Contract Signing

Where possible, committee members and those organizing events should ensure all negotiations and finalization of contracts, for workshops, seminars, meetings and supply of services are handled through the Association's office. Any contracts exceeding \$50,000 must be signed by the Executive Director and one other member of the Finance Committee. The Treasurer must be notified of all contracts signed on behalf of the Association, and these contracts must not exceed the approved budget amounts. Unbudgeted amounts require the approval of the Finance Committee. Monies owing for any contracts should be billed directly to the Western Canada Water office.

## 4.7. Conference Committee Expenses

All conference planning expenses are required to be reviewed by the planning committee treasurer or their designated representative (sub committee chairs). Approval of expenses and all appropriate support documentation should be forwarded to the treasurer, who will in turn submit documentation to the office for payment or reimbursement. All expenses should include clear indication on who the payable party is, amount of GST and the purpose of the funding. See WCW Conference Planning Guide for further details on planning committee treasurer responsibilities and conference budgeting process.

## 5. Budget Policy

### 5.1. Budget Preparation

The fiscal year for the Association is the calendar year from January 1 to December 31.

The Executive Director and Treasurer will review budgetary requests from all Board members, committee chairs and any others preparing budget submissions two months prior to the Planning Meeting held after the fall annual meeting. The Executive Director shall prepare a preliminary budget based on the prior annual budget, current and projected revenues and expenditures, and requests for funds.

The preliminary budget will be distributed to the Finance Committee at least two weeks prior to the annual planning meeting. This Committee will review and if necessary, amend the preliminary budget prior to the January Board meeting. The Treasurer will submit the preliminary budget to the Board at the January Board Meeting for approval.

After adoption of the preliminary budget, any requests for additional funds shall be directed to the Executive Director, who in consultation with the Treasurer shall determine if funds are available. The Executive Director will then make a recommendation to the Board, who will then consider the proposed change to the budget. The budget will be amended to reflect any Board approved changes.

The Association should maintain a balanced budget each year. If revenues exceed expected expenses in any particular year, the Board may choose to run some activities at a net loss. Each year this should be reviewed and approved by the Board.

The Association shall maintain reserves in accordance with Section 7 of this document. Association equity shall be reviewed as part of the budget preparation process.

### 5.2. Financial Statements

Financial statements will be presented at the Board meetings indicating the status of the

1. Planned budget (including actuals to-date and projected year-end)
2. Investments
3. Balance sheet
4. Annual cash flow
5. Restricted reserves
6. The annual financial audit when appropriate.

In addition, the Executive Director will prepare monthly budget status reports for the Treasurer, and circulate budget status to the Board at Board meetings.

### 5.3. Finance Committee

The Finance committee will be comprised of the Treasurer, the Executive Director, the President, and President-Elect. President Elect serves as the Chair of the Finance committee.

The Committee will meet before the January Board meeting to address the following items:

1. Review of annual budget,
2. Review of Finance Policy, and



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### 3. Any miscellaneous expenses.

A Finance Committee Report detailing Annual Finance Activities will be presented to the Board at the January Board Meeting.

#### 5.4. Expense Policy

The Association makes all expenditures based on the annual budget approved by the Board. Any exceptions to the expense policy require prior Board approval. No unapproved expenditures shall be reimbursed.

All expenses claimed must be supported by applicable receipts and must also be completed in accordance with reimbursement rates established for expenses. All expenses claims are subject to review by the Treasurer and will be in accordance with established Board Policy, as revised from time to time by the President, Treasurer, and Executive Director. Good judgment should be used to minimize costs to the Association.

#### 5.5. Transportation

All air travel will be at excursion rates whenever possible. Travel booking will be made as far in advance of travel as possible to ensure the best possible fares. Upgrades to business or first class may be made at personal expense.

Dates for air transportation shall be booked to minimize overall costs where possible.

All travel using a personal vehicle on Association business will be subject to a reimbursement for mileage. Refer to Schedule B for the current mileage rate. All those claiming vehicle expenses while on Association business are to ensure they have appropriate vehicle insurance. The Association will cover transportation costs at the lowest cost option. In no circumstances is the mileage paid to exceed the cost of a return excursion airfare and related costs.

#### 5.6. Accommodation

Hotels are to be booked in accordance with rates for the particular function. Ideally only hotels with favourable rates should be used by Association representatives when travelling. The dates booked for accommodation should minimize overall costs to the Association. Typically, hotel expenses will be covered for the night before and the nights of the published dates of Board meetings, and or the dates for other related meetings. If travel to home destination is possible at a reasonable hour on the same day following meetings or planned Association events, then accommodation for that night will not be covered.

#### 5.7. Miscellaneous Expenses

While attending Association meetings, miscellaneous expenses such as parking, taxis, tips, reasonable long distance, faxes, photo-copies, postage, etc. will be reimbursed, upon submission of an expense report. Transportation to and from the airport will also be covered and if by own vehicle, will be covered at the current mileage rate. Meals will be covered during the dates of the meeting, and during travel time.

At Board meetings it is reasonable for the Board to expense dinner. Actual, reasonable costs will be reimbursed. Restaurants with reasonable rates should be chosen (casual and informal). One guest per Board member may be included.

#### 5.8. Expense Claims

Current expense forms are available on the Association web site. All expense forms must be accompanied by original receipts. Copies of electronic tickets are acceptable for air travel. Expense claims must be submitted to the Association office no later than 90 days after the expense occurred, unless otherwise approved by the Treasurer. Cheques will be issued within a month of receipt of the expense report.

#### 5.9. Conferences and Meetings

Schedule D indicates the conferences and meetings for which some expenses may be paid. If the meeting coincides with a conference, it is expected that the employer will pay expenses. Prior to accepting a position on the Board, the candidate should request approval from their employer to cover expenses for these meetings. If an employer is unwilling or unable to pay for these expenses, then a request for the Association to pay these expenses will be considered on a case by case basis, subject to budget availability. WCW may pay for other meetings, subject to budget availability. Schedule C attached is subject to budget approval each year. The Executive Director will prepare a final costing for these types of expenses for each conference and meeting.

#### 5.10. Provincial Councils

Provincial Councils (PC's) are responsible for providing training in each province. The person responsible for organizing the seminar or workshop should prepare a budget in advance indicating estimated expenses and revenues, in accordance with seminar guidelines. Fees for seminars and workshops shall be higher for non-members.

It will be the responsibility of each council to make sure that appropriate budgets are in place for each project they participate in. All revenue and expenses will be tracked through the WCW accounting system as a committee within the WCW financial statements. Each council will be charged for office services at current rates and invoiced accordingly. Charges for photocopying, postage and courier will be billed at current rates. If council chooses, they can share any surplus with any or all of the Constituent Organizations within their



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province. At the end of each project a financial statement will be issued to the council showing any surplus/losses.

Each PC may maintain a target \$5000 of unrestricted funds to facilitate holding events and associated risks. The targeted minimum unrestricted operational reserve of the council is \$2,500. The targeted maximum unrestricted operational reserve of the council is \$10,000. If operational or other considerations require the council to temporarily override this target during any fiscal year, the council will plan to restore the operational reserve to within the targeted levels as soon as practical, but in not more than 1 year.

### 5.11. **Advances/Deposits**

Deposits for meetings, seminars, or workshops shall be made by the Executive Director on behalf of the Association.

### 5.12. **Association Credit Card**

The Association will issue a credit card to the Executive Director to be used for Association expenses. The credit limit is defined in Schedule A. Charges on the card are to be paid as they are incurred to avoid finance charges.

## 6. **Investment Policy**

The investment responsibility of the Association rests with the Board. However, the Treasurer is authorized to make day-to-day decisions within this investment policy for cash flow management, with notification to the Board.

Invested maturities will be staggered to ensure that the Association has access to the funds and maintains a level of liquidity throughout the year. However, in the event of an unforeseen need, investments may be liquidated prior to maturity with board approval.

Safety of the principal shall prevail in all investment decisions. Yield will be maximized by reviewing rate of return and length of deposit required. Investments providing maximum return while meeting safety requirements will be selected.

Approved investments are:

1. GICs
2. Domestic Bank Certificates or Money Market Accounts
3. Federal Funds

No common stock, preferred stock, or real estate for investment purposes will be purchased.

## 7. **Restricted Reserves**

Prudent financial management dictates that some portion of the funds available to the Association be reserved for future use. Future uses are categorized as either pre-planned projects or unforeseen financial emergencies.

It is the policy of the Board of Directors of WCW that each Reserve identified herein is to be fully funded from the Surplus / Equity of the Association.

### 7.1. **Use of Restricted Reserves**

The Board of Directors decides whether to appropriate funds from Restricted Reserve Accounts. Even though a project or other expenditure qualifies as a proper use of Restricted Reserves, the Board may decide that it is more beneficial to use current year operating funds instead, thereby retaining the Restricted Reserve funds for future use. Restricted Reserve funds will not be spent for any function other than the specific purpose of the Restricted Reserve Account from which they are drawn without a separate Board of Directors Resolution approving the specific action. If operational or other considerations require the Board of Directors to temporarily override this policy during any fiscal year, the Treasurer will recommend to the Board of Directors a plan to restore any Restricted Reserves falling below required minimum levels. Restricted Reserve levels will be restored as soon as practical, but in not more than 3 years.

### 7.2. **Business Continuity Reserve**

Funds should be maintained to ensure sufficient resources to wind up the Association in an orderly manner should that be required. The total amount of funds required to maintain business continuity is to be determined by the Board and is specified in Schedule C.

#### 7.2.1. **Lease Commitments**

As a subcomponent of the Business Continuity Reserve, this accommodates spending for contracts or other items, which are legally committed but not expended by fiscal year end. i.e. Contract for lease of office space and office equipment. The amount is based on the identified commitments in the last audited financial report.

### 7.3. **Employment Obligations**

As a subcomponent of the Business Continuity Reserve, the payroll reserve should be at a level of not more than twenty percent 20% of the cost of payroll including all withholding taxes; income tax, EI, CPP; GST and



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any other withholding tax as required by Canadian law, in a given year.

## 7.4. Event Contingency Reserve

The Board shall ensure sufficient resources are maintained to cover the cost of WCW's annual conference, projects or loss of revenue such as a decrease in Office Services or loss of Constituent Organization and subsequent Membership Levy. This amount is specified in Schedule C.

## 7.5. Project Development Reserve

Funds shall be built up in order to allow the Board to develop special projects to the benefit of the Association and its members. The amount required is to be determined by the Board and is specified in Schedule C.

## 7.6. Restricted Reserve Assumptions

**Business Continuity Reserve** can be concurrent with Event Contingency Reserve on the assumption that these two events would not occur at the same time.

**Event Contingency Reserve** would not be required if event insurance was purchased as an on-going expense.

Total required reserves are capped at the lesser of the reserve for Business Continuity or Event Contingency summed with the Project Development Reserve provided this amount exceeds the remaining unused reserve amount in the stated calculation.

## 8. Reserve Surplus Distribution

The Board will review the total reserves on an annual basis. The purpose of the reserve review is to:

1. Determine the required amounts to maintain in Schedule C: Restricted Reserve Amounts for the Business Continuity Reserve, the Event Contingency Reserve, the Project Development Reserve, and determine the total Restricted Reserve Cap for the upcoming year.
2. Determine the required amount to maintain as an Operating Cash Flow Reserve for the upcoming year.
3. Determine if there is a surplus of reserves for distribution to CO's.

The review will take place after the annual audit is complete. Any equity over the amount required to maintain the Restricted Reserve and the Operating Cash Flow Reserve can be shared with the CO's. The Board will determine the total amount available for distribution. In general, an equal share will be distributed to each current organization within WCW or in a manner that is most beneficial to the organization and the CO's.

Any reserve distribution is to be implemented at the discretion of the Board depending on the current and forecasted financial circumstances.

## 9. Schedules

### 9.1. Schedule A – Account Balances (Cash Management)

Minimum Cash Account Balance .....	\$10,000
Maximum Cash Account Balance .....	\$150,000
Credit Card Limit.....	\$7500

### 9.2. Schedule B – Vehicle Travel Reimbursement

Vehicle Travel Reimbursement (including GST).....	\$0.44/km
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### 9.3. Schedule C – Restricted Reserve Amounts - 2017

Business Continuity Reserve .....	\$83,000
Event Contingency Reserve .....	\$363,000
Project Development Reserve .....	\$0
Total Reserves Cap .....	\$446,000

### 9.4. Schedule D – Meeting Schedule

Meeting	Typical Timing	Location	Purpose	Typical Attendees	Covered*
Planning Board Orientation	November /December	Varies	Update the strategic plan and set the upcoming year's budget	WCW Board Members	WCW covers travel, hotel, and associated expenses for attendees
Mid-Year	March	Varies	To deal with Association business	WCW Board Members	WCW covers travel, hotel, and associated expenses for attendees
Annual Meeting and AGM	September	Annual Conference City	To conduct the AGM and to evaluate progress over the past year and other Association Business	WCW Board Members	All attendees are responsible for own expenses; WCW staff is covered through WCW.
CWWA	Spring	Varies	Mid-Year Board meeting	CWWA Director	CWWA covers costs





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CWWA AGM	Fall	Varies	AGM and Management Seminar	CWWA Director	WCW covers travel, hotel, and associated expenses for CWWA Director
One CWWA event held in Ottawa each year, the other usually in conjunction with other regional events					
*Exceptions evaluated on a case by case basis					

## 9.5. Schedule E – Western Canada Water Office Services and Charges

The WCW office provides services to all Constituent Organizations (COs) to varying degrees, depending on their needs and resources. Charges are invoiced quarterly. Invoicing includes levy, hourly charges, use of postage, and per side photo copy costs.

In addition to the services listed below, WCW provides meeting and event space at the WCW Annual Conference if required and mails out membership renewals and member cards for those COs that require those services.

### 9.6. Member Levy

A levy is charged on a per member rate to assist the WCW office in providing general services to all WCW CO members. The levy was set up to replace the WCW Membership revenue that was no longer available. The levy is based on new members since the last quarter. The levy is not charged until the fiscal year of the membership.

The current levy rate was set in 1999 and remains \$12 annually.

Organizations are provided the following services funded by the member levy.

- Representation on the WCW board and WCW committees: Provincial Council committees.
- Input into Western Canada Water Magazine. CO Board and Association information in Who's Who, Member listing in the Who's Who membership directory.
- Input and participation in the WCW Annual conference through representation on the conference organizing committee.
- Access to complete WCW mailing list.
- CO members receive information and discounts on WCW seminars and annual conference.
- CO members have access to their membership information and WCW through a toll free number.
- CO information maintained on the WCW web site and listed on the calendar of events, links to CO site maintained.
- CO membership information entered into WCW global database.
- CO membership promoted through the web site and at operator conferences.

### 9.7. Contract Services

Contract Services are provided on demand to all COs. Organizations may use all or a few of these services based on need and resources. Contract Services charges are based on staff time sheets.

The following services are provided to COs through Contract Services, (2017 rate - \$53 per hour).

- CO membership payment processing, reports.
- Web site development and maintenance.
- Mail outs to any member group within WCW and inserts into WCW mail outs.
- Broadcast emails to CO members or all WCW members using Constant Contact service.
- Assistance with administration of seminars – hotel booking and arrangements, production of brochures and registration forms, registration and payment processing, attendee materials-certificates, nametags, registration lists.
- Assists with CEU evaluation and applications.
- Record keeping.
- Costs charged directly to COs:
  - Postage costs, ad mail used when able to mail at lower costs. Mail outs are bundled whenever possible to save individual COs postage costs.
  - Photocopy charges - \$.05/side is charged for black and white photocopies and printing. \$.10/side is charged for colour photocopies and printing.

### 9.8. Costs Covered by WCW

In the interest of "keeping the lights on", there are many costs incurred by WCW that are either not possible to track or it is unreasonable to do so. The intent is to give value to our organizations through economy of scale.

The following charges are covered by WCW and not charged to any Constituent Organizations.



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- Office supplies – paper, envelopes, labels, nametags, binders, presentation/file folders, shipping containers, and other incidentals.
- Copy costs of documents created on office printers.
- Purchases and leases on all office automation equipment –postage machine, photocopier, brochure folder/stuffing machine.
- Members Database development, maintenance and licencing fees (for in-house use only, Constituent Organization wishing to access the database from satellite locations will be required to purchase their own licences)
- Cost for toll free access to office for event and membership related questions.
- Internet service fees (Constant Contact service, security certificate for online systems).
- Office insurance (includes theft insurance).
- Fees for payments made by credit card.(Except for WCS AWWA as they have their own machine and pay their own charges). Note: Online system charges expected to be tracked and charged back.
- Staff time for travel to CO meetings and training events.
- Office Costs covered for WCS AWWA, WCWEA, and MSSA (office sole support for these organizations).
  - Staff costs (taxes, benefits, legal fees).
  - Building costs, including utilities, electrical, internet & phone fees.
  - Office equipment (computers, printers, phone system).
  - Office furniture (desks, chairs, storage for archives, etc.).
  - Software purchases and upgrades.
  - Cleaning costs.

### **9.9. Schedule F – Event Cancellation Policies for Online Transaction Compliance**

The following cancelation policies are in place for all events hosted through WCW, WCS AWWA and WCWEA.

#### **9.10. Attendee Registration Cancellations**

Individual registrants can cancel their registration for events with the following

#### **9.11. Seminars and Workshops**

- Cancellation received up to one week prior to seminar date receives full refund less \$25.00 service charge.
- No refund after one week prior to seminar date.
- Substitutions are accepted at no charge.

#### **9.12. Networking Events**

- No refunds.
- Substitutions are accepted at no charge.

#### **9.13. Annual Conference**

- Cancellation received before September 1: 100% refund less \$50 service charge.
- Cancellation received September 1 to 15: 50% refund less \$50 service charge.
- Cancellation received after September 15: no refund.
- Substitutions are accepted at no charge.

#### **9.14. Submitting Notice of Cancellation**

- All event cancelations must be received in writing.

#### **9.15. Event Cancellation by Organization**

In the case that the organization is required to cancel an event due to lack of participation or due to outside influences the event can either be rescheduled to a new date or may need to be canceled. The following practices will be observed:

#### **9.16. Rescheduled Event**

- A full credit or refund will be issued to all paid registrants that are not able to attend the sessions with the new dates.
- Credits are good for a one (1) year period.

#### **9.17. Cancelled Event**

- A full refund will be issued to all paid registrants.
- Travel or hotel costs incurred will not be compensated.