

OCIC FINANCE, FINANCIAL CONTROLS AND PROCUREMENT POLICY

Approved by the Board of Directors December 2016; Revised June 2018

Preamble:

OCIC's work, both internally and as a collective of members, is grounded in our shared vision of global social justice, human dignity and participation for all. Our policies are designed to meet OCIC's internal needs as an organization, however they are guided by ideals about anti-oppression, human rights, international cooperation, and the appropriate meeting of human needs articulated in a multitude of places by multilateral bodies, states, and civil society groups.

All OCIC policies and activities are informed by our Vision, Mission, Mandate, and Strategic Directions. Mindfulness of the spirit and letter of these documents is central to the integrity of the Council, as is compliance with the Canadian Council for International Cooperation (CCIC) Code of Ethics and the Istanbul Principles for CSO Development Effectiveness.

1. Statement of Philosophy

The purpose of financial management in the operation of all OCIC activities is to fulfill the organization's mission in the most effective, efficient and socially responsible¹ manner, and to remain accountable to stakeholders, including but not limited to members, partners, funders, employees, volunteers and the Canadian public.

2. Definitions

For the purposes of this policy:

Expense means any purchase of goods and services; payments of office or equipment rental, lease or similar ways of financing; payments of utilities; transportation; membership fee in any organizations and institutions; and any other disbursement of OCIC funds.

Contract means any contract entered into or to be entered into by OCIC for the purchase of any Goods and/or Services.

Goods refers to tangible items required by OCIC from time to time to facilitate its objectives, including but not limited to property for sale, lease or rental (also known as merchandise or commodity). Services refers to professional and operational services to be retained by OCIC from time to time, including but not limited to, project management, evaluation, planning, market research, writing, editing, translation, printing, design, computer programming, coaching, training, local ground transportation and facility rental services, but excluding services provided by employees of OCIC; persons seconded by OCIC to another organization or entity; persons to whom OCIC issues a grant; or services the Executive Director of OCIC may exclude from time to time where s/he deems appropriate.

¹ Understood by OCIC as "the obligation of an organization to behave ethically and with sensitivity to social, cultural, economic and environmental issues, in order to have a positive impact on international cooperation, and to make a positive contribution to bottom-line results".

2. Review

As per OCIC's 3-year review policy, this policy is to be reviewed and/or updated by the Finance Committee by April 2021.

3. Finance and Financial Controls

3.1 Authority and Segregation of Duties

- a. The Board of Directors is ultimately responsible for the financial management of the Council.
- b. The Board Treasurer chairs the Finance Committee, which is composed of members designated by the Board of Directors. The Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors.
- c. The Finance Committee has whatever authority as may be designated by the Board of Directors, including: selecting and recommending the auditor for board approval; performing regular, in-depth reviews of OCIC's financial activity; overseeing the development of the annual budget; determining the allocation of investment deposits; approving any use of OCIC's General and Restricted Reserve Funds.
- d. Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.
- e. The Executive Director has primary responsibility for designing and maintaining the accounting system and contracts. Bookkeeping support may be provided by other staff or a contractor.
- f. The Executive Director has the responsibility for administering OCIC financial policies and ensuring compliance with procedures that have been approved by the Board of Directors.
- g. The Executive Director has whatever authority as may be designated by the Board of Directors, including: making spending decisions within the parameters of the approved budget; employing and terminating personnel; determining wage levels; creating and amending operating procedures and controls; making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; entering into contractual agreements within Board designated parameters; paying bills; receiving fund; and maintaining bank accounts.
- h. The Executive Director is authorized to sign cheques, as are up to four members of the Board of Directors Executive Committee, designated annually. All cheques require the signature of two signing authorities.

3.2 Responsibilities

The Board of Directors shall:

- a. Provide adequate training to members to enable each member to fulfill their financial oversight role.
- b. Approve the annual operating budget.
- c. Monitor and review quarterly financial reports, including a Balance Sheet summarizing the assets, liabilities and net assets of the organization at the latest month; and a Statement of Activity (income and expenses) showing the latest monthly and year to date actual revenues and expenses as well as variances and future projections, to ensure the organization is on track with respect to the budget at each Board meeting.

- d. Monitor and review the General Reserve Fund, the Restricted Reserve Fund and the Council's investments relative to its obligations, each year².

The Executive Director shall:

- a. Report the financial results of OCIC operations on the schedule established by the Finance & Sustainability Committee, at least quarterly.
- b. Report on the amount necessary to cover legal obligations to be held in the Restricted Reserve Fund in April of each year.
- c. Pay all obligations and ensure required reports are filed in a timely manner.
- d. Make no contractual commitment for bank loans, corporate credit cards or real estate lease or purchase without specific approval of the Board of Directors.
- e. Limit vendor credit accounts to prudent and necessary levels.

3.3 Financial Transactions with Insiders

- a. Advances of funds to employees or Board Directors for program-related purposes of up to \$3,000 are permissible.
- b. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed.
- c. In no case shall OCIC borrow funds from any employee or Board Director of the organization without specific authorization from the Board of Directors.

3.4 Member Reports and Other Reports

- a. The Treasurer, or designate, presents the audited statement to the membership at the annual meeting.
- b. Financial reports to funders, government, and investments, are prepared by the Executive Director with the support of relevant staff, in accordance with individual requirements of the report. The Executive Director is responsible to notify the Board of any potential risks identified during the reporting process.

3.5 Budget

- a. In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with Board approved priorities, long-range organizational goals and specific strategic directions, the Executive Director shall:
 - submit operating budgets to the Finance & Sustainability Committee in time for reasonable approval by the Board prior to each fiscal year; and
 - use responsible assumptions and projection background with a general goal of unrestricted surplus.

3.6 Audits and Audited Financial Statements

- a. OCIC's financial statements shall be audited annually by an accredited auditor. External auditors shall be appointed each year at the Annual General Meeting.
- b. Before distribution, the audited financial statements must be approved by the Finance Committee and Board of Directors.

² On April 21, 2012 the Board restricted \$73,000 of OCIC's reserve fund to cover the rent, contractual obligations and severance for current staff.

- c. A summary of the financial statements shall be included in the Annual Report, which is made available on OCIC's website.

3.7 Tax Filing

- a. The Executive Director shall ensure that the OCIC Bookkeeper prepares the necessary income tax returns for annual filing and submits them to the CRA in a timely manner.
- b. The Executive Director shall ensure that HST paid is recorded and recovered in accordance with CRA's HST Regulations for Public Service Bodies.

3.8 Reserve Funds

- a. Over time OCIC has accumulated funds that now constitute its General Reserve Fund and Restricted Reserve Fund. The accumulated amount of the General Reserve Fund should serve the Council for various needs as determined by the Board of Directors. These may include: to increase the Restricted Reserve Fund based on annual assessment of contractual and legal obligations; to fund special projects or defined expenditures; to respond to emergencies.
- a. All annual surpluses will be allocated to the General Reserve Fund. Annual surpluses will not include any outstanding obligations for funds received in the current year.
- b. The Restricted Reserve Fund has been established to meet long-term contractual and legal obligations of the Council in extraordinary circumstances, such as a significant scale back or discontinuation of operations. These may include, but are not limited to the following types of expenses: staff severance; building lease or rent; equipment lease, rent or purchase agreements; service contracts, such as telephone and internet
- c. The amounts required to meet OCIC's long-term contractual and legal obligations in extraordinary circumstances will be reviewed annually, and additional funds will be transferred to the Restricted Reserve Fund if necessary, or the balance of the Restricted Reserve Fund may be reduced and funds transferred to the General Reserve Fund, if appropriate.
- d. Any increase or decrease in the amount of the Restricted Reserve Fund will be done annually by a motion of the Board of Directors.
- e. General Reserve Funds may be invested using socially responsible investment vehicles.
- f. OCIC's investment portfolio will be reviewed by the Finance and Sustainability Committee on an annual basis.

3.9 Asset Protection

In order to ensure that the assets of OCIC are adequately protected and maintained, the Executive Director shall:

- a. Adequately insure against theft and casualty losses to the organization and against liability losses to Board Directors and employees of the organization.
- b. Plan and carry out suitable protection and maintenance of property, building and equipment.
- c. Avoid actions that would expose the organization, its Board or staff to claims of liability.
- d. Protect intellectual property, information and files from unauthorized access, tampering, loss, or significant damage.
- e. Receive, process and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts and payments.

4. Procurement Framework

The purpose of OCIC's Procurement Framework is to ensure that all purchases of goods and services are made with the objective of maximizing cost efficiency and effectiveness, value for money, and to provide vendors and service providers with an open and fair opportunity.

4.1 Expense Thresholds and Funds Disbursement Approval Authority

OCIC shall carry out the purchase of Goods and Services in accordance with the following principles:

- a. Goods and Services obtained must stand the test of public scrutiny in matters of prudence and probity;
- b. The process of procuring the purchase of Goods and Services shall be as simple and straightforward as possible to enable bidders to access contracting opportunities;
- c. An open, competitive process shall be used, where appropriate, and reflect fairness in the spending of public funds, while supporting operational objectives; and
- d. The process of procuring the purchase of Goods and Services shall conform to applicable legislative, regulatory, and policy authorities.

4.2 Notwithstanding that OCIC is not subject to the Treasury Board Contracting Policy for the purchase of Goods and Services, OCIC shall abide, where possible, to the principles set out in such policy provided that, in the event of a conflict between the provisions of the Treasury Board Contracting Policy and this Policy, the terms of this Policy shall prevail and govern the conduct of OCIC.

The procurement of Contracts shall be governed by the following terms:

A Contract with a contract price of \$5,000 or less (excluding disbursements, HST, travel and other expenses) may be sole sourced. Once awarded, any such Contract may be amended without requiring a competitive tender of the Contract, provided the amendments do not cause the contract price to exceed 100 percent of the original Contract price.

A Contract with a contract price in excess of \$5,000 (excluding disbursements, HST, travel and other expenses) or a Contract that no longer qualifies for an exemption pursuant to subsection (a) above, shall be tendered competitively unless it is determined by resolution of the Executive Committee that there is valid reason not to do so, in which case the reasons for this decision shall be clearly documented in writing. Once awarded, any such Contract may be amended, without requiring that the Contract be submitted or resubmitted, as the case may be, for competitive tender, provided the amendments do not cause the Contract price to exceed 100 percent of the value of the original Contract price.

4.3 Ethical Purchases

OCIC shall purchase goods and services at reasonable prices while considering key environmental and social benefits such as staff health and safety, energy efficiency, minimal packaging, or other sustainability aspects over the entire life-cycle of the product or service. Whenever possible, OCIC shall source goods and services from ethical and sustainable sources, taking into account the following priorities to:

- a. reduce quantity of items purchased through reducing amounts needed, renting, sharing, or reusing existing items;
- b. minimize health and safety impacts for people involved in manufacturing, operation and disposal of items;
- c. prioritize goods that are durable, long lasting, reusable or refillable;
- d. prioritize goods that are non-toxic or minimally toxic, and preferably biodegradable;
- e. prioritize goods that are produced locally and from sustainable resources;

- f. prioritize goods and services provided by local not for profit suppliers.

Goods shall, when applicable:

- a. meet and/or exceed municipal, provincial and federal laws, rules and regulations;
- b. minimize health, safety and energy impacts for people involved in manufacturing, operation and disposal of items.

5. Credit approval

- a. Any credit, loan debt or similar financial liability made on behalf of OCIC should be made with approval given by the Board of Directors prior entering into an agreement on behalf of OCIC.
- b. For corporate credit cards or similar financing tools the approval of the Board of Directors may be provided to the total approved credited amount related to a single financing tool.

6. Goods and Services Quality Controls

- a. Upon receipt, the responsible OCIC staff should immediately inspect delivered goods or services to be sure that they are correct, complete, of adequate quality and amounts, and not damaged. If there are any order-related problems, including discrepancies in pricing or amount, incorrect or missing items, etc. the supplier should be contacted immediately. If the goods are damaged, save all materials and the shipper should be contacted to come and inspect the items.
- b. If either of these situations arise or if there are delivery or supplier performance issues, the responsible OCIC staff should immediately contact the Executive Director and/or Bookkeeper before the payment terms expire to request a hold on payment.
- c. The responsible OCIC staff shall return items that need to be returned, and shall verify that the proper credit is made to the affected account, as necessary.

7. Conflict of Interest

- a. Individuals engaged in procurement activities at OCIC are expected to be free of interests or relationships which are actually or potentially detrimental to the best interest of the organization. An OCIC employee, member of the Board of Directors or any other individual or organization while entering into a procurement of goods or services on behalf of the OCIC shall not participate in an activity or decision that involves an actual or potential conflict of interest.
- b. In serving the interests of OCIC no employee or member of the Board of Directors shall use their authority of office for personal benefit. To preserve the image and integrity of employees and the organization, business gifts other than items of small intrinsic value should not be accepted. Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of the gifts or hospitality accepted should not be allowed whereby the recipient might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts. In addition, loans are not to be accepted from parties having prospective dealings with OCIC, unless such parties (e.g. bank or credit union) are in the business of making loans to individuals.
- c. No personal funds may be used for purchases of goods and services on behalf of OCIC.