



Association of  
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## Financial Management Policy

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<b>Policy Authority:</b>	Treasurer
<b>Associated Documents:</b>	<i>Financial Management Procedure</i>

### 1.0 PREAMBLE

- 1.1 The Association is committed to efficient, effective, economical, accountable and transparent management of financial resources so that Association members receive good value.

### 2.0 PURPOSE

- 2.1 The purpose of this policy is to establish the system by which the Association manages its financial resources specifically to prepare an annual budget, monitor and track revenues and expenses, and report on the management of its finances.

### 3.0 SCOPE

- 3.1 This policy applies to all aspects of managing the Association's finances, in addition to those outlined in the *Canada Not-for-Profit Corporations Act* and Article II of the Association's By-Law No. 1.
- 3.2 This policy addresses the Association's accounting practices, preparing budgets, managing revenue and expenses, establishing fees, authorizing and overseeing expenditures, selecting service providers, amortizing assets, and reporting financial results.

### 4.0 DEFINITIONS

- 4.1 **Accrual Accounting** means revenue and expenses are recorded when a transaction occurs and reported on the income statement of the Fiscal Year to which the revenue or expense are assigned, and not to the date when payment is received or made.
- 4.2 **Association** means the Association of Canadian Archivists (ACA).



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- 4.3 **Capital Asset** means property of any kind held by the Association such as computer hardware and software, furniture and fixtures.
- 4.4 **Duty of Care** means the expectation and legal obligation for a Director to act in accordance with a minimum standard of care, to act honestly and in good faith, and in the best interests of the Association's members; and to exercise care, diligence and skill of a reasonably prudent person in exercising their powers and performing their duties as a Director. The Director makes informed decisions in discharging their Fiduciary responsibilities. An informed decision is generally based on gathering all relevant facts and material, giving such information due consideration, and then deciding.
- 4.5 **Fiduciary** means a person who holds a legal relationship of trust with rights and powers to be exercised for the benefit of another person (the Association and its members). The fiduciary must avoid conflicts between their personal interests and fiduciary duty or where one fiduciary duty conflicts with another fiduciary duty. Fiduciaries must not profit from their position without knowledge and consent. The Association's members must be able to vest their confidence, good faith, reliance, and trust justifiably in the Association's Board of Directors, Committees, and Secretariat and their understanding of their fiduciary responsibilities.
- 4.6 **Fiscal Year** means the period from January 1 to December 31.
- 4.7 **Reserve Fund** means the Association accounts containing the accumulated Surplus Funds from previous Fiscal Years, set aside to cover expenses, losses, claims, or liabilities in present or future Fiscal Years.
- 4.8 **Secretariat** means the Associations' Executive Director and Membership Services Coordinator.
- 4.9 **Surplus Funds** means the revenue received by the Association that exceeds its expenditures in a given Fiscal Year.
- 5.0 POLICY**
- 5.1 General**
- 5.1.1 The Association will comply with the Generally Accepted Accounting Principles (GAAP) of Canada to provide a standard framework of broad guidelines, conventions, rules and procedures to govern the Association's accounting practices.
- 5.1.2 The Association will use the Accrual Accounting method.
- 5.1.3 The Association's Fiscal Year is the period from January 1 to December 31.
- 5.1.4 The Association will maintain an up-to-date chart of accounts listing subdivisions of its revenues and expenditures.
- 5.1.5 The Association will maintain its bank account(s) at financial institutions in Canada that is a member in good standing of the Canada Deposit Insurance Corporation.



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## 5.2 Annual Budget

5.2.1 The Association will prepare an annual budget estimating its revenues and expenses for the Fiscal Year.

## 5.3 Revenue

5.3.1 The Association generates revenue through the following sources:

- a. Membership fees,
- b. Subscription fees to *Archivaria*,
- c. Fees for professional development opportunities, such as workshops and the annual conference, and
- d. Miscellaneous income sources, including publications, advertising, and grants.

5.3.2 The *Reserve Fund Policy* governs the management and disposition of revenue generated through the Association's investments and held in its Reserve Fund.

5.3.3 When revenue exceeds expenditures in a given Fiscal Year, the Association will manage the Surplus Funds in accordance with its *Reserve Fund Policy*.

## 5.4 Expenditures

5.4.1 The Association spends money to support its ongoing operations, including activities such as:

- a. Compensation for staff and contractors within the Secretariat,
- b. Statutory financial obligations,
- c. Contractual obligations including rent for office space and annual conferences,
- d. Support for the Association's Board and Committees, particularly travel and accommodation to attend meetings,
- e. Support for Association programs, including communications, publications (such as *Archivaria*), outreach, advocacy, membership development, professional learning, equity, and
- f. Purchase of miscellaneous goods and services in support of Association business, such as office supplies.

5.4.2 All disbursements for expenditures must be supported by documentation proving they are valid expenses incurred while conducting Association business.

5.4.3 Travel and accommodation expenses are governed by the Association's *Travel and Accommodation Policy*, which specifies expense reimbursement rates, criteria and guidelines.

5.4.4 The Association uses a corporate credit card to:



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- a. Reduce the number of monthly payments for its operations,
  - b. Pay expenses for travel and accommodation,
  - c. Provide adequate travel insurance coverage,
  - d. Reduce the volume of reimbursement transactions,
  - e. Pay routine monthly expenses as well as significant conference related expenses, and
  - f. Generate revenue through card rewards.
- 5.4.5 The Association uses requests for proposal to hire service providers that lead to a contractual relationship.
- 5.4.6 The following positions are appointed as signing officers of the Association for the purpose of this policy and are authorized to enter and execute on behalf of the Association contracts and agreements relating to its operations:
- a. President,
  - b. Vice-President,
  - c. Treasurer,
  - d. Executive Director, and
  - e. Membership Services Coordinator.
- 5.4.7 The signing officers are authorized to spend Association funds within the allocations set out in the annual budget for that Fiscal Year. All payments require two signatures or tokens.
- 5.4.8 The Treasurer shall approve annually the Secretariat's bi-weekly payroll table created by an outside accounting firm as well as any changes made to it.
- 5.4.9 For any single transaction exceeding \$10,000 and all salary payments, the signing officers shall be any one of the:
- a. President,
  - b. Vice-President, or
  - c. Treasurer,
- and
- d. The Executive Director.
- 5.4.10 For any single transaction not exceeding \$10,000 the signing officers shall be the Executive Director and Membership Services Coordinator.
- 5.4.11 For any single transaction not exceeding \$10,000 where the signing officers are the Executive Director and Membership Services Coordinator, the President, Vice-



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President, or Treasurer shall review invoices for such expenditures before these are paid.

5.4.12 The Association will record and amortize the cost of Capital Assets over the asset's expected life when its life expectancy is 2 or more years, and its dollar value exceeds \$1,500.

## 5.5 Reports

5.5.1 The Association monitors its financial operations through a series of reports reviewed by the Board of Directors at specified times throughout the Fiscal Year.

5.5.2 The Association's financial operations will be audited at the close of each Fiscal Year in compliance with the financial disclosure provisions of the *Canada Not-for-Profit Corporations Act* and the *Income Tax Act*.

5.5.3 Association members will, at the Annual General Meeting, appoint an accounting firm that provides audit services to review the Association's financial operations for the subsequent Fiscal Year.

5.5.4 The Board will submit the auditor's management letter and audited financial statement to the Association's members at the Annual General Meeting as well as post these documents on the Association's website and publish them in the Association's annual report distributed to members.

## 6.0 ROLES AND RESPONSIBILITIES

### 6.1 General

6.1.1 Association members must comply with the Volunteer Code of Conduct when participating in Association business, declare conflicts of interest, and maintain confidentiality of information belonging to the Association.

6.1.2 The Association's Board of Directors, Secretariat, volunteers and contractors must comply with the terms of their job descriptions, contracts and/or this policy.

6.1.3 The President and Treasurer are responsible to implement and monitor the *Financial Management Policy*.

### 6.2 Board of Directors

6.2.1 The Board of Directors has a Fiduciary responsibility and Duty of Care to ensure the Association's finances and assets are managed appropriately.

6.2.2 The Board of Directors will review the Association's financial operations and the status of its revenue and expenses at each Board meeting.

6.2.3 The Board of Directors approves the draft annual budget prepared in consultation with the Secretariat, Committee Chairs and Financial Review Committee. The Board will share the approved budget with the Association's membership and will provide updates to the ACA membership at least once a year or as may be appropriate.



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- 6.2.4 The Board of Directors may adjust the annual budget during the Fiscal Year if revenue or expenditures deviate significantly from those originally estimated in the approved budget.
- 6.2.5 The Board of Directors reviews the schedule of membership fees with input from the Secretariat, Membership and Financial Review Committees. The Board must prepare and submit a schedule of membership fees for approval by the Association's membership (see *Membership Policy*).
- 6.2.6 The Board of Directors will approve all other product and service fees having considered the Association's costs to provide them, current market conditions, and fees charged by similar organizations.
- 6.2.7 The President or Treasurer will confirm the review of the following documents by initialling a copy for inspection during the annual audit:
- a. Monthly bank statement for each account,
  - b. Monthly reconciliation for each account,
  - c. Monthly corporate credit card statement,
  - d. Authorization of annual payroll disbursements,
  - e. Review and approval of Executive Director's expense reimbursements for payment, and
  - f. Review of investment fund statements.
- 6.2.8 The Board of Directors will review and approve the auditor's management letter and audited financial statement and submit them for information to Association members at the Annual General Meeting.
- 6.3 Other Association Volunteers**
- 6.3.1 Committee chairs, Committee members, Special Interest Section and Student Chapter Coordinators, Editorial Board members, Conference Program and Host Teams, and any other individuals in a position of leadership within the Association will:
- a. Comply with this policy,
  - b. Acquaint themselves with the revenue and expenses associated with their program and project responsibilities, and
  - c. Make every effort to ensure that revenue targets are achieved, and expenses are kept within identified budget allocations, which may be adjusted with prior Board approval.
- 6.3.2 Association volunteers must discuss expenditures with their Board liaison or the Secretariat prior to committing funds. All contractual commitments must be



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reviewed and authorized by the appropriate signing officers as set out under section 5.4).

#### **6.4 Secretariat**

6.4.1 The Secretariat is responsible for the Association's day-to-day financial operations.

6.4.2 The Executive Director is responsible for the following financial management activities:

- a. Implement and monitor the *Financial Management Policy* in consultation with the Board of Directors,
- b. Prepare the draft annual budget in consultation with the Treasurer, who presents it to the Financial Review Committee and then the Board of Directors,
- c. Oversee expenditures and the collection of revenue,
- d. Review the chart of accounts on a regular basis to ensure that the categorization of revenues and expenditures accurately reflects the Association's financial operations,
- e. Coordinate the request for proposal process for the Association's contractual relationships and report the results to the Board of Directors,
- f. Prepare and distribute financial reports to the Board including bank statements, account reconciliations, corporate credit card statement, cheque log, current year budget and budget detail,
- g. Coordinate and support the annual audit,
- h. Analyze every 3-5 years the schedule of membership fees in consultation with the Treasurer, Membership Committee, Financial Review Committee and Board of Directors, and
- i. Analyze periodically other product and service fees having considered the Association's costs to provide them, current market conditions and fees charged by similar organizations.

6.4.3 If the Generally Accepted Accounting Practices of Canada is revised, the Executive Director and Treasurer will review this policy within three months and recommend to the Governance Committee any necessary revisions to this policy to bring the Association back into compliance.

#### **6.5 Association Members**

6.5.1 Association members are responsible to familiarize themselves with the *Financial Management Policy*, ask questions regarding the Association's financial resources,



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and review the auditor's management letter and audited financial statement presented at the Annual General Meeting.

## **7.0 RELATED LEGAL, POLICY AUTHORITIES AND AGREEMENTS**

7.1 The legal and other Association policy authorities and agreements that may bear on the administration of this policy and may be consulted as needed include but are not limited to:

7.1.1 *Canada Not-for-Profit Corporations Act,*

7.1.2 *Income Tax Act,*

7.1.3 Association of Canadian Archivists, By-Law No. 1, Article II,

7.1.4 Generally Accepted Accounting Principles (GAAP) of Canada,

7.1.5 *Reserve Fund Policy,*

7.1.6 *Membership Policy,*

7.1.7 *Gifts, Donations and Sponsorship Policy,* and

7.1.8 *Travel and Accommodation Policy.*

## **8.0 ACCESS TO INFORMATION AND PROTECTION OF PRIVACY**

8.1 The information and records made and received to administer this policy are subject to the access to information and protection of privacy provisions of Canada's *Personal Information Protection and Electronic Documents Act* and the Association's *Privacy Policy*.

## **9.0 RETENTION AND DISPOSAL OF RECORDS**

9.1 Information and records made and received to administer this policy are evidence of the Association's actions to manage its financial operations. Information and records must be retained and disposed of in accordance with a records retention schedule approved by the Association Secretary.

## **10.0 POLICY REVIEW**

10.1 In conjunction with the Association's committee responsible for governance, the committee responsible for financial review will review this policy:

10.1.1 At least once every five years,

10.1.2 When changes are made to the Generally Accepted Accounting Practices (GAAP) of Canada, or





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10.1.3 The Association's auditor recommends a change or addition to the Association's financial practices.

## **11.0 AUTHORITY**

11.1 This policy is administered under the authority of the Treasurer.

## **12.0 INTERPRETATION**

12.1 Questions of interpretation or application of this policy or its associated documents shall be referred to the Treasurer and the President, who will jointly make a decision, which shall be final.

## **13.0 ASSOCIATED DOCUMENTS**

13.1 The associated document for this policy is:

13.1.1 *Financial Management Procedure.*