

Finance Policy Binder

Pride Toronto

| POLICY CODE REFERENCES | |
|------------------------|-------------|
| Fn | Finance (7) |



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| Authorization of Expenditures Policy | |
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| Fn - 01 | |
| Last Approved by Pride Toronto Board of Directors: February 23rd, 2021 | |
| Purpose | To ensure that Pride Toronto has the appropriate financial controls in place. Expenses are authorized following <i>Policy - Signing Authority</i> |
| Enactment & Procedures | <ol style="list-style-type: none">1. The annual operating budget provides direction to staff on approved expenditures. The Executive Director may authorize expenses that fall within the approved budget for up to \$50,000(CAD). The Director of Operations and Director of Sponsorship may authorize expenses that fall within the approved budget for up to \$10,000(CAD). Any expenses above these amounts require the approval of the Board of Directors.2. Any expenses not approved in the annual operating budget and greater than \$10,000(CAD) require the approval of the Board of Directors as per Policy - Signing Authority.3. Any expenditures that surpass the total approved budget that enters a deficit.4. The Executive Director may delegate authority to spend funds to designated management staff, such that management may initiate expenditures for approved budget items. While authority may be delegated, management staff are held accountable for the responsible use of Pride Toronto funds.5. Staff of Pride Toronto may not authorize any expense, but may request to their Director or designate for authorization within the above parameters. |

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| Executive Director Expense Policy Fn - 01 Last Approved by Pride Toronto Board of Directors: February 23rd, 2021 | |
| Purpose | Pride Toronto ensures that the expenses incurred by the Executive Director to perform the Executive Director’s duties are appropriately monitored and approved. |
| Enactment & Procedures | <ol style="list-style-type: none">1. The Co-Chairs approve the expenses incurred by the Executive Director on a monthly basis, or, as needed. This would include reviewing the Executive Director’s reimbursement forms.2. All expenses incurred by the Executive Director will be within the annual operating budget approved by the Board of Directors.3. Any two (2) of the signatories as per <i>Policy - Signing Authority</i>, other than the Executive Director or other Staff, are authorized to sign the Executive Director’s expense claim and issue repayment. The Executive Director cannot issue a payment to themselves.4. All reconciling and financial management will be in accordance with the Employee Manual Policy. |



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| Financial Management Policy Fn - 01 Last Approved by Pride Toronto Board of Directors: February 23rd, 2021 | |
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| Purpose | To ensure accountability and the effective management of funds. |
| Policy Guidelines | <p>Pride Toronto maintains a financial management system to ensure accountability and the effective management of funds. Budgets are prepared to support the mission, vision, values and strategic goals of the organization and meet the accountability requirements of Pride Toronto’s funders. The Senior Leadership team at Pride Toronto prepares, implements, and monitors the annual budgets.</p> <p>Pride Toronto ensures that its financial statements are audited on an annual basis by a Chartered Professional Accountant firm (i.e. auditor) and that the organization responds to all recommendations made in the audit report.</p> |
| Approval & Responsibility | The Finance and Audit Committee ensures this policy is being followed. The Executive Director and assigned staff are responsible for following and executing the financial management systems of Pride Toronto. |
| Enactment & Procedures | <ol style="list-style-type: none">1. Annual Budget Approval2. Pride Toronto’s annual budget will be approved by the Board of Directors for each fiscal year.3. The Executive Director has overall responsibility for the preparation and submission of the budget. Staff provide input regarding programs and services.4. Financial Reporting<ol style="list-style-type: none">4.1. Pride Toronto prepares an annual financial report, monthly financial statements, and quarterly reports. Management ensures reports are accurate. The Finance and Audit Committee reviews quarterly statements and recommends their approval to the Board of Directors.4.2. Variances greater than \$5,000(CAD) between the actual and budgeted categories are required to be identified and explained on financial reports to the Board of Directors. |

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| | <ul style="list-style-type: none">4.3. Reports required by funding agencies are completed as stipulated in the funding agreements and presented within the timelines identified by the funding agencies.4.4. Fiscal management and financial reporting conform to legal requirements and are compliant with generally accepted accounting principles.4.5. All staff are required to submit receipts and invoices to Pride Toronto’s current financial management system and ensure approval is obtained before any spending occurs. <p>5. Auditing</p> <ul style="list-style-type: none">5.1. An annual audit is performed for the fiscal year ending July 31 by Pride Toronto’s external auditor. Audited statements are presented to the membership for approval at the Annual General Meeting.5.2. At the Annual General Meeting, the auditor is appointed by the members of the corporation and the membership authorizes the Board to fix the auditor’s fee. A review of the auditor is conducted by the Finance and Audit Committee every 2-3 years, or as required.5.3. The auditor will present an annual audit plan to the Finance and Audit Committee every fourth quarter of each fiscal year. |
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| Financial Separation Of Duties Policy | |
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| Fn - 01 Last Approved by Pride Toronto Board of Directors: February 23rd, 2021 | |
| Purpose | Pride Toronto upholds the separation of duties in finance in several ways. It is critical that separation of duties is delineated in three ways: authorization, record keeping and asset custodian. |
| Enactment & Procedures | <ol style="list-style-type: none">1. The Finance Department processes transactions and performs control assets duty, but does not have authorization on the disbursements. The custodian for control assets is the Executive Director.2. Bookkeeping staff who perform assets custody duty have no purchase and disposal authority and are provided with access to financial records, as appropriate.3. Pride Toronto has an additional separation of duties between operational responsibility and record-keeping responsibility. The Director of Operations, or staff assigned by the Executive Director, has primary record-keeping, accounting and reporting responsibility.4. The Treasurer maintains complete financial oversight and will be provided monthly reporting updates from the Executive Director and/or delegate. The Treasurer is responsible for informing the Board of all financial matters. |

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| Procurement Policy Fn - 02 Last Approved by Pride Toronto Board of Directors: February 23rd, 2021 | |
| Purpose | <ol style="list-style-type: none">1. To ensure that all goods and/or services purchased by Pride Toronto provide the best value for money spent;2. To ensure and to provide an open and transparent procurement process;3. To promote and maintain the integrity of the purchasing process and protect Pride Toronto, employees involved in the process and suppliers, by providing clear direction and accountability. |
| Enactment & Procedures | <p>Authority The authority to source goods or services, draft contracts, approve contracts and purchases, and sign contracts on behalf of the Organization, is dependent on the role within the Organization. See</p> <p>The Board of Directors: The Board of Directors' Co-Chairs, Treasurer and Secretary have the authority to sign contracts on behalf of the Organization. Other Board Members have no purchasing or procurement authority.</p> <p>Staff: The Executive Director has the authority to source products & services, draft, approve and sign contracts on behalf of the organization up to \$50,000 (CAD) in each fiscal year. The Director of Operations and Director of Sponsorship have the authority to source products & services, draft contracts, approve contracts and services up to a dollar value of \$10,000, and sign contracts on behalf of the Organization.</p> <p>Staff with an allocated budget are able to spend up to \$1,000 (CAD) without sign-off from the Director and must be within the budget. Anything outside of the budget must be approved by a Director and/or Executive Director.</p> <p>Advisory Committees: Advisory committees have the authority to source products and services and to purchase goods within an allocated budget. Advisory Committees have no purchasing or procurement authorities. The Advisory Committee may make recommendations to the Staff lead.</p> |

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Soliciting

1. A minimum of one competitive quote will be sought for the supplies of goods or for the performance of certain functions or services below \$5,000. The Manager responsible for the procurement will issue a purchase order without a contract.
2. A minimum of three competitive quotes will be sought for the supplies of goods or for the performance of certain functions or services above \$5,000 and below \$10,000. The Manager responsible for the procurement will issue a purchase order without a contract.
3. Pride Toronto will issue a Request for Proposal when the supplies of goods or for the performance of certain functions or services are of a value above \$10,000.

Requests for Proposals

All Requests for Proposal shall be posted publicly for a minimum of 7 days and may be distributed to potential suppliers. A minimum of three quotes will be sought before the final review and evaluation of the Requests. The Manager posting the Request for Proposals, together with the Executive Director if applicable, shall develop the evaluation criteria for each Request for Proposal.

Refusal to accept proposals

The Organization will refuse to accept any proposal provided in response to a Request for Proposal that is:

1. incomplete
2. not sealed
3. received after the closing deadline
4. submitted once a Request for Proposal has been cancelled.

Unsolicited Proposals

Pride Toronto can receive unsolicited proposals. If the Organization determines that the proposal warrants consideration, then the proposal must be submitted to the Manager responsible for the good or service identified in the proposal.

The proposal must demonstrate one of the following:

1. it addresses the current or future needs of the Organization; OR
2. the goods or services are not otherwise available in the marketplace.

Submitters of unsolicited proposals shall be made aware that the content of their proposal, or a portion thereof, may be used to create a

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| | <p>public or invitational tender or request for quotation and there shall be no obligation upon the Organization to engage the submitter to provide the said goods or services. Submission of an unsolicited proposal shall in no way require the Organization to procure the goods or services from the submitter.</p> <p>Emergency Purchases</p> <p>Notwithstanding the provisions of this policy, in case of an unforeseen and unplanned emergency that is an interruption of service(s) or events(s), whether or not officially declared, when an event occurs that is determined by the Executive Director and one other member of the Management Team to be a threat to:</p> <ol style="list-style-type: none">1. public health2. maintenance of essential Organizational services3. the welfare of persons or of public property, or4. security of the Organization or its interests and response to the threat requires the immediate procurement of goods or services, and the imminent need does not permit time for a competitive bid process to take place, the Executive Director and one other member of the Management Team may authorize the procurement of such goods, services and/or construction as is deemed necessary to remedy the situation. <p>The relevant details surrounding the emergency event shall be included in a report by the Staff members responsible for approving the procurement and submitted to the Finance and Payroll Manager within 30 days.</p> <p>Contracting & Awarding</p> <p>All Pride Toronto contracts will include the Organization’s Master Service Agreement and an attached Scope of Work document.</p> <p>The Master Service Agreement contains standard terms for all contracts and can only be edited with the approval of the Executive Director with the consultation of the Staff lead. The Scope of Work documents the specific division of work customized between the Organization and the contractor, to be performed under a contract or subcontract in the completion of a project. It must clearly establish the outputs and outcomes required, together with their quality and quantity, against which the performance of the contractor can be monitored throughout the duration of the contract.</p> <p>Competitive Process</p> |
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| | <ol style="list-style-type: none">1. Objective selection criteria for the awarding of a contract must be established prior to inviting bids and proposals and must be consistent with those specified in the solicitation documents. The selection criteria and application timelines must not limit anyone from competing.2. All standard competitive processes must provide identifying information for potential bidders or proponents to the solicitation, to fairly and equally base their response. The rationale for the ranking of all proponents must be documented. All RFPs must request three references from each candidate.3. In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific goods, or they may be advertised in appropriate avenues such as, but not limited to Biddingo, Merx, or newspapers.4. The permitted response time to a solicitation must be sufficient to allow all potential proponents to have a reasonable opportunity to compete. This will take into account the time required to disseminate information, the complexity of the procurement, and the time required to prepare an appropriate response.5. Before considering a bid or proposal, Pride Toronto must ensure that it meets all mandatory requirements specified in the solicitation documents.6. Selection of the successful proposal will entail a consideration of multiple factors including the proposal's overall rating and the compatibility of the proponent with Pride Toronto's stated mandate.7. The competitive process will evaluate each supplier's proposed approach, or pricing, or other elements required for the project.8. The Manager responsible for the selection process will ensure all three references are checked and evaluated as a portion of the ranking.9. A written confirmation must be sent to the contractor who was successful on a solicitation.10. Pride Toronto employees and volunteers must not divulge information regarding a contract or a bid. <p>Multi-year Agreements</p> <ol style="list-style-type: none">1. A contract in the form of a Multi-year Agreement for a period of up to three years may be made between Pride Toronto and a contractor.2. Multi-year Agreements must outline specific costs per year, highlighting fixed pricing or projected escalation in costs. Increased pricing or costs must be negotiated and agreed upon in |
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| | <p>writing before entering into the new contract year.</p> <ol style="list-style-type: none">3. To be eligible, at the end of each contract year, contractors must meet Organizational standards through an evaluation for Multi-year Agreements including satisfactory performance, no unresolved compliance issues or concerns with any of the services provided by the contractor, and full declaration of any real or perceived conflicts of interests (if applicable).4. Contractors who are entering a Multi-year Agreement for the first time must demonstrate the ability to meet the requirements of the contract. They may negotiate a time period not to exceed one year from the commencement of the Multi-year Agreement, in which they commit to a work plan with progress reports to demonstrate to the contract Manager that the contractor meets the Organizational standards for Multi-year Agreements. <p>Direct Awards</p> <p>Contracts for acquisitions may be negotiated and directly awarded without a competitive process where one of the following exceptional conditions applies:</p> <ol style="list-style-type: none">1. it can strictly be proven that only one contractor is qualified to provide, or is capable of engaging in such acquisition opportunity;2. a donor/funder specifies a certain product and/or supplier be contracted based on their donation;3. an unforeseeable emergency exists and the goods or services could not be obtained in time by means of the competitive process;4. The acquisition is of a confidential or privileged nature and disclosure through an open bidding process could reasonably be expected to compromise Pride Toronto’s confidentiality. <p>Documentation</p> <ol style="list-style-type: none">1. Pride Toronto must maintain adequate contract documentation for all phases of the procurement process, including planning, solicitation, award, management, amendments, schedules of payment, progress reports and contract evaluations for seven years.2. Contracts must be in writing and signed and delivered by all parties prior to the commencement of the work or service (or, in the case of an emergency, as soon as possible thereafter).3. Contracts must be made in the contractor's legal name. Each contract must be approved and signed by the appropriate authority. In no circumstances should an unauthorized |
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| | <p>employee, volunteer or agent legally bind the Organization.</p> <ol style="list-style-type: none">4. Upon finalizing the negotiation of the contract, the Staff member responsible for approving the contract must ensure it is submitted to the Finance and Payroll Manager within 30 days. Contract payments will not be made unless accompanied with a purchase order number. <p>Receiving</p> <ol style="list-style-type: none">1. Pride Toronto employees, before signing for the receipt of goods and/or services, must inspect the shipment for damage and/or missing or incorrect items. Goods received must match the shipment's documentation.2. Discrepancies between goods and/or services received and goods and/or services ordered must be reported immediately to the supplier. If the supplier does not take appropriate corrective action, the Manager responsible for the goods and/or service should be contacted for assistance.3. The Finance and Payroll Manager must maintain adequate receipt records or other documentation to support account verification and payment. <p>Petty Cash / Payment / Credit Cards</p> <p>Petty Cash</p> <ol style="list-style-type: none">1. Petty cash is managed and coordinated by the Office Administrator.2. Petty cash will be issued to Staff and Coordinators for purchases under \$50 by the Finance and Payroll Manager <p>Payment by bank draft or cheque</p> <ol style="list-style-type: none">1. The authority to source products or services, draft contracts, approve contracts and purchases, and to sign contracts on behalf of the Organization, is dependent on the role within the Organization. See Section 5.1 and Appendix 7.1: Purchasing & Procurement Authority Chart for a complete overview.2. Where a contract requires a deposit, the amount will be mutually agreed upon by Pride Toronto and the Contractor3. Will abide by the Assigning Authority Policy4. All payment requests must be allocated to the appropriate cost centre by the Manager responsible for the contract and then submitted to the Finance and Payroll Manager.5. Receipts for pre-approved purchases above \$20 must be |
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submitted to the Staff Liaison (if the purchase was made by a Coordinator), or directly to the Finance and Payroll Manager (if the purchase was made by an employee) and must be accompanied by a Cheque Requisition form. The Finance and Payroll Manager will reconcile the information and issue a cheque. All payments must be approved by the authorized Manager and submitted to the Finance and Payroll Manager.

Credit Cards

The authority to possess an Organizational credit card is limited to the Senior Leadership Team.

1. The cardholder is responsible for the safekeeping of the card and the regular scrutiny of the account for any disputed transactions.
2. The cardholder is responsible for obtaining proof of expenditure for any items spent against it, whether by themselves or other members of the Organization.
3. The cardholder is responsible for the submission of a monthly reconciliation detailing the purpose of each expenditure including the invoice or receipt for each item, and the account code and cost centre to which items should be posted.
4. Credit cards shall only be used for approved Organizational expenditures. If the expenditure is not approved, the cardholder is expected to reimburse the Organization.

Evaluating / Monitoring

Contracts

1. The Manager must ensure timely and consistent monitoring of the contractor's performance as the assignment progresses in accordance with the terms and conditions of the contract. The Manager must also ensure a post-completion evaluation is completed on every contract to provide a record of the contractor's performance and to assist in future contracting activity. The Finance and Payroll Manager shall store the evaluation and all other relevant paperwork with the original contract.
2. Where a contractor deviates from the terms and conditions of a contract, the contract Manager must immediately take one or more of the following steps:

Step 1: Notify the contractor in writing within ten business days of the deficiency and arrange to discuss the problem. A record should be kept of such discussions. The discussions could result

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| | <p>in an agreement to amend the terms of the contract.</p> <p>Step 2: Issue a notice to comply if the contractor persists in deviating from the terms and conditions of the contract.</p> <p>Step 3: Issue a stop work order (if applicable) if the contractor ignores the notice to comply.</p> <p>Step 4: Terminate the contract, subject to the advice of the Executive Director.</p> <ol style="list-style-type: none">3. Where the breach or deficiency puts public safety at risk, the Organization must proceed immediately to Step 2 and issue a notice to comply, or to Step 4 and terminate the contract.4. If fraud is suspected, the Executive Director must be notified immediately to identify and manage any asset maintenance, risk and liability issues arising from their contracting activities.5. Any dispute arising out of a contract must be dealt with in a just, prompt and cost-effective manner. All contracts must contain a clause that identifies how a dispute will be resolved. Any dispute arising out of a contract must ultimately be resolved according to the terms of the contract. <p>Conflict of Interest</p> <p>Where an employee or volunteer who is involved in any procurement process has any financial interest, whether direct or indirect, real or perceived, in the procurement, the employee or volunteer:</p> <ol style="list-style-type: none">1. shall immediately disclose the interest and the nature thereof to the Manager administering the procurement or, where it is the Manager who has the financial interest, to the Executive Director or, where it is the Executive Director who has the financial interest, to the Co-Chairs of the Board of Directors;2. shall not take part in the award of the contract;3. shall not attempt in any way to influence the award of the contract. |
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| | <p>An employee or volunteer has an indirect financial interest if the employee or volunteer or the employee's or volunteer's spouse or equivalent, or a child of the employee or volunteer:</p> <ol style="list-style-type: none">1. has a real or perceived controlling interest in, is a shareholder in, or is a director or senior officer of a corporation which has a financial interest in the procurement;2. is a partner in or is the sole proprietor of an unincorporated business entity or enterprise that has a financial interest in the procurement; or3. is in the employ of a person, corporation, unincorporated business entity or enterprise that has a financial interest in the procurement. <p>During the procurement process, all volunteers, employees, and board members involved in the process, are prohibited from accepting, directly or indirectly, from any person, company or corporation to which any contract is or may be awarded, any rebate, gift, money or anything whatsoever of value, except where same is provided for the use and benefit of the Organization.</p> <p>Consequences for Breaches of This Policy</p> <p>An employee or volunteer who is in breach of this policy can be subject to a disciplinary hearing and investigation, at the discretion of the Executive Director. A disciplinary hearing will measure the impact of the breach on the organization and may result in:</p> <ol style="list-style-type: none">1. financial reimbursement to the Organization; and / or2. a formal written warning; or3. dismissal4. litigation |
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| Signing Authority Policy | |
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| Fn - 01 Last Approved by Pride Toronto Board of Directors: February 23rd, 2021 | |
| Purpose | Pride Toronto is committed to ensuring that appropriate financial controls are in place. All financial transactions require two (2) authorized signatures, one of which must be a Board Member. |
| Enactment & Procedures | <ol style="list-style-type: none">1. The authorized signatories are:<ol style="list-style-type: none">1.1. Co-Chairs, Board of Directors1.2. Treasurer, Board of Directors1.3. Executive Director1.4. Other Director or designate appointed by the Executive Director and approved by the Board; this may include Staff (with all transactions still requiring a Board Member signature)2. All payments for expenses authorized within the budget and under \$50,000 (CDN) require signatures of two (2) authorized signatories, one of which must be a Board Member.3. All payments for expenses authorized within the budget and over \$50,000 (CDN) require signatures by one (1) of the Board Co-Chairs and one (1) other of the above signatories.4. All payments for an expense not authorized within the budget including capital items less than \$10,000 (CDN) require signatures by two(2) authorized signatories, one of which must be a Board Member.5. All expenses not authorized within the budget, including capital items over \$10,000 (CDN), require approval from the one (1) of the Board Co-Chairs and one (1) one other of the above signatories, and an update to the Board of Directors.6. All payments, aside from credit card purchases, must have dual authorization; one staff member and one Board Member. For any credit card purchases, please refer to the Procurement and Purchasing Policy. |