



POLICY TITLE:
Cash Management

Board Approval: September 27, 2016
Board Review:

OBJECTIVE: In accordance with the Board of Directors' ongoing commitment to fiscal transparency and financial responsibility, this policy will provide guidance on the treatment of the cash balances of the organization as well as appropriate controls over handling of cash.

1. POLICY:

- 1.1. Summit West Independent School will have a minimum of two signing officers for cash disbursement. In the normal course of events, these shall be the Executive Director and the Treasurer.
- 1.2. All new bank accounts and investment accounts shall require a resolution of the Board of Directors.
- 1.3. Segregated funds shall be kept in a bank account separate from operational funds.
- 1.4. A credit line shall be established as necessary.

2. RESPONSIBILITY:

- 2.1. It is the responsibility of the Board of Directors to set guidelines for cash balances and investments, reflecting prudent stewardship of member/donor funds and to assure itself that cash and investments are being managed and controlled effectively.
- 2.2. It is the responsibility of the Executive Director to ensure that:
 - 2.2.1. Cash and investments are being managed according to the guidelines set out by the Board of Directors.
 - 2.2.2. Internal controls are established over the handling and access to cash.
 - 2.2.3. Cash forecasts are performed on a periodic basis.
 - 2.2.4. Perform regular reconciliations of bank balances and bank deposits to charitable receipts.
 - 2.2.5. Monitor the level of inventory and accounts receivable.
 - 2.2.6. Review investments and cash balances monthly.
 - 2.2.7. Ensure that annual distributions meet CRA Guidelines.

3. DEFINITIONS:

- 3.1. **"Accounts payable"** is an amount owed for goods or services purchased but not yet paid for.

- 3.2. **“Petty cash”** means a small amount of cash kept on hand to be used for necessary minor purchases.
- 3.3. **“Accounts receivable”** means a small amount due for goods or services sold but not yet paid for. Not that a pledge donation is not an account receivable.
- 3.4. **“Bank reconciliation”** is a comparison between the bank’s record of transactions and the records of the organization. After taking into account deposits not yet recorded and outstanding cheques the two records should be in agreement.
- 3.5. **“Controls”** are mechanisms such as reports, reviews and procedures that are designed to ensure policies are effectively adhered to and reduce the risk or fraud or error.
- 3.6. **“Reconciliation of charitable receipts”** is a comparison between charitable receipts issued to bank deposits and the investigation of any unexplained differences.

4. PROCEDURES:

4.1. Banking Accounts and Authorization

- 4.1.1. New bank accounts must be approved by a resolution of the Board of Directors.
- 4.1.2. In the event that these actions are likely to be insufficient to the purpose, the Executive Director will take necessary additional steps.
- 4.1.3. Annually, coincident with the development of the budget, the Executive Director will review longer-term cash requirements and expectations and take necessary steps to ensure that cash will be available when needed through:
 - 4.1.3.1. Adjustments to the budget.
 - 4.1.3.2. Supplementary fundraising plans.
 - 4.1.3.3. Lease vs. purchase analysis.
 - 4.1.3.4. Borrowing.
 - 4.1.3.5. Other steps as appropriate.