

FINANCE POLICY

1.0 Purpose

This policy defines the financial policies for ASNT.

2.0 Scope

This policy applies to all financial activities and affairs of the Society.

3.0 References

- 3.1 *ASNT Bylaws*
- 3.2 **Policy F-02** Investment Policy
- 3.3 **Policy F-10** Reserves Policy
- 3.4 **Policy J-03** Board of Directors
- 3.5 **Policy J-04.04** Treasurer
- 3.6 **Policy J-04.06** Executive Director
- 3.7 **Policy J-05.10** Business and Finance Committee
- 3.8 **Policy J-05.20** Audit Committee

4.0 Responsibilities

- 4.1 ASNT shall manage its financial resources in a manner which enables the organization to fulfill its mission in the most effective and efficient manner. To do so, ASNT shall maintain effective accounting, budgeting, operating, reserves, investment, risk management, and financial reporting policies and procedures.
- 4.2 The Board of Directors shall be responsible for the financial management of the Society. It may delegate some, none, or all of its responsibilities to the Officers, Directors, Board Committees, and Staff as defined in policy.
- 4.3 The Executive Director shall be responsible for preparing an annual budget proposal and three-year plan, managing the day-to-day financial operations which includes maintaining banking, credit, reserves, and investment accounts, executing checks and funds transfers, and signing contracts, and providing timely and accurate financial reports to enable financial oversight by the Board of Directors, the Officers and Directors, and the Board Committees.
- 4.4 The Business and Finance Committee shall be responsible for reviewing and recommending the annual budget and three-year plan to the Board of Directors, reviewing and recommending business cases when required, and monitoring the financial performance and condition of the Society.

- 4.5 The Treasurer is responsible for ensuring accounting and financial management systems are in place and effective and that management complies with policy.
- 4.5 The Audit Committee is responsible for overseeing the annual financial audit in accordance with policy.

5.0 Annual Budget and Three-Year Plan

- 5.1 The Executive Director shall prepare and present an annual budget proposal to the Business and Finance Committee by the first Friday in February. The proposal shall include:
 - 5.1.1 A detailed description of the revenues and expenses for all departments and programs.
 - 5.1.2 A description of the estimating assumptions and operating plans included in the budget.
 - 5.1.3 A detailed description and business case justifying any new programs or initiatives not previously approved by the Board of Directors which requires investment of more than \$100,000 annually.
 - 5.1.4 A rationale justifying the cancellation or significant modification of any programs or initiatives previously approved by the Board of Directors.
 - 5.1.5 An updated three-year financial plan which includes estimated operating revenues and expenses for all programs and departments for a three-year period and which describes the estimating assumptions used to prepare the plan.
- 5.2 The Executive Director shall coordinate budget preparation with the Operations Committee to ensure Council resource requests are considered.
- 5.3 The Business and Finance Committee shall meet to review and discuss the budget proposal with the Executive Director and invited staff and present its recommendations to the Board of Directors no later than April 30.
- 5.4 In preparing, reviewing, and recommending the budget, the staff and the Business and Finance Committee shall consider (1) the Society's strategic objectives, plans, and commitments, (2) global economic conditions and forecasts, (3) the Society's preference for net surpluses from operations, and (4) other factors as appropriate.
- 5.5 The Board of Directors shall approve an annual budget no later than June 30.

6.0 New Programs and Initiatives

- 6.1 Prior to making any purchase of more than \$250,000 or implementing any program or initiative which requires investment of more than \$500,000 over a three-year period which has not previously been approved by the Board of Directors:

- 6.1.1 The Executive Director shall provide to the Business and Finance Committee a detailed description and business case justifying the purchase or investment.
- 6.1.2 The Business and Finance Committee shall review the business case and make a recommendation to approve or disapprove the purchase, new program or initiative to the Board of Directors.
- 6.1.3 The Board of Directors shall approve or disapprove the purchase, new program or initiative and provide any conditions or restrictions for implementation.

7.0 Operating Cash

The Treasurer shall assess the Society’s cash needs at least quarterly to determine the amount of cash necessary to support efficient business operations. The Treasurer may recommend cash transfers to or from reserves when necessary to maintain cash accounts at appropriate levels. Reserves shall be invested in accordance with policy.

8.0 Financial Statements

The Executive Director shall provide statements of activities, statements of financial position (balance sheet), and cash flow statements to the Board of Directors and the Business and Finance Committee on a monthly basis. The statement of activities will identify variances in revenues and expenses from budgeted and actual amounts for the current month and the year-to-date.

9.0 Mid-year Forecasts

The Executive Director shall provide a forecast of revenues and expenses for the remainder of the fiscal year to the Business and Finance Committee no later than January 31. The forecast shall reflect the actual revenues and expenses incurred for the first half of the fiscal year and the estimated revenues and expenses for the second half of the fiscal year. The forecast shall identify projected variances in revenues and expenses from budgeted amounts for the fiscal year.