

Rotary International District 5360

Policy recommendation from the District Treasurer in respect of Expense claims, cheque signing and electronic payment

April 28, 2017

Preface

A backgrounder on this topic was circulated to Board members in January 2017, and the Audit and Finance Committee reviewed progress on the matter on March 7, 2017. There follows a draft Policy and Procedure for potential email discussion and consideration at the next Board meeting.

Policy

The District must maintain a credible, transparent and reliable system of internal control in respect of cash control and in particular of the payment approval process which any impartial third party would view as completely adequate for this organization relative to the number and magnitude of transactions and the number of people in the organization who are involved in the requisition, approval and payment process. The system of internal control is also designed to ensure that disbursements are only made in furtherance of the objectives of this Rotary District.

The District Board approves an annual budget for income and expenses which provides clarity and guidance to those involved in collecting income and expending funds available. Where a monthly review of budget versus actual reveals existing or expected overspending in any category, the Audit and Finance committee are responsible for corrective or compensating action. Committee chairs and Board members are responsible to ensure that their annual expenditures are in line with the budget and are responsible for drawing any material expected overspending to the attention of the Treasurer. The Treasurer has overall responsibility both to the Board and all Rotary members in the District to ensure good financial stewardship of the District's funds and regular reporting thereof.

Procedure

The following is a summary of the process for reimbursement of expenditures to members, payment of invoiced expenses and disbursement of other funds and is in addition to the review made by the District Administrator as part of a physical cheque preparation or electronic payment initiation.

1. Claims should be made promptly after an expense is incurred and always within 90 days.
2. Claims greater than \$50 must have adequate supporting documentation evidencing actual payment attached to the current requisition form.
3. Payment requisitions must be signed by the claimant and approved BEFORE payment is made or authorized.
4. Payment requisitions and invoiced costs relating to one of the five District committees must be approved by the current committee chair and the amount requested for payment must be within the approved committee budget on a cumulative basis for the year.
5. The hierarchy of approvals is set out on the current Payment Requisition form v2016-06 (copy attached). Two approval signatures are required for claims in excess of \$1,000 and one signature of a committee chair or above for amounts below that threshold.
6. Cheques/electronic transfers must be approved by two of the designated banking authorities who will ensure that they have not already been involved in the requisition/approval/payment process for that transaction.