

FINANCE POLICY

North Island-Coast Development Initiative Trust (*doing business as* Island Coastal Economic Trust, "the Trust")

ANNUAL BUDGET

Budget Process

1. The budget process provides:
 - a) A financial plan for the year in line with the strategic plan of the Trust;
 - b) A means for setting priorities and allocating resources; and
 - c) A means for comparison of actual to budget.
2. The annual budget will include both an operating and capital budget. A capital acquisition is an individual asset that has a useful life of more than one year and a cost of \$5,000 or more.
3. The board will approve the annual budget no later than the end of the first quarter of the new fiscal year.
4. During the fiscal year, the board may request staff to reforecast the annual budget, incorporating year to date variances between actual and budget. The reallocation of more than \$10,000 between budget line items must be approved by the board.
5. During the fiscal year, initiatives and/or costs not included in the annual budget may be identified. The board will review cost overruns and approve requests for increases to approved annual budget.

CEO Authority

6. The board authorizes the CEO to manage the organization in accordance with the approved annual budget.
7. During the fiscal year, the CEO may request an increase to annual budget for initiatives and/or costs not included in the approved annual budget

Financial Reporting

1. Financial statements will be prepared monthly by the CFO and approved by the CEO.
2. The board of directors will review and approve the Trust's financial statements at least quarterly.
3. Regular (at least quarterly) financial reporting to board includes:
 - a) Summary of financial highlights;
 - b) Financial statements;
 - c) Explanation of material variances between budget and actual;
 - d) Project and Funding Program commitments and expenditures; and
 - e) Capital expenditures.

FINANCIAL AND INTERNAL CONTROLS

General

1. Limits of signing authorization for purchases, contracts, cheques, and orders for payment or withdrawal of money, will be determined by the board.
2. All funds received by the Trust will be deposited as expediently as possible.
3. Financial assets will be managed in accordance with the board-approved Investment Policy.
4. The CFO, working with the CEO, will ensure reliable accounting and information systems, and internal controls are properly designed, implemented and maintained.
5. Finance and Administration Policies and Operations Manual will be maintained to reflect operating practices and procedures and will be updated by financial staff as required.
6. The Trust will take reasonable steps to ensure compliance with all laws, permits, regulations, and orders.
7. The Trust will comply with the terms of its funding agreements, such as any contribution agreements or shared cost arrangements entered with governments or other organizations from time to time.
8. Operational and administrative costs will be minimized while meeting operational objectives established by the board.

Cheques and Electronic Transfers

9. The authorized signatories for cheques and electronic fund transfers (EFTs) are as follows:
 - a) Any 2 of the Trust's officers (i.e. the board Chair, Vice Chair, Secretary-Treasurer, CEO or CFO).

Transfers to and from Investment Management Portfolios

10. The authorized signatories for instructions to our custodian and investment managers are as follows:
 - a) Any 2 of the Trust's officers (i.e. the board Chair, Vice Chair, Secretary-Treasurer, CEO or CFO).

Disbursements

11. An authorized signatory will sign cheques or approve EFTs only upon review and approval of the underlying transaction. This will include review of the existence of proper supporting documentation, such as an invoice and evidence of the receipt of the goods and services.

In the case of approved funding disbursements, the signatory will review and confirm that all conditions precedent to funding as per the funding agreement have been met.

Accounts Payable

12. All accounts payable and supporting documentation will be reviewed and approved by the CEO prior to cheque preparation and signature.

All cheques or electronic fund transfers (EFTs) will have supporting invoices, claims with receipts or other supporting documentation attached.

Cheques or EFTs will generally be processed for payment weekly and no less than bi-weekly.

All blank cheques and other financial documents will be securely stored, accessible only to senior staff and financial staff.

Payroll

13. Payroll will be the responsibility of the CFO but may be delegated to financial staff.

All payroll transactions will be reviewed and recorded by the Trust's financial staff onsite in the organization's own accounting program.

Payroll will be directly deposited into staff accounts, or paid by cheque, twice monthly.

Payroll information will be securely stored and accessible only to the CFO, CEO and duly authorized payroll staff.

Monthly Accounting

14. All monthly accounting and financial reporting will be the responsibility of the CFO but may be delegated to financial staff.

All transactions will be entered into the accounting program as soon as is practical within the current reporting period.

All accounting documentation will be filed in an appropriate manner, and in compliance with the Freedom of Information and Protection of Privacy Act (FOIPPA), will be securely kept onsite at the Trust's business premises and will be accessible to the CEO, CFO and designated financial staff only.

Reconciliation of bank statements will be done at least once monthly.

Monthly financial reports will be submitted to the CEO for review.

Year End Audit

15. The Trust's financial year end is March 31st.

The auditor will be appointed by the board of directors prior to the previous year end, as per the requirements of the Trust's legislation, following the Auditor Selection and Rotation section of this policy.

All materials, adjustments and reconciliations will be completed and ready to submit to the auditor within 45 days of year end.

The auditor's report will be completed and presented to the board of directors no later than July 15.

The full audited financials will be published in tandem the Trust annual impact report and presented to government and key stakeholders no later than July 31st, in compliance with the Trust's governing legislation.

Government Remittance

16. The CFO is responsible for the timely remittance of government source deductions.

The payroll source deductions will be cross referenced during banking reconciliation.

Borrowing

17. Except for company credit cards, borrowing by the Trust is prohibited. Individual card limit not to exceed \$15,000 for the CEO.

Loans to Directors or employees

18. Loans to directors and employees are prohibited.

Reimbursement of Travel Expenses

The following applies to travel and expense reimbursement for employees, directors, and members of the Regional Advisory Committees.

Travel

19. Travel costs will be reimbursed at the following rates:

- The mileage reimbursement rate per km for travel on paved roads will match the rate posted by Canada Revenue Agency annually.
- The mileage reimbursement rate for travel on unpaved road surfaces will match the rate set by the Canada Revenue Agency plus an additional \$0.12 per km.
- Ferries (with receipts).
- Economy class air travel (with receipts).
- Taxi, shuttle or car rental between airport and meeting location (with receipts).
- Cost of vehicle rentals and refueling (with receipts).

Accommodations

20. Reasonable accommodation costs required to attend the Trust's board, Regional Advisory Committee meetings, or other official board business for the Trust, will be reimbursed on submission of receipts.

Reasonable efforts should be made to secure government rates and make reservations in a timely manner to ensure access to the most economical travel and accommodation options.

Incidental accommodation costs (pet fees, snacks) will not be reimbursed.

Employee Expenses

21. Staff will be reimbursed for reasonable travel expenses when traveling on official authorized corporate business.

22. Consultants will be reimbursed for reasonable travel expenses as per their engagement contract or subject to pre-authorization from the CEO.

23. Meals and incidentals will be reimbursed at the following rates:

Breakfast \$20.00, Lunch \$20.00, Dinner \$45.00 (with receipts)

Incidentals- \$17.00 per day (no receipts)

Other business-related expenses – (with receipts)

24. The CEO or other staff may be called upon to host meals or attend meetings or events where costs exceed policy. The full cost of hosting, meals or accommodation will be reimbursed on submission of receipts.

25. Expense claims must be submitted within 30 days of incurring the expenses.

All staff and consultant expense claims must be verified and approved by the Chief Executive Officer or the Chief Financial Officer. All CEO expense claims must be verified and approved by the CFO.

Director Expenses

Board members may be reimbursed for reasonable expenses incurred in the fulfillment of their official duties. Reasonable efforts should be made to secure government rates, low-cost airfare and make reservations in a timely manner to ensure access to the most economical travel and accommodation options.

Per Diem

26. Board members will receive a per diem expense fee of \$150 in lieu of meals and other incidental expenses for attendance at Board, formal Committee meetings or other official designated Board duties.

Meetings and travel completed by noon will be eligible for 0.5 of the per diem rate.

Travel which requires an overnight stay and is completed after noon will be eligible for an additional 0.5 per diem rate.

Travel will be deemed to require an overnight stay if departure before 7 am is required to arrive within one half hour of meeting commencement time.

Meetings held by conference call will be eligible for 0.5 of the per diem rate.

Any meals or other incidentals provided at meetings will be deducted from the per diem rate.

Expense Submission and Approval

27. All expense claims must be submitted within 30 days of incurring the expenses and expense claim forms must be fully completed and signed.

Claims will be reviewed by the CFO for compliance with policy.

Staff may not fill in or modify forms on behalf of board members except to rectify simple calculation errors.

All claims which do not meet policy will be referred to the Secretary-Treasurer or the appointed Executive Committee member for review and approval.

Regional Advisory Committee Member Expenses

Regional Advisory Committee members may be reimbursed for reasonable expenses incurred to attend and prepare for Regional Advisory Committee meetings. Reasonable efforts should be made to secure government rates and make reservations in a timely manner to ensure access to the most economical travel and accommodation options.

Per Diem

28. Regional Advisory Committee members will receive a per diem expense fee of \$150 in lieu of meals and other incidental expenses for attendance at Regional Advisory committee meetings.

Meetings and travel completed by noon will be eligible for 0.5 of the per diem rate.

Travel which requires an overnight stay and is completed after noon will be eligible for an additional 0.5 of the per diem rate.

Travel will be deemed to require an overnight stay if departure before 7 am is required to arrive within one half hour of meeting commencement time.

Preparation time is eligible for up to 0.5 of the per diem rate for Regional Advisory Committee meetings only.

Meetings held by conference call will be eligible for 0.5 of the per diem rate.

Any meals or other incidentals provided at meetings will be deducted from the per diem rate.

Expense Submission and Approval

29. All expense claims must be submitted within 30 days of incurring the expenses and expense claim forms must be fully completed and signed.

Claims will be reviewed by the CFO for compliance with policy.

Staff may not fill in or modify forms on behalf of board members except to rectify simple calculation errors.

All claims which do not meet policy will be referred to the Secretary-Treasurer or the appointed Executive Committee member for review and approval.

Third-Party Financial Management

From time to time, the Trust may manage funding programs or funding distribution on behalf of third-party organizations. These agreements must be fully approved by the board of directors and will generally include some specific terms related to program management and financial management. In the absence of specific terms, the following will apply:

Banking

30. Third party funds will be held in a separate bank account, designated for single or multiple third-party fund management, as may be required by funding agreements and/or management expediency.

Third party funds may be flowed into the Trust's chequing accounts for funding distribution purposes (project payments or bill payments) or management expense reimbursement purposes, unless otherwise restricted by the board of directors.

Specific financial reconciliation documentation must accompany all fund transfers out of third-party accounts, and a summary must be included in financial reports provided to the board of directors.

The CEO may use the Trust's credit card and/or cashflow to advance third-party program management needs, pending reimbursement, provided there is no significant risk or negative impact to the Trust's financial position.

Investment

31. Third party funds will only be invested (for financial returns) subject to the specific contractual obligations or limitations unique to each agreement. These agreements and investment strategies must be fully approved and overseen by the board of directors, and align with program and cashflow needs, preservation of capital and appropriate risk mitigation principles.
32. Third party investments will be kept separate from the Trust's investment funds, unless pooling of funds is authorized by the third-party funding agreement and the board of directors.

Authorizations and Fund Distributions

33. All third-party funding distributions must be authorized by the CEO, in accordance with the third-party contractual terms. These terms must have been previously authorized by the board of directors.

The CEO has the authority to enter into agreements with third parties, subject to board approval.

The CEO has the authority to enter into any contracts required to fulfil the third-party agreement, subject to the terms, management plan and budgets in the third-party agreement.'

Third-Party Program Staffing

34. The CEO has the responsibility for third party staff recruitment and compensation negotiation subject to the terms of the Board approved third party funding agreement and program management plans and budgets.

AUDITOR SELECTION AND ROTATION

1. The Trust will have its financial statements audited by an independent external auditor on an annual basis.
2. The Finance and Audit Committee will review and recommend the selection of an external auditor to the board and the board will resolve the appointment of its auditor. Proposals from qualified accounting firms will be assessed for at least the following:
 1. Capability of the proposed audit team and the audit approach
 2. Knowledge of the industry and the Trust
 3. Price
3. The responsibility to prepare the annual external financial statements and manage the audit process itself lies with the CFO and the CEO.
4. The external auditor will report directly to the Finance and Audit Committee. The auditor's report and management letter will be reviewed by the Finance and Audit Committee and presented to the board for approval.
5. The audited financial statements will also be made public and distributed to stakeholders as required by the Act governing the Trust.
6. The external auditor may not be hired to perform significant non-auditing services without the prior approval of the board. The external auditor will not perform substantial services for any officer or director personally.
7. The board must tender a new the audit at least every 5 years. An audit firm is eligible for re-appointment up to a maximum of 10 consecutive years of service.

TAX RETURNS

1. The CFO working with the CEO will ensure that tax payments and other payments or filings required by applicable legislation are filed in a timely and accurate manner, in full compliance with applicable regulatory requirements and law.
2. The CEO will approve the annual tax returns and the board will review the annual tax filings prior to submission.
3. Annual tax returns will be posted on the Trust's website.

PROCUREMENT

General

1. It is the organization's goal that the procurement process is transparent and equitable, and that fiduciary responsibilities are met. The procurement policy governs expenditures by the Trust but does not extend to expenditures by organizations that receive funding from the Trust via approved funding disbursements.
2. The Trust's Standards of Ethical Conduct for Directors and Employees address standards for conduct and disclosure for procurement transactions where there is either a real or perceived conflict of interest.
3. When visiting island and coastal communities, the Trust will maximize local purchases of goods and services, utilizing local goods and services where practical.

Comparative Pricing

4. For goods or services less than \$10,000 (measured on an annual basis), staff will regularly obtain comparative pricing.

Supplier Selection

5. For goods or services equal to or greater than \$10,000 (measured on an annual basis or in aggregate for a multi-year contract), the competitive process for supplier selection includes:
 - a) Receipt of a minimum of 2 written quotes;
 - b) Receipt of references and follow up with same for preferred supplier(s);
 - c) Evaluation of suppliers and choice of preferred supplier based on the following considerations:
 - i. Nature of goods and services being procured;
 - ii. Number of potential suppliers;
 - iii. Price;
 - iv. Ability to deliver within required timeframe;
 - v. Past procurement experience with suppliers (if any); and
 - vi. Available information about suppliers, for example references.
 - d) Supplier selection will be approved by the CEO and CFO.
 - e) Use of Services or Contractor Agreement with detailed terms of engagement and fee schedule.

The board may approve omitting one or more of the above noted steps for supplier selection.

Supplier Evaluation

6. For goods or services (measured on an annual basis or in aggregate for a multi-year contract) equal to or greater than \$10,000:
 - a) Periodically (but not less than annually), staff to conduct a supplier evaluation and prepare a report.
 - b) Evaluation Report to include: Overall rating/ Description/ Recommendation

RISK MANAGEMENT

General

1. The Trust is committed to protecting its human, financial, tangible and intangible assets and resources through the practice of effective risk management. The Trust's board and management are dedicated to safeguarding the safety and dignity of its staff, clients, and anyone who has contact with the organization.

The Trust will:

- a) Protect the organization, its board, and staff from exposure leading to claims of liability;
- b) Ensure that its assets are adequately safeguarded;
- c) Protect intellectual property, information, and files from loss or significant damage; and

- d) Not endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission, except when necessary to accomplish its mission.
2. The duties and responsibilities in the risk management process are shared among the Board, the CEO, the Executive Committee and the Finance and Audit Committee.

The CEO is responsible for ensuring processes, procedures and mechanisms by which key matters of financial and non-financial risk are identified, and ensuring that strategies are developed to manage such risks.

The Board has responsibility to:

- a) Understand the key financial and non-financial risks of the Trust's operations;
- b) Ensure, through regular reviews and assessments, that management has established appropriate systems to manage those risks; and
- c) Receive regular reports on the management of material risks to the Trust.

In particular, the Board will review with management the policies and procedures that are in place to identify, manage and monitor material risk including, but not limited to:

- a) Employee safety and wellbeing
- b) Investments and returns
- c) Compliance with statutory and regulatory requirements
- d) Record management systems and technology
- e) Operational continuity and succession planning
- f) Operational risks related to disaster and emergency situations
- g) Appropriate insurance coverage in relation to risk
- h) Any other risks of concern to Board and management

3. The Board will review the organization's risk management policies and procedures annually.

Insurance

4. The following insurance policies will be maintained:
- a) Crime Coverage;
 - b) Commercial General Liability;
 - c) Property; and
 - d) Directors' and Officers' Liability
5. Staff will maintain an inventory of all property and equipment including office equipment, computers, and printers.

Strategic Risk Management Plan

6. The board, working with management, will develop and maintain an annual strategic risk management plan for the Trust.

Other

7. Staff to develop and maintain an emergency response and recovery plan. This plan will establish contingencies and anticipate threats that could harm the Trust's personnel, property and records, clientele, and reputation. The board is responsible for the periodic review and approval of this plan.
8. The Finance Policy is to be reviewed by the Finance and Audit Committee on an annual basis.

Approved by the board of directors on 25 October 2024.