

## MONITORING REPORT – POLICY EL4

To: Thunder Bay Counselling Centre Board of Directors

From: Nancy Chamberlain, Executive Director

Prepared by: Allane Danchuk, Director of Business and Finance

Re: Policy Type: Executive Limitations  
Policy Title: Financial Condition

Date: May 2019 (covers period from April 1, 2018 to March 31, 2019)

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With respect to the actual, ongoing condition of the organization's financial health, the Executive Director may not cause or allow the development of fiscal jeopardy or loss of allocation integrity.

This is interpreted to mean that the Executive Director must ensure that resources are available for the programs necessary to accomplish the Ends as set out by the Board. The Executive Director must also ensure that the organization has good financial health and does not act in a manner that increases risk of losing the financial resources necessary to carry out the work.

We monitor financial health through a comparison of actual expenses to the approved budget. TBC's financial condition is shared with the Board of Directors quarterly. The financial condition at year end is reported through Audited Financial Statements, Auditor's report and a report from the Board's Audit Committee. There is a year end operating surplus of \$85,774. With the financial uncertainties for 2019-20, it is recommended that the restricted surplus only increase slightly to \$340,000, to allow for program transitions where required in 2019-20.

Accordingly, the Executive Director may not:

1. Incur debt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days.

**Met Expectation**

All debt of TBC is of a current nature and is paid within 30 days of receipt of invoice. TBC has no long term debt.

2. Use any restricted reserves.

**Met Expectation**

No reserves have been used in the operations of TBC for the fiscal year April 1, 2018, to March 31, 2019.

3. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within 90 days.

**Met Expectation**

There has been no inter-fund shifting.

4. Allow cash to drop below the amount needed to settle payroll and debts in a timely manner.

**Met Expectation**

The cash on hand as at March 31, 2019, was \$659,552, which is sufficient for settling payroll and debts.

5. Allow actual allocations to deviate materially from Board priorities in Ends Statements.

**Met Expectation**

TBC utilizes cost centres that are representative of the Board's priorities as established in Ends Statements. Allocations to cost centres do not deviate from these priorities.

6. Use trust funds for purposes other than the management of client debts.

**Met Expectation**

TBC is under an agreement with Credit Canada Debt Solutions (CCDS) for the management of its trust account. All deposits received to the trust account for clients at TBC are deposited into a bank account operated by Credit Canada within the legislated timelines. Many clients make payments through online banking so deposits go directly to CCDS. The use of trust funds is audited by TBC's auditors and TBC receives a copy of the audit completed on the trust account operated by CCDS. Both organizations are in compliance with regulations.

7. Maintain no less than three separate bank accounts; a general operating account, a trust account for client funds, and an account for monies that are payable to the midwifery practices.

Transactions under five thousand dollars (\$5,000) require the signature of a) the Executive Director and the Director of Business and Finance, or b) the Executive Director or the Director of Business and Finance together with the signature of a program manager.

Transactions over five thousand dollars (\$5,000) require the signature of a) the Executive Director and the Director of Business and Finance, or b) the Executive Director or the Director of Business and Finance together with the signature of a Board Member who is a signing officer of the organization.

**Met Expectation**

We maintain four bank accounts. Held in the name of TBC, there is a general operating account; an account for monies payable to the midwifery practices; and a higher interest bearing account for the internally restricted reserve. In addition, we hold an account through Credit Canada Debt Solutions for the management of trust funds for clients. All transactions have been within the limits established. The banking resolution reflects the requirements of the policy.

## Recommendation for Revision to Policy

Based on feedback provided through the on-site accreditation review conducted by Credit Counselling Canada, we are recommending the Board of Directors considers revising Policy EL4 to better reflect the existing arrangement related to the operation of a trust account for clients involved in a Debt Management Program as well as to clarify the expectations of the Board in monitoring TBC's compliance with accreditation standards.

The changes recommended are as follows:

### Replace #6 with:

Hold client funds in an account that is not designated as trust account as defined by the Collection and Debt Settlement Services Act nor use trust funds for purposes other than the management of client debts.

### Add new #7:

Allow the Board of Directors to be uninformed of the monthly reconciliation of the trust account.

### Replace existing #7 with new #8:

Maintain no less than three separate bank accounts; a general operating account, an interest-bearing account for funds held in restricted reserve, and an account for monies that are payable to the midwifery practices.

Transactions under five thousand dollars (\$5,000) require the signature of a) the Executive Director and the Director of Business and Finance, or b) the Executive Director or the Director of Business and Finance together with the signature of a program manager.

Transactions over five thousand dollars (\$5,000) require the signature of a) the Executive Director and the Director of Business and Finance, or b) the Executive Director or the Director of Business and Finance together with the signature of a Board Member who is a signing officer of the organization.

A draft of the policy with these proposed revisions has been included with this report.

I certify this report to be a true account of information as of this date.

Signature:



Date: May 24, 2019