



### **3.3.3.3. Contingency Spending - Funding Unbudgeted Requests**

Purpose: This policy sets forth the process to be followed for unbudgeted financial requests

Applies to: Board, HQ, Finance Committee

#### **Purpose**

Throughout the year, time-sensitive financial requests are occasionally made through Board members, or Operating or Governing committees for activities that are not included in the annual Operations budget. The purpose of this policy is to define a process for resolving such time-sensitive requests, and for setting expenditure limits for individual requests and a cumulative annual total. This policy is designed to address requests that are one-time expenditures, as opposed to annual financial commitments. The latter shall be included in the annual budget and three-year financial estimates.

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#### **Policy**

##### **Contingency fund ceiling**

The cumulative spending of funds for unbudgeted financial requests shall not exceed \$50k per fiscal year or the contingency fund ceiling defined within the annual budget—the latter will take precedence.

#### **Process**

Unbudgeted financial requests that arise during the year shall be submitted to the Executive Director. The request shall address why the expenditure is necessary, the estimated amount of the expenditure, and the reason that the request cannot wait until approval of the next annual budget.

The Executive Director shall sort the requests in the following sequence:

- The Executive Director shall determine if the request requires action prior to approval of the next annual budget. If the request does not require immediate action, the request shall be forwarded to the Finance Committee for consideration in the next annual budget.
- If the request requires immediate action and does not exceed \$15,000 and the request would not breach the contingency fund ceiling, the President, Treasurer, and Executive Director shall review the request and decide whether or not to approve the request. If approved by unanimous consent, the request shall be funded.
- If the request requires immediate action and is greater than \$15,000, and the request would not breach the contingency fund ceiling, the Executive Director shall forward the request to the Chair of the appropriate governing committee and the Treasurer for review. If the

Treasurer and the governing committee concur with the request, the request shall be submitted to the Board for approval. If approved, the request shall be funded.

- If the approval of the request is warranted but would breach the contingency fund ceiling, then the Treasurer shall request an increase of the fiscal year contingency fund ceiling from the Board. If the new ceiling is approved, then the request would be processed as outlined above.

**Sources of contingency funding**

Approved requests for contingency funds may be funded from any of the following sources:

- (1) From operations, if significant positive variances currently exist within the budget or if sufficient non-investment cash reserves exist.
- (2) From the Investment Portfolio.
- (3) From the MRS line-of-credit with the Finance Committee’s approval.

The Director of Finance and the Executive Director are responsible for selecting the optimal funding source. The contingency fund expenditure will be separately tracked and reported in the Society’s financial statements.

Deliverables: N/A; Review every three years or as needed

Who: Secretary

When: At least 8 weeks before the Board meeting at which amendments should be considered.

To: OpsCom

Policy first adopted: July 18, 2004

Last modified: July 30, 2018

Last reviewed: June 2018

Enacting Legislation: B:2004:19; B:2011:24 – Changed “owner” of policy to PlanCom; Small request \$15k; unanimous approval Treasurer, ED, and President; B:2012:64 (Consent Agenda); B:2018:15

Policy created by: GovCom

Party responsible for this policy: Finance Committee