

# **CT19.3**

## **Attachment 2 - Revised Financial Policies**

### **ATTACHMENT 1**

### **FINANCIAL POLICIES**

1. **301 - CTT Signing Authority - April 2017**
2. **302 - CTT Rental Contracts - April 2017**
3. **303 - CTT Purchasing Policies and Procedures - April 2017**
4. **305 - CTT At Risk Presentations - April 2017**
5. **306 - CTT US Cash Exchange - April 2017**
6. **308 - CTT Petty Cash - April 2017**
7. **309 - CTT Capital Assets - April 2017**
8. **311 - CTT Management Expense Reimbursement - April 2017**
9. **312 - CTT Credit Card Policy - April 2017**

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>             | <u>Effective Date</u>         | <u>Policy Number</u> |
|--------------------------|-------------------------------|----------------------|
| <b>Signing Authority</b> | <b>Established April 2017</b> | <b>301</b>           |

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Contracts must be expressly for the business purposes of Civic Theatres Toronto (CTT).

1. Signing authority for all cheques and wire transfers must be signed by two of the following:

Two of:

- VP of Finance & Administration
- Director of Finance
- Controller

In her/his absence, one of the following:

- President & CEO
- VP of Marketing & Communications
- VP of Operations
- VP of Programming

2. Contracts for At Risk Presentations presented by the Centre must be signed by two of the following:

- President & CEO
- VP of Programming
- VP of Finance & Administration

The above noted officers must ensure that the terms and conditions of the above noted contracts adhere to the terms of Finance Policy #305 – “At-Risk Presentations” and exceptions must be presented to the Board of Directors for approval.

3. Collective agreements must be signed by two of the following,

One of:

- President & CEO

And after approval of the Board of Directors, one of the following:

- VP of Operations
- VP of Finance & Administration
- VP of Programming

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The above noted officers must ensure that the collective agreement terms and conditions adhere to the threshold terms provided by the Board of Directors for bargaining. All collective agreements must be approved by the Board of Directors before signature.

4. Agreements for rental of the facilities for an attraction must be signed by two of the following:

One of:

- VP of Programming
- Director of Programming

And one of:

- President & CEO
- VP of Finance & Administration
- Director of Finance

An attraction rental is defined as a ticketed public event.

The above noted officers must ensure that the terms and conditions of the above noted contracts adhere to the terms of Rental Policy #302 – “Rental contracts” and exceptions must be presented to the Board of Directors for approval.

5. Agreements for rental of the facilities for a corporate or private event at the Centre must be signed by two of the following:

One of:

- Corporate Sales Manager
- VP of Programming

And one of:

- President & CEO
- VP of Finance & Administration
- Director of Finance

A corporate or private rental is defined as a non-ticketed non-public event.

6. Sponsorship contracts must be signed by both the President & CEO and the VP of Finance & Administration.
7. All other commitments, including but not limited to any legal, financial, professional and/or consulting service, either jointly shared by organizations other than CTT or where CTT is participating in the re-imbursment of costs engaged by one of the joint participants, must be signed by two of the following:

One of:

- President & CEO
- VP of Finance & Administration

And one of:

- VP of Operations
- VP of Programming
- VP of Marketing & Communications

All commitments with a value of \$300,000 or greater in aggregate must be approved in advance by the Board of Directors.

8. These changes are to remain in effect until otherwise directed by the Board of Directors.
9. This policy should be considered in conjunction with policy #303 – Purchasing Policies and Procedures.

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>            | <u>Effective Date</u>         | <u>Policy Number</u> |
|-------------------------|-------------------------------|----------------------|
| <b>Rental Contracts</b> | <b>Established April 2017</b> | <b>302</b>           |

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1. Rental lease agreements with rental clients must provide that all tickets sold for a performance in a Civic Theatres Toronto (CTT) venue be sold via CTT Box Office, or its designated agent(s) and be treasured by CTT or its authorized ticket agency until the attraction has been presented.
2. Deposits sufficient to cover the estimated venue costs must be on hand at least two weeks prior to the performance date when treasured ticket revenues are insufficient to cover estimated venue costs.
3. The issue of consignment tickets requires the written approval of the VP of Finance & Administration and the VP of Programming.

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>                                  | <u>Effective Date</u>  | <u>Policy Number</u> |
|---|------------------------|----------------------|
| <b>Purchasing Policies<br/>And Procedures</b> | Established April 2017 | <b>303</b>           |

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### **PURCHASING POLICIES**

1. Prior to the actual purchase of any goods or services of a value above \$500, an approved Purchase Order is required. At least one quote must accompany all Purchase Orders and all amounts should be stated net of HST.

Those authorized to approve purchase orders are:

- President & Chief Executive Officer (CEO)
  - VP of Finance & Administration
  - VP of Programming
  - VP of Marketing & Communications
  - VP of Operations
  - Director of Finance
  - Director of Facilities
  - Director of Ticketing Services
  - Director of Programming
  - Director of Development
  - Director of Patron Services
  - Controller
  - Senior Patron Services Manager
2. Completed Purchase Orders shall be authorized by the appropriate authority as outlined below prior to ordering goods and/or services for daily operations. Authorization for purchasing advertising expenses on rental and risk attractions is covered in points 4 & 5 of this policy. The authority levels for all other purchases are:
    - \$500 to \$7,500 - approval of Managers or and Senior Managers
    - \$7,501 - \$25,000 - approval of Director and department VP
    - \$25,001 to \$75,000 – approval of department VP and VP of Finance & Administration or Director of Finance
    - \$75,001 - \$299,999 – approval of VP of Finance & Administration and President & CEO
    - Over \$300,000 - approval of Board of Directors
  3. The "splitting" of a Purchase Order so as to keep each invoice under an approval level is not permitted.

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4. **At-risk performance contracts** include a commitment to an advertising budget. This **attraction advertising budget** is the Purchase Order and cost cap for attraction advertising expenses as issued by the VP of Programming. See policy #305 – At Risk Presentations and President & CEO.
  5. **The VP of Marketing & Communications** or designate **MUST** ensure that the placement of advertising costs engaged on behalf of **rental clients** has been secured by confirmed deposits before a commitment to suppliers is made. If needed, a schedule of expected advertising deposits can be given to accounting and accounting will monitor the payment terms.
  6. When more than one department is sharing the cost of purchases, the Purchase Order and invoice should be approved by all participating departmental authorities.
  7. In order to determine if a Purchase Order is required and at what level of signing authority is required, the value of the Purchase Order will be calculated taking into consideration the aggregate costs, including multiple year arrangements and all applicable taxes, if applicable.
  8. No Manager/Director shall approve the purchase of an item intended for the personal use of an employee of CTT. No Manager/Director shall authorize the use of company property for the personal use of an employee (even where there is an intention to reimburse CTT). Employees allocated a digital device (smart phone, etc.) shall reimburse CTT for any unreasonable personal roaming charges incurred through use of the digital device immediately upon receipt of a request from accounts payable. Each employee travelling outside Ontario shall make themselves aware of the rules for minimizing roaming charges on digital devices.

This policy should not be confused with reimbursements for legitimate business expenses covered in Finance Policy #314.

9. Paying independent contractors by invoice – unincorporated entities.

It is the VP's responsibility in cooperation with the VP of Finance & Administration to determine if an independent contractor is an incorporated entity or not. Invoices payable to unincorporated entities (persons in most cases) fall under the following rules:

Commitments to pay under \$2,000 per annum:

Have independent contractor sign off on the independent contractor form provided by Accounts Payable. Use of this form assumes a casual minimum cost use of the independent contractor. The form sets out the independent contractor relationship and the contractor's responsibility for treating their invoiced income as self-employed.

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Commitments to pay over \$2,000 per annum:

Either a personal services contract is prepared and approved by the VP of Finance & Administration prior to approval and payment of any invoices for services rendered **OR** all payments will be treated as subject to T4A filing rules.

No commitments should be entered into until an agreement with the VP of Finance & Administration has been concluded.

10. Policy Relating to Lobbying in the Purchasing Process

CTT is committed to the highest standards of integrity with respect to the purchase of goods and services and management of the process by which goods and services are acquired. This section of the policy relating to lobbying in the purchasing process applies to the purchase of all goods and services and to all vendors and suppliers, with the exception of risk productions and rental attractions and events.

Unsolicited communications by vendors and suppliers with CTT staff, officials or Board members are subject to the provisions of Chapter 140, Lobbying, of the Municipal Code of the City of Toronto. Unless an exemption under Chapter 140 applies, vendors and suppliers must register with the City's lobbyist registry prior to communicating with CTT. Definitions of "communication" and "lobby" are included Section 140-1 of Chapter 140, which also outlines registration requirements, exemptions, a code of conduct, and potential penalties.

The requirements to register as set out in the City of Toronto Municipal Code; Chapter 140 shall apply to all CTT procurements except those dealing with the acquisition of risk productions and rental attraction and events.

Any questions relating to the applicability of Chapter 140 of the Municipal Code should be directed to the Office of the City of Toronto's Lobbyist Registrar.

11. Blackout Period

During all formal or structured procurement processes initiated by CTT, an official point of contact will be named by CTT to respond to communications and inquiries in relation to a call or other purchasing process. This point of contact will be in effect from the time of issuance up to and including the announcement of the purchasing award or approval. During this time, there is a blackout period when vendors/suppliers, any representatives employed by them, or any unpaid representatives acting on their behalf, are strictly prohibited from communicating verbally or in writing (including by electronic means) with CTT Board members, officials or any staff other than the official point of contact. All communications with



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respect to a call or purchasing process must be made to the official point of contact, and any vendors/suppliers found to be in breach of this policy will be subject to disqualification from the current and any future calls or procurement processes at the sole discretion of the Board.

12. All senior staff of CTT shall ensure that this policy is provided to all vendors and suppliers.
13. All Capital Purchases must be approved by the President & CEO and the VP of Finance & Administration or Director of Finance, and if valued over \$300,000, approved by the Board of Directors.
14. Special exceptions for emergency situations of values over \$300,000 must be approved by the VP of Finance & Administration or the President & CEO and the Chair of the Board, and then presented to the Board.

#### **PURCHASING PROCEDURES**

1. Please refer to the Purchase Order Procedure Manual (for the EBMS purchasing module).

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>                 | <u>Effective Date</u>         | <u>Policy Number</u> |
|------------------------------|-------------------------------|----------------------|
| <b>At-Risk Presentations</b> | <b>Established April 2017</b> | <b>305</b>           |

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### **Annual Budget**

Board approval is required for each individual Attraction where the following; artist fees, estimated marketing expenditures, and any other non-recoverable costs in aggregate, **less** any co-venture sharing, exceed \$300,000 Canadian dollars.

As part of the annual budget process, the Board of Directors of CTT requires that the President & CEO along with the VP of Programming bring forward the “At-Risk Budget” for Board approval. During this process, the following information must be provided to the Board:

- the break-even business model
- the budget target net revenue used in the annual budget
- the marketing rationale
- any alternate contractual arrangements for treasury, if known.

For any At-Risk Presentation not approved as part of the annual budget process, including identifying alternate treasury arrangements (if applicable), the Board of Directors of CTT requires that it be brought forward for Board approval for each individual attraction as per the same terms noted above.

Management will provide an update on all At-Risk presentations as part of the quarterly financial report.

### **Definitions:**

**At-Risk Presentation:** A presentation of any attraction by CTT in which CTT management contractually takes a risk position on the probability that associated net treasured receipts will fund the attraction’s net costs.

**Attraction:** A performing arts event (artist, company, festival, installation etc.)

**Treasury (of box office receipts):** All tickets sold by CTT box office or its designated agents are to be treasured by CTT through its authorized ticket agency until the attraction has been presented before box office receipts are released at settlement.

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>              | <u>Effective Date</u>         | <u>Policy Number</u> |
|---------------------------|-------------------------------|----------------------|
| <b>U.S. Cash Exchange</b> | <b>Established April 2017</b> | <b>306</b>           |

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Sales staff receiving U.S. currency at the box office, concession stands, bars, coat check, binocular desk and travelling merchandise stands must exchange the monies for equivalent Canadian dollars at a prescribed rate as set by the VP of Finance & Administration.

The U.S. currency must be returned in the deposit for sales and be clearly marked as U.S. cash on the daily sales report.

The Accounting Department will make the necessary adjustments using the prescribed exchange rate. There are no exceptions to the using of the prescribed rate and sales staff are not to exchange U.S. currency for their own cash.

The exchange rate on U.S. currency is subject to revision as rates fluctuate and will be authorized by the VP of Finance & Administration.

All departments will be notified of the prescribed rate whenever there is a change.

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>      | <u>Effective Date</u>         | <u>Policy Number</u> |
|-------------------|-------------------------------|----------------------|
| <b>Petty Cash</b> | <b>Established April 2017</b> | <b>308</b>           |

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There is a need for key department managers to carry petty cash under their control to support their day to day functions.

Requests for petty cash funds must initially be approved by:

- The employee's immediate supervising manager
- The VP of Finance & Administration

All petty cash custodians will sign for their initial draw of funds. A petty cash fund will not exceed \$1000, unless approved by the VP of Finance & Administration.

Petty cash funds will be reconciled & replenished as required but not less than quarterly. A reimbursement request form will be completed and approved by the immediate supervising manager, and submitted to Accounts Payable.

Individual petty cash transactions should not exceed \$100. Any transaction above this limit must be preapproved by the VP of Finance & Administration or designate. Only original receipts will be accepted for reimbursement.

Individual advances from petty cash funds must not be left outstanding for more than 48 hours.

It is the responsibility of each petty cash custodian to ensure the funds are secure and used for Civic Theatres Toronto transactions only.

The VP of Finance & Administration, or designate, reserves the right to spot check the petty cash at any time with or without announcement/arrangement.

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>          | <u>Effective Date</u>         | <u>Policy Number</u> |
|-----------------------|-------------------------------|----------------------|
| <b>Capital Assets</b> | <b>Established April 2017</b> | <b>309</b>           |

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To conform with Public Sector Accounting Standards as elaborated by the Canadian Institute of Chartered Accountants, Civic Theatres Toronto (CTT) will capitalize its expenditures for chattels (defined as moveable pieces of equipment, furniture, etc).

Expenditures for major improvements (betterments) to CTT are not the property of CTT. Funding for betterments are provided through CTT's Facility Fee Reserve Fund and the City of Toronto's Capital State of Good Repair program.

Chattels are to be recorded at the full landed cost of each asset acquired (purchase price plus installation costs, freight-in, taxes).

The minimum threshold for recognizing asset purchases is \$10,000 per item.

Amortization is provided on the straight-line basis over their estimated useful lives as follows:

|  |          |
|--|----------|
| Computer equipment   | 4 years  |
| (excluding personal computers, laptops, tablets, mobile devices) |          |
| Stage equipment  | 10 years |
| Other equipment  | 5 years  |
| Furniture  | 5 years  |

### Asset Records & Verification

An asset registry is to be maintained with two sections containing for each asset purchased:

|                     |                      |
|---------------------|----------------------|
| Asset class         | Description of asset |
| Supplier            | Landed Cost          |
| Year of Acquisition |                      |

And where the asset is deemed to be above \$75,000 in value or subject to increased risk of mysterious disappearance, the above plus:

|       |                            |
|-------|----------------------------|
| Photo | Map with location in venue |
|-------|----------------------------|

For the assets listed in the latter class:

- each year an employee independent from the Manager responsible for the asset under the direction of the VP of Finance & Administration will survey the building and verify that each asset listed physically exists.

Where existence cannot be confirmed:

- the VP of Finance & Administration to review with the Manager responsible the reason(s) for the omission (disposal, obsolescence, mysterious disappearance).

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>                            | <u>Effective Date</u>         | <u>Policy Number</u> |
|---|-------------------------------|----------------------|
| <b>Management Expense Reimbursement</b> | <b>Established April 2017</b> | <b>311</b>           |

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1. A reimbursed expense is defined as a business cost of Civic Theatres Toronto (CTT) that is initially paid by the employee personally and subsequently reimbursed by CTT through its payables process.
2. All expenses incurred personally by management of CTT, including but not limited to the President & CEO, VPs, Directors and Managers, and submitted for reimbursement require the following documentation:
  - (a) the expense must be listed on an expense form (provided by accounts payable);
  - (b) the actual receipts received for the expense (which must include details on the items purchased) are appended;
  - (c) the business purpose for the expense is stated; and
  - (d) where deemed appropriate by the VP of Finance & Administration, a copy evidencing the employee's method of payment.
4. The Expense Reimbursement Form along with the required documentation shall be reviewed and approved by the employee's reporting superior and then forwarded to accounts payable for processing. For clarity, a manager requires signature approval of their Director, a Director requires signature approval of the VP, and the President & CEO requires signature approval of the Chair of the Board of Directors.
5. Before payment, all management expense reimbursements will be reviewed by the VP of Finance & Administration or designate that they are consistent, complete and have an appropriate business purpose.
6. In the event that required invoice(s) cannot be obtained by the employee, the VP of Finance & Administration shall make a recommendation to the President and Chief Executive Officer as to whether payment should be made.

# Civic Theatres Toronto

## FINANCE POLICY

| <u>Title</u>              | <u>Effective Date</u>         | <u>Policy Number</u> |
|---------------------------|-------------------------------|----------------------|
| <b>Credit Card Policy</b> | <b>Established April 2017</b> | <b>312</b>           |

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### **Overview:**

The purpose of the Corporate Credit Card is to offer an efficient and cost effective method to purchase and pay for goods and services. The program is designed to serve as an alternative to the use of petty cash, standing orders or in instances where a vendor only accepts a credit card as a payment type (i.e. when ordering via the internet). It is not intended to be a mechanism to avoid or bypass purchasing policies or procedures as stipulated in Finance Policy #301 or #303.

A corporate credit card is issued at management's discretion (VP of Finance & Administration or the President and CEO approval required) to employees of Civic Theatres Toronto (CTT).

Credit limits are specific to each cardholder. All business related expenses charged on the corporate credit card will be paid directly to an issuing institution by CTT.

### **Scope:**

This policy applies to all departments at CTT.

### **Policy:**

Staff authorized to hold a Corporate Credit card are:

- President & CEO
- VP of Marketing & Communication
- VP of Programming
- VP of Finance & Administration
- VP of Operations

### **Card holder Responsibilities:**

The Credit Card is issued in the name of the staff member and CTT. All precautions should be taken by the cardholder in maintaining the security and confidentiality of the charge card information (card number and expiration date). The reverse of the card includes a space for the cardholder's signature, which must be signed as soon as the card is received.

There is no cost to the users either for the card or for the transactions made using the card. All corporate credit cards are the property of the CTT.



**Usage:**

The credit card can be used for in-store purchases and orders placed by mail, fax, phone or over the internet. Although the card is issued with a staff member's name, it is the property of CTT and is to be used exclusively for CTT business purchases only.

**The card may not be used for personal use.**

All credit card usage must follow and adhere to purchasing policies and procedures as stipulated in Finance Policy #303. No cash advances are permitted.

**Documentation and Record Keeping Requirements**

1. All credit card documentation will be reviewed by the appropriate signing authority as set out in the Finance Policy #301.
2. In order to facilitate prompt payment of the monthly credit card statement, a completed corporate credit card receipt should be sent to the Accounts Payable Clerk immediately following the use of a corporate credit card. Employees should not hold on to any credit card receipts.
3. Should a credit card receipt be submitted late, any interest and/or penalty charges incurred may be charged back to the employee.
4. No credit card statement will be issued to the credit card holder. Accounts Payable will have on-line access when payment is due and is notified by the credit card company.
5. Accounts Payable will attach/match receipts to the statement. If there are any discrepancies or if any transactions cannot be matched with a receipt, Accounts Payable will be in contact with credit card holder.
6. It is the credit card holder's responsibility to investigate any unknown/erroneous charges made on their corporate credit card.
7. Each time an individual uses a corporate credit card, he or she must ensure receipt of a bill that includes the merchant's business number and the amount of tax(es) that has/have been charged.

**Compliance**

Failure to follow these guidelines may result in a verbal/written warning. Serious violations of this policy may result in significant disciplinary action, up to and including termination.

**Accounts Payable Department Submission**

All receipts from corporate credit card purchases must be retained for submission with the credit card statement. An explanation of the purchases must be written on the receipt so that costs may be assigned to the appropriate cost center within the accounting system, or an approved Purchase Order be referenced.

Receipts must be submitted with the monthly statement received by the credit card provider in order to be paid in a timely fashion. Receipts must be submitted in good time prior to the due date on the statement in order for the purchases to be reviewed and entered in Accounts Payable.