

Draft Kantara Initiative Educational Foundation (KIEF) - Finance Policy

Version 0.4

1. Definitions.

1.1. Fiscal Year. KIEF operates on a calendar year basis.

1.2. Budget Preparation. The Treasurer, Finance Service support, with oversight from the Finance Sub-Committee of the Board and/or the Executive Director (if applicable) prepares an annual budget for approval by the full Board of Directors. Budgets will have a reasonable amount of written substantiation (including definition) to support the line items.

1.3. Finance Sub-Committee. The Finance sub Committee consists of a minimum of two (2) Board members (one of whom must be a Working Group representative on the Board), plus the Treasurer, and the Executive Director (if applicable).. The Finance Sub-Committee is chaired by the Treasurer.

1.4. Finance Services. Finance Services comprise the finance related operations of KIEF e.g. banking, invoicing, supply of financial information to state and federal authorities, finance-related reporting and maintenance of financial accounts, maintenance of SAMS.gov, Grants.gov, DUNS etc. When the assets of the organization exceed US\$100,000 Finance Services staff shall be properly bonded.

Finance Services will manage all Accounts Payable and Accounts Receivable in accordance with this Finance Policy. A tri-annual audit is required. An independent Certified Public Accounting firm shall be contracted to perform Audit services for KIEF.

1.5. Forecasts. At least as frequently as the end of each calendar quarter, the Treasurer, Finance Services and Executive Director (if applicable) and will prepare a revised full-year forecast for Board review (the original budget will not be changed). This report will provide the Board with current information regarding actual expenditures and income vs. original budget and a reforecast of planned expenditures and income for the remaining months of the budget year.

1.6. Audit/Accounts Inspection. There shall be an audit of KIEF finances conducted by an independent auditor when so directed by external policy or regulation. There shall be a triennial audit starting from the financial year where turnover exceeds \$100,000. There shall be an annual inspection of the finance operations by a Director or appointed person with no role in the finance related operations of KIEF.

2. Approval Authorities.

Any obligation or payment of KIEF funds must be approved, as defined in this section, prior to execution.

2.1. Contracts.

2.1.1. Any 2 Officers of the Board (e.g. Secretary, Treasurer, President, Vice President) or one Officer and the Executive Director (if applicable) are the only persons authorized to approve contracts for KIEF.

2.1.2. Contracts that exceed \$10,000 in value must have two (2) separate approvers. In the absence of any two parties listed in 2.1.1. above, the President or Vice-President may provide the second approval.

2.1.3. Once approved, the contract is executed by an Officer of KIEF or the Executive Director (if applicable).

2.1.4. No KIEF contractor, Member, or Participant may imply any commitment of KIEF funds without clear prior approval as detailed above.

2.2. Disbursements

2.2.1. The Treasurer and Executive Director (if applicable) conducts the first-level review and approval for all expenses to be charged to the line item(s). Vendors and contractors submit monthly invoices, as appropriate, to the Executive Director and Treasurer. Invoices for services provided in the previous month must be submitted no later than the 15th of the following month. Upon approval, the Executive Director or Treasurer electronically sends the invoice to Finance Services for payment specifying which budget line item to charge. Finance Services may not pay any bill without an associated budget line item.

2.2.2. Expense items up to \$5000 require only the Treasurer's or Executive Director's (if applicable) approval. Expense items \$5000 - \$15000 requires the Treasurer's approval and noted to the Board at month-end.

2.2.3. All expenses in excess of \$15,000 must be first-level approved by the Treasurer (or the Secretary in the Treasurer's absence) in addition to all cumulative approvals required by 2.2.2. The second level approver is the President (or another Officer in the President's absence).

2.2.4. Invoices submitted by the Executive Director (if applicable), shall be approved by the Treasurer or in the Treasurer's absence, the Treasurer's pre-agreed delegated authority such as Finance Service support or another Officer of the Board.

2.2.5. Payment of any invoices that fall outside the Chart of Accounts' of budget categories approved budget line items is not allowed. Any exception to this rule requires the written approval of the Treasurer. Invoices up to \$1000 may be paid by Staff and noted for month-end approval by the Treasurer. Invoices up to \$5000 require the Treasurer's Pre-approval and noted to the Board at month-end. Payments above \$5000 require Board approval.

2.2.6. The Treasurer must approve any expenditure which would reduce the checking balance below the Board's established minimum reserve amount of \$1500. Finance Services shall not pay such expenditure without the explicit approval of the Treasurer. The Treasurer is responsible for conveying this limit or changing this limit and conveying this limit to Finance Services.

3. Controls and Oversight.

3.1. Financial Oversight. The Finance Sub-Committee reviews the appropriate budgets, quarterly forecasts and YTD actuals prior to presentation to the Board, and other needed financial matters.

3.2. Budget Preparation. The annual budget is prepared in accordance with section 1.2 above for submission to the Board.

3.3. Distribution of Funds. Finance Services is the sole party authorized to write checks upon authorization in line with this Finance Policy, and together with an authorized signatory, is authorized to electronically distribute funds for KIEF.

3.3. Payment of Expenses. Finance Services shall not pay any expenses without the appropriate approvals as detailed in the "Approval Authorities" section of this Finance Policy.

3.4. Neutral Transactions and fair dealing. In any financial expenditure where KIEF Participants, Members, or Directors are recipients of Kantara Initiative funds, the Treasurer or Executive Director (if applicable) must ensure that the transaction is established with arms-length, neutral considerations, always seeking the most efficient and optimal use of KIEF funds. Vendors are to be selected only if they are the best candidate to supply the service, without preference given to being a KIEF Participant, Member, or Director.

4. External Funding Process (not applicable to grant funding subject to separate contracts).

If applicable, KIEF Work and Discussion Groups (collectively "Groups") or the organization at large can have a project or other activity funded through contributions to KIEF by external parties.

4.1. Process Overview. Group Leadership will notify the Directors and Finance Services with information about the possible External Funding opportunity including:

1. the name(s) of the External Funder(s), if known,
2. expected process for receiving the funds,
3. anticipated amount to be received,
4. how the funds are expected to be paid out,
5. details about the Activity for which the External Funds will be used.

Finance Services will work with the Finance Board sub-committee, Treasurer and Group Leadership to plan how to receive and distribute the External Funds (e.g. via bank transfer, paying invoices or executed contract, etc.).

4.2. Process Notes for External Funding.

External funding may be subject to a separate contract or Memorandum of Agreement or Memorandum of Understanding.

A minimum of 20% of the External Funds will be collected by KIEF as an administrative fee. Any proposed administrative fee less than 20% requires the pre-approval of the Finance Board sub-committee or the Board.

If the External Funds received exceed the amount paid out for the Activity, the Group Leadership, Finance Services, Finance Sub-committee and Treasurer will work with the External Funder(s) to determine how to manage the excess funds (e.g. return the unused portion or roll it into the KIEF general fund for redistribution).

If a Participant of the Group sponsoring the Activity is interested in receiving some of the External Funds, he/she must recuse him/herself from votes relating to the Activity.