



Toolkit for Creating a BIA Financial Operations Manual

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Canada 

 **TORONTO**

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Acknowledgement

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Disclaimer: this toolkit has been prepared in accordance with the provisions outlined in TORONTO MUNICIPAL CODE CHAPTER 19, BUSINESS IMPROVEMENT AREAS. The policies and methodologies have been prepared based on best practices within the Toronto BIA community. Templates and policies enclosed within are based on these best practices, however the contents of the toolkit do not assume liability for any tax and/or legal considerations. The contents of the toolkit are suggestive as opposed to enforceable and professional consultation should be considered where appropriate.



Introduction

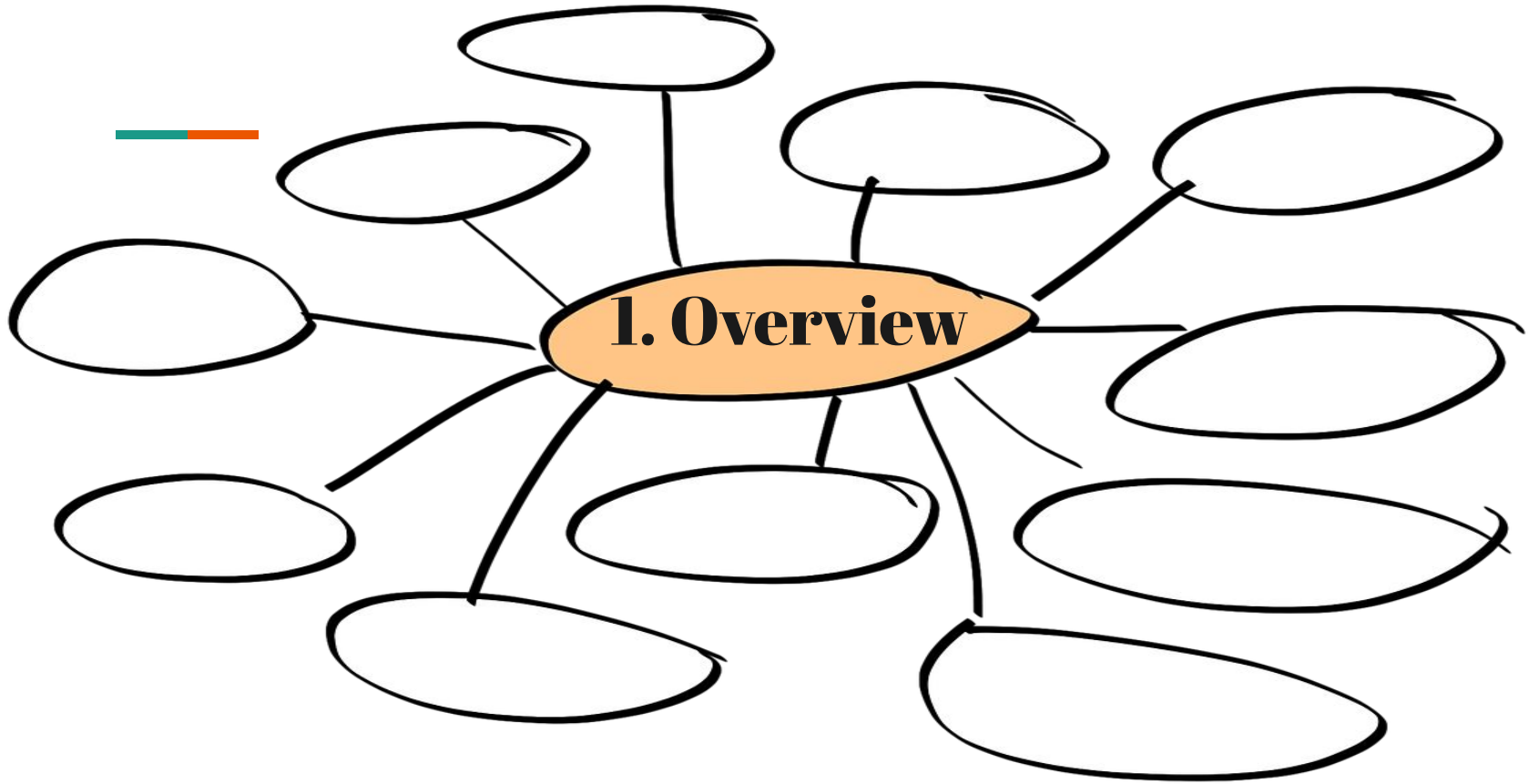
The Financial Operations Manual Template (“Manual”) is a repository of best practices among the BIA community. The Template is meant for you to use as a starting point in forming your own BIA Manual.

This toolkit is meant to offer advice and guidance on using the Template to create your own BIA Manual. As such, the Toolkit and the Manual Template should be used in conjunction with one another; their structure mirrors one another.



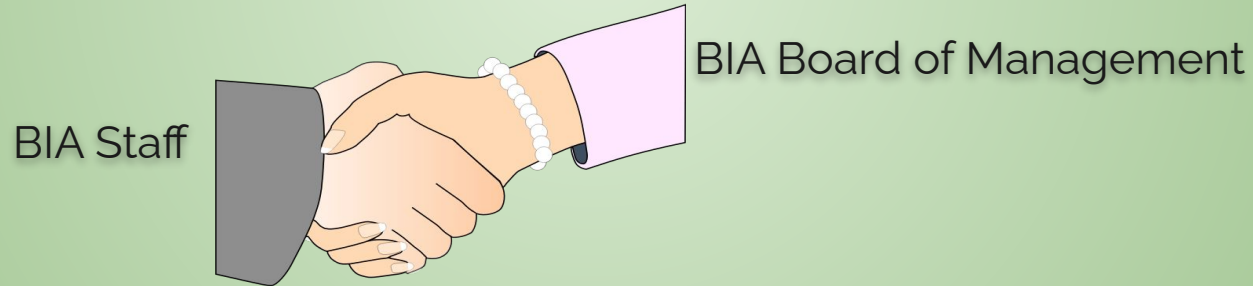
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Overview

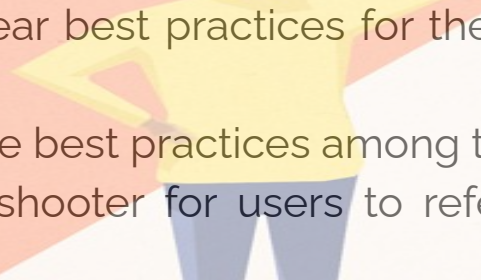
Who is the Manual meant for?





Overview

What is the purpose of the Manual?

- 
- Provide clear best practices for the financial operations of all BIA's across the city
 - Consolidate best practices among the BIA community into one place
 - A trouble-shooter for users to refer to when dealing with new financial issues



Overview

What is the Manual NOT meant for?

1 Budgeting

2 Forecasting

3 Strategic Planning

4 Investment Advice

5 HR Mediation / Legal
Counsel

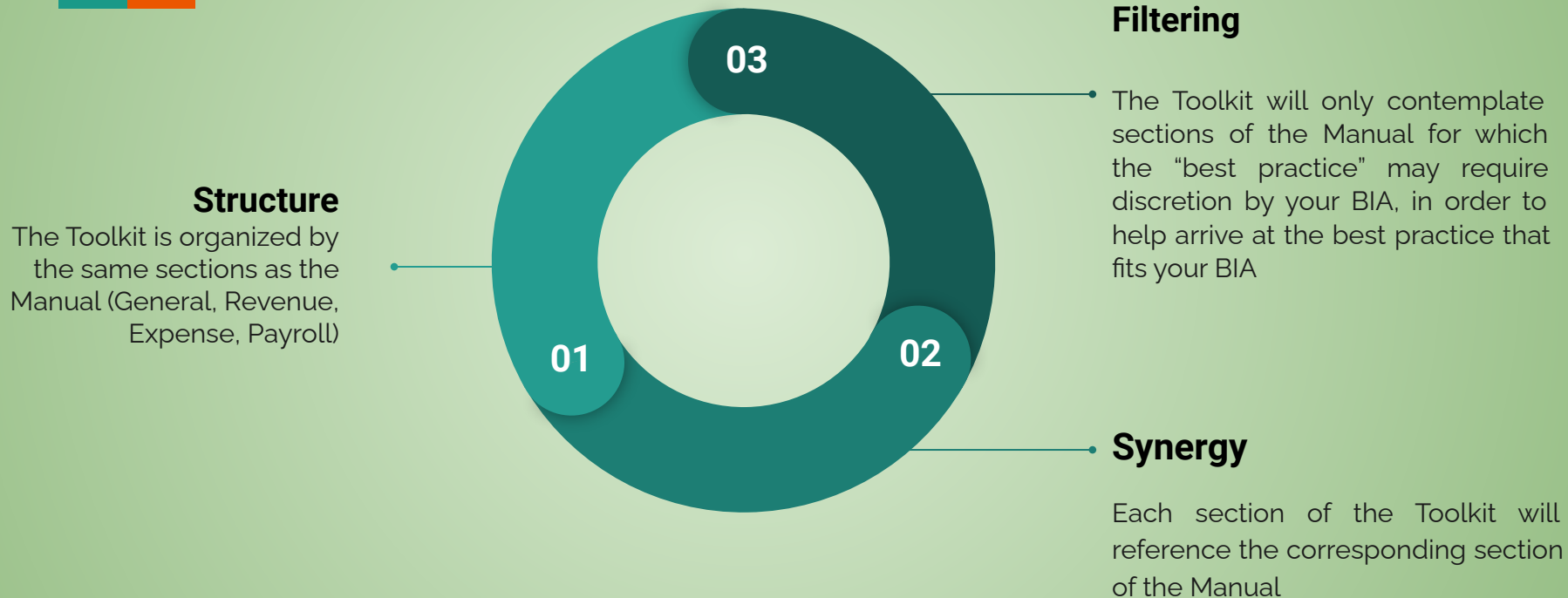


Overview

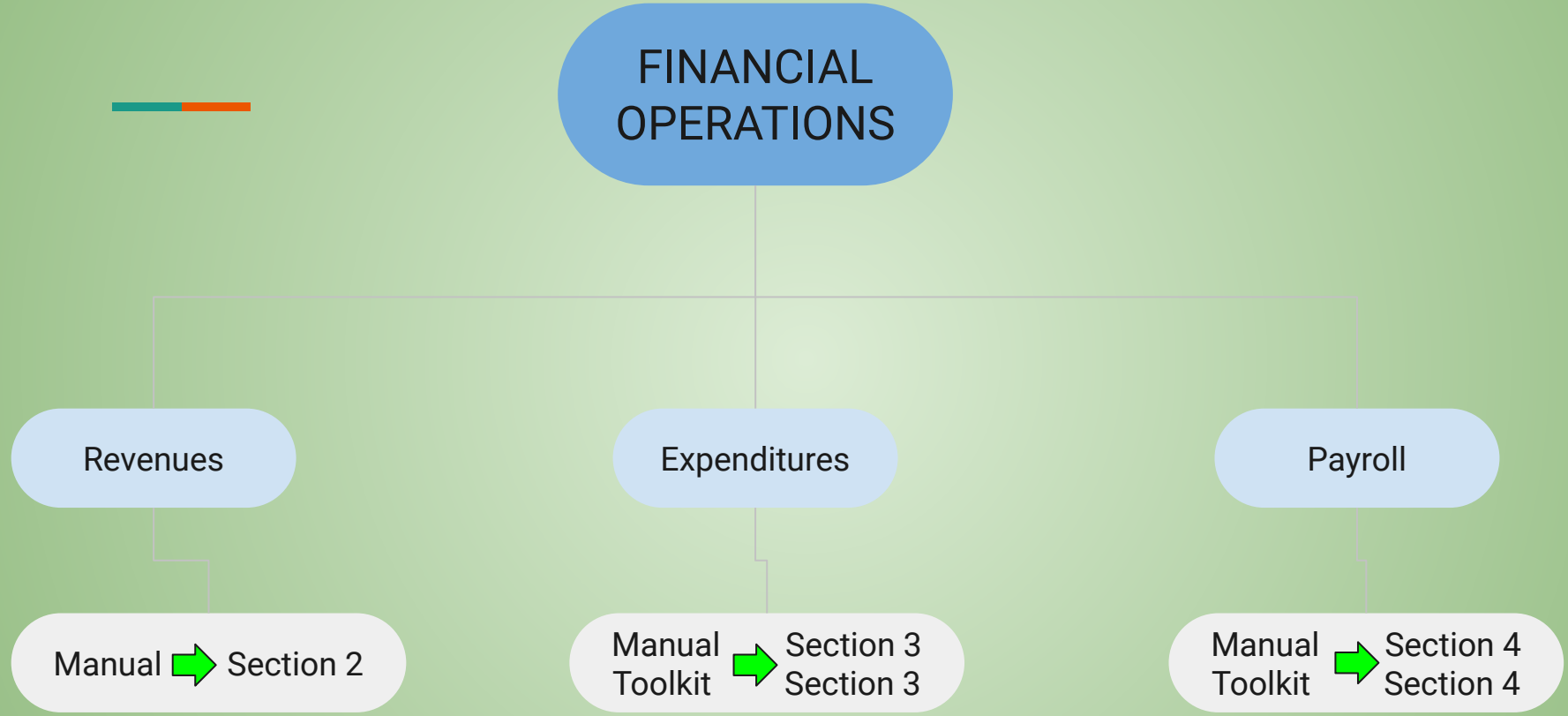
Why does my BIA need a Manual?

- To consider the requirements of all BIA's outlined in *Toronto Municipal Code Chapter 19, Business Improvement Areas*
- To instill uniform processes and outline roles across all personnel responsible for financial operations
- To identify current areas of internal control weakness
- To provide a roadmap that all users can follow, now and in the future

Overview - Navigating the Toolkit



OVERVIEW: NAVIGATING THE MANUAL AND TOOLKIT





2. General Operations

Bookkeeping





Bookkeeping

Manual → *Section 1B(iii)*

Bookkeeping is important for the maintenance of records and monitoring of BIA spending and performance.

See the **Business Improvement Area Financial Controls Checklist** in the Manual Templates for the minimum required bookkeeping activities.

Bookkeeping - do I need a bookkeeper?

Manual → *Section 1B(iii)*

Personnel

Bookkeeping defaults to the Treasurer. Can the Treasurer handle full responsibility/time commitment?

Information

Can timely, pertinent financial information be produced during interim points of the fiscal year without a bookkeeper?

Complexity

Does the complexity of the BIA warrant a part-time bookkeeper to perform at least monthly bookkeeping activities?

Budget

Can an external bookkeeper be fully budgeted for. If not, can a compromise be made, for internal bookkeeping to be done in house, and an external bookkeeper be used monthly for a “quality check”



Bookkeeping

What tools should I use?

The curated list of tools best suited for operations of a BIA based on complexity, user-friendliness and reporting capabilities are:

- Quickbooks
- Xero
- Sage



Getting a bookkeeper is recommended.

—

Auditing





Audit Requirements

Manual → *Section 1B(vi)*

What exactly is an audit in a BIA context?

The audit is an external third party (ie auditor) performing testing on financial information to provide users (ie BOM, members, City, etc) assurance that the financial information reported is accurate. All testing done will be devised and instructed by your auditor.

Audit Requirements - what is the final product of an audit?

Manual  *Section 1B(vi)*



Audit Requirements - how do I execute the audit?

Manual  *Section 1B(vi), 1B(vii)*

1

Establish timelines with your bookkeeper

Finalizing year end records
may take your bookkeeper a
month or two after year end

Give yourself time to review
the internal records after this

2

Establish timelines with your auditor

Work with a Feb-April cycle as
discussed in the Manual

Keep in mind the typical
March release date of the
Summary of City Transactions
document

The audit process from cradle
to grave may typically take 1
month

3

Establish timelines with your Board

The auditor should meet with
the Treasurer at the onset of
the audit

The Board (or a finance
committee) should be
meeting with the auditors at
the conclusion of the audit to
review/approve the draft audit
statements

4

Diarize

Put these timelines in your
calendar! Referenced in
Manual Section 1D

Board Meetings





Board Meetings

Manual → *Section 1C(iii), 1C(iv)*

When should they happen?

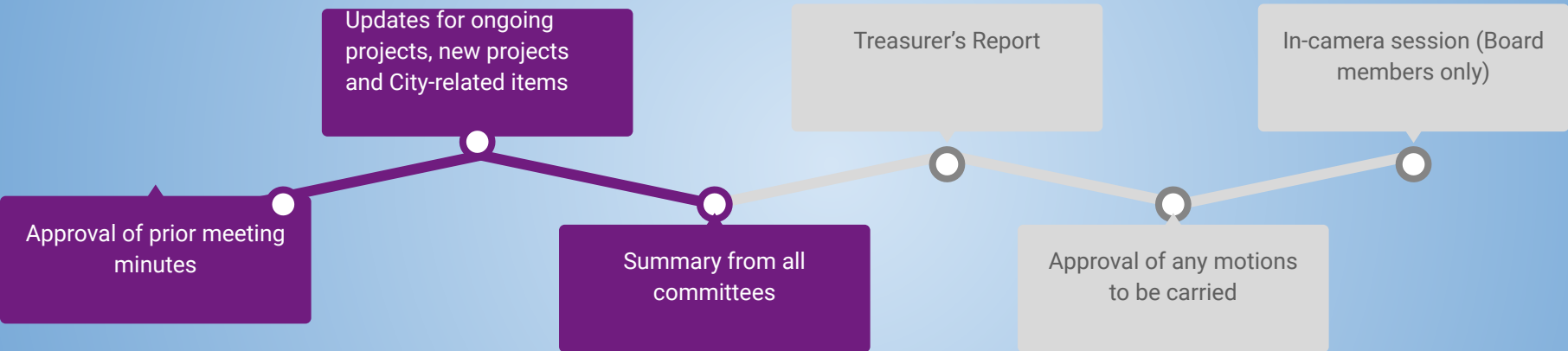
- More than 4 times a year, ideally 5-6
- Dispersed throughout the year rather than concentrated during one part of the year
- Can be aligned with significant events, ie AGM, audit, approval of budget, etc.

What about the AGM?

All typical Board Meeting items (outlined on next page) should happen at the AGM, with some additional special items outlined in the Manual

Board Meetings - What should happen at them?

Manual  *Section 1C(iii), 1C(iv)*





Board Reporting

Manual → *Section 1C(iii)*

What should the Board Meeting Treasurer's Report include?

Mandatory items as of most current:

- Bank balance
- Statement of revenue and expenses
- General ledger/listing of all transactions

Other value-add items may be useful to the Board in review of operations/decision making. Whether or not to provide this reporting will come down to the Board's appetite for - and ability to interpret - the information:

- Balance sheet
- Budget vs actual analysis on spending
- Revised forecast for the year based on actual year-to-date results



Calendar of Key Dates

Manual → *Section 1D*

The premise behind the calendar is that at the beginning of each month, the calendar can be reviewed to determine what deliverables are required for said month.

What goes on the calendar?

- Everything with a reportable deadline!
- Review all requirements with:
 - The City
 - The Board
 - Canada Revenue Agency
 - Funders/Creditors

The calendar can be embedded within the Manual for your BIA or alternatively created on a web-based program that can be updated real-time by participants.



3. Expenditures



Purchase Authorizations Manual → *Section 3A(i)*

Who should authorize what?

The Manual Template provides a suggested authorization policy of:

- Less than \$5,000 - Two executives with signing authority
- More than \$5,000 - Full Board

The \$5,000 threshold is a suggested amount based on BIA spending habits across Toronto.

Consider the following when determining your policy amount:


- Is it feasible to require full Board approval for typical day-to-day operational items
- How often does the Board meet in order to approve these “larger” items
- Is there a typical “band” or “range” that your BIA spending typically occurs within

The policy amount should aim to require full Board approval only for expenses that go above and beyond typical daily spending habits.

A hand is shown placing a coin on top of a tall stack of coins. In the background, there is a blurred alarm clock and a glass jar. The entire image has a teal overlay.

\$5,000

The recommended spending amount to which an individual expense is subject to full Board approval



Purchasing Procedure FlowChart

Manual → *Section 3A(ii)*

Why should my BIA use this chart?

It is important to have 1 common protocol for the most important BIA function: procurement and spending. Not only is it the largest in terms of size, but it has the farthest reach in terms of users:

- Staff
- Board
- Bookkeeper
- Vendors
- Bank

You may need to tailor this flowchart based on the personnel of your BIA.

- In lieu of a bookkeeper, the Treasurer may need to be used
- In lieu of an Operations Manager, the ED or another staff may be needed

While the roles and responsibilities may need to be tailored for your BIA, the main premise remains the same - **segregation of duties is important.** It is not optimal for 1 individual to be executing steps 1 - 6 of the procedure (and your auditor may flag this on the management letter!)



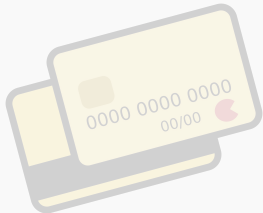
Expense Payment Methods

Manual *Section 3B*

What is the best way to pay bills?

The Manual Template outlines the following payment options:

- Credit Card
- Online banking / Accounting Software
- Cheque
- Cash



Your BIA should adopt one payment method as its primary form of payment where possible.

In a post-COVID remote world, the transition to online banking has proved to be invaluable and has simplified approval required by the Board.

For those not currently enrolled in online banking, it is **strongly encouraged** to transition and modify payment procedures as needed. A consultation with your bank is suggested as a first step.

Emphasis has also been placed on credit cards as an option for the same as above, plus the added incentive of rewards/points.





Online Banking/Accounts Payable Software Manual → *Section 3B(iii)*

Banking and accounting records: Can these be integrated?

The emergence of cloud-based accounting suite software has allowed BIA's to integrate their financial records with banking. The functionality will work differently with each/software used, so here is a list of the most prominently used software, curated from the BIA community:



Sales tax (HST)

Manual → *Section 3E*



What are the first things I need to know about HST?

- City levies paid to your BIA are HST-exempt - nothing you need to file for these revenues
- Your BIA is considered a “municipality” for sales tax purposes - you are therefore eligible for the PSB rebate - a rebate (refund) on some of the HST you paid on BIA expenses
- **As soon as you start earning other sources of revenue** - consider if you should be charging HST on them
 - If it's to the City or to another BIA, likely no - if anyone else, likely yes!
 - This doesn't include investment revenue, which is HST-exempt

A person wearing a dark blue suit, white shirt, and red tie is pointing their right index finger towards the word "PAYROLL". The word is written in large, white, sans-serif capital letters on a semi-transparent grey rectangular background. To the left of the first few letters of "PAYROLL", there is a small graphic consisting of a horizontal line with a green segment on the left and an orange segment on the right.

PAYROLL

Payroll

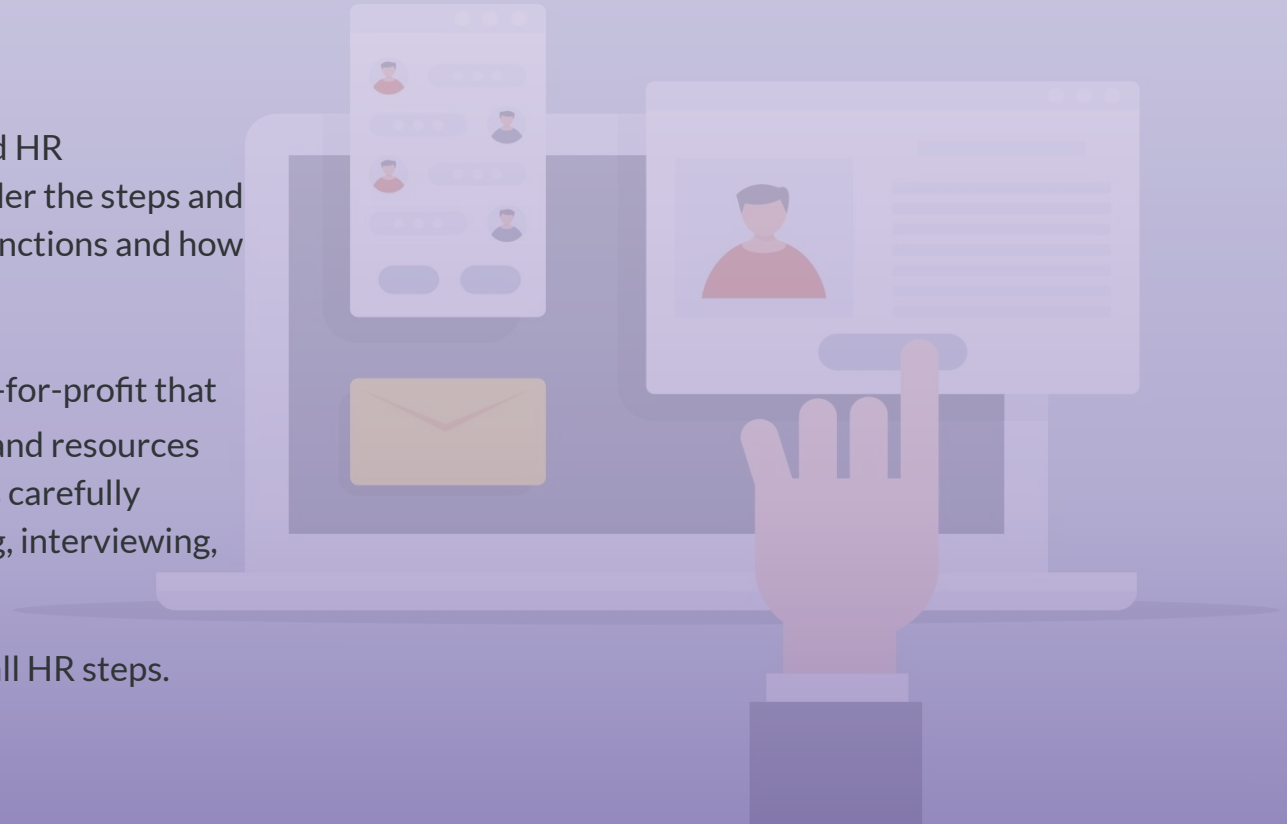
Manual *Section 4A, 4B*

New and existing employees

Most BIA's will not have a dedicated HR department. It's important to consider the steps and tasks required during HR-related functions and how to appropriately execute them.

HR Intervals is a Canadian not-for-profit that houses a repository of information and resources related to HR. The Organization has carefully curated resources around recruiting, interviewing, candidate assessment and policy.

Legal counsel should be sought for all HR steps.





Payroll

Manual → *Section 4E*

Who is responsible for what when it comes to annual filing requirements?

- All filings outlined in the Manual default to the Treasurer
- It is standard that an external bookkeeper, if sourced, would handle this
- A third party payroll service provider may also handle this
- The ED and Board Chair are responsible (regardless of who prepares these) for reviewing the final items for accuracy before filing

Thank you

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