

Risk Management Policy

Effective Date: November 2017

Authority: Board of Directors

Review Cycle: 2 years

Next Review: February 2025

Purpose

To ensure the identification and mitigation of financial risk is part of the strategic management of the association and that adequate procedures are in place and regularly reviewed to mitigate financials related risk, especially those risk factors with high impact and likelihood.

To assist the Board in fulfilling its obligations and oversight responsibilities relating to:

- The integrity of financial reporting processes and system of internal controls
- Compliance with legal, statutory, accounting standards and regulatory requirements
- The management of principle risks that could impact the financial statements or the achievement of business or program goals.
- Engaging the external auditors, who report to the Committee and who may not perform non-audit services

Scope

This policy is applicable to Board members, all CDF Canada employees, volunteers, consultants, national / international partners, contractors and suppliers of CDF Canada (each a “**CDF Canada Representative**”).

This policy is intended to supplement all applicable laws and CDF Canada’s other organizational policies, and each CDF Canada Representative will be required to comply with all such applicable laws and other CDF Canada’s policies.

Policy Statements

Senior management is responsible for the development and maintenance of procedures, board and operational policies and programs to identify, prioritize and mitigate risk. Management will regularly report to the Audit and Risks committee on the implementation of procedures, policies and programs.

The risk management policies include

- Anti-Corruption and Anti-Bribery Policy
- Accounting Policy
- Anti-Money Laundering and Anti-Terrorist Policy
- Foreign Currency Policy
- Signing Authorities Policy
- International Monetary Transfers Policy
- Appointment of Auditors Policy
- Procurement Policy

Senior management is responsible for the implementation of the procedures, board and operational policies and programs to identify, prioritize and mitigate risk. Management will ensure staff, volunteers, partners, contractors and suppliers will receive relevant policy document as well as an orientation on how to implement and adhere to these policies. Implementation will include orientation as well as inclusion of relevant aspects of the policy in all contracts and agreements.

Responsibility for Compliance

The Director of Finance will be responsible for the operation and monitoring of this policy; however, the Executive Director will have overall responsibility for ensuring an environment that is intolerant of all fraud, corruption, bribery, money laundering, etc.

ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

1. PURPOSE

Co-operative Development Foundation of Canada (CDF Canada) is committed to conducting its business in accordance with all applicable laws, rules and regulations and the highest ethical standards. The purpose of this policy is to:

- a. affirm CDF Canada's commitment to full compliance with Canada's anti-bribery and anti-corruption laws and all local anti-bribery and anti-corruption laws that may be applicable to CDF Canada outside of Canada; and
- b. provide information and guidance to those working for and on behalf of CDF Canada on how to recognize and deal with corruption and bribery issues.

2. SCOPE

This policy is applicable to Board members, all CDF Canada employees, volunteers, consultants, national / international partners, contractors and suppliers of CDF Canada (each a "**CDF Canada Representative**"). This policy is intended to supplement all applicable laws and CDF Canada's other organizational policies, and each CDF Canada Representative will be required to comply with all such applicable laws and other CDF Canada's policies.

3. DEFINITIONS

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain. Bribery is the offer, promise, or payment of cash, gifts, or even excessive entertainment, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage. It is an offence both to bribe someone and to be bribed by someone. Corruption and bribery can take many forms and are not restricted to monetary benefits. Examples of corruption and bribery include, but are not restricted to, the provision or acceptance of:

- Cash payments for corruption and bribery.
- Contracts to third parties for the provider's personal benefit.
- Favours to domestic or foreign legislative, administrative or judicial officials for personal or CDF Canada goals.
- Kickbacks i.e. receiving returns for personal benefits out of an official deal both cash and in-kind.
- Political contributions i.e. making contribution to a political party for personal or CDF Canada's gain.
- Facilitation payments i.e. bribes.
- Charitable contributions by an individual or an organization and in return expecting personal benefit.
- Social benefits such as status; or
- Gifts, travel, hospitality, and reimbursement of expenses (certain exception listed below).

Additionally, for the purposes of this policy, the terms "agent" "contractor", and "supplier" are defined as an entity or individual who provides, and receives payment for, services or goods related to any aspect of CDF Canada's operations and include consultants.



The giving or receiving gifts and hospitality is not prohibited, if the following requirements are met:

- (a) It has been disclosed to an individual's direct supervisor in advance (where it is possible to do so, or as soon as possible afterwards).
- (b) It is not made with the intention of influencing, inducing or rewarding a third party in order to gain any advantage through improper performance, or in an explicit or implicit exchange for favours or benefits;
- (c) It complies with local laws.
- (d) It is given in CDF Canada's name, not in an individual's name.
- (e) It does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (f) It is appropriate in the circumstances.
- (g) Taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time; and
- (h) It is given openly, not secretly

4. POLICY REQUIREMENTS

It is CDF Canada's policy to conduct all of its business in an honest and ethical manner. CDF Canada takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all CDF Canada's relationships and business dealings wherever CDF Canada operates and to implementing and enforcing effective systems to counter bribery.

CDF Canada Representatives should never, directly or indirectly, make or receive a prohibited payment or participate in any form or act of bribery in order to obtain, retain or direct business, or to acquire an advantage. Moreover, under no circumstances should any payment, gift or any promise for favours be made, promised or offered to any government official, government employee, partners, consultants, contractors or suppliers ("the parties") in contravention of the applicable laws of Canada or of the relevant country where CDF Canada operates. Furthermore, no CDF Canada Representative shall, directly or indirectly, give, offer or agree to give any assistance, payment or anything of value (monetary or non-monetary) to any government employee or official in order to:

- Influence the parties act or decision;
- Influence any of the parties to do or admit to doing any act in violation of his/her lawful duty; or
- obtain or retain business for, or direct business to, any individual or entity.

All business transactions and payments must be properly documented. All contracts must be written. All contracts with third parties shall include appropriate protections for CDF Canada and a positive obligation for such third party to adhere to this policy and all other relevant CDF Canada policies.

The following is a non-exhaustive list of prohibited practices:

- Bid manipulation or influencing (e.g. a commercial contract is promised to one party even though for the sake of appearance several other parties also present a bid);
- Collusion or coercion by bidders (e.g. agreements by contractors or suppliers in a particular trade or area to cooperate to defeat the competitive bidding process in order to inflate prices to artificially high levels);
- Fraudulent bids (e.g. someone who is not really intending to buy an item makes a bid or series of bids to drive up the price of the item for sale in an auction);



- Fraud in contract performance (e.g. misrepresentation in the contract performance);
- Product substitution (e.g. a situation where a cheap product has been used instead of a more expensive one in order to reduce costs);
- Defective pricing or parts (e.g. wrongly presented pricing for contract signing and subsequently amending it).
- Cost/ labor mischarging (e.g. wrongly or overly inflated cost of material and labor).
- Bribery and acceptance of gratuities.
- Travel expenses fraud (e.g. claiming fraudulent expenses).
- Theft and embezzlement (e.g. using organization's resources for personal benefit).
- Facilitation payments (i.e. bribes and corruption practices).
- Kickbacks (e.g. receiving returns for personal benefits out of an official deal both cash and in-kind); and
- Professional expenses fraud (e.g. claiming fraudulent expenses).

Any suspicion or evidence of corruption or bribery practices within CDF Canada must be reported in accordance with the procedure described below. Failure to report such incidents will be considered a violation of this policy.

5. REPORTING PROCEDURE

Human Resources is responsible for investigating complaints about wrongdoing. Anyone with suspicion or evidence of fraud, bribery or corruption practices **must** report their concerns to the person outlined in the guide below. Failure to report will be considered a breach of this policy and will result in the imposition of disciplinary action.

WRONGDOER	REPORT TO . . .
Board Director	Chair of the Board
Executive Director	Chair of the Board
Director or Human Resources	Executive Director
Manager / Supervisor	Director of Operations (Human Resources)
Non-management	Immediate Supervisor and Director of Operations (HR)

When filing a complaint, be as specific as possible, including providing the following information if available:

- the name of the person, and any other individuals involved in the wrongdoing.
- nature of the wrongdoing being reported.
- specific date(s) and location(s) where it occurred.
- manner in which the alleged wrongdoing was committed by the individual or organization.
- reason why the act is considered improper.
- any existing documentation to corroborate the allegations; and
- details of any other witnesses to the alleged wrongdoing.

6. CONFIDENTIALITY

Regardless of the reporting channel and unless requested otherwise by the parties involved, reports and investigations of corruption and bribery will be dealt with in a confidential manner to the extent possible in circumstances and except as required by law.

The level of confidentiality provided will depend on the severity of the complaint and the depth of the investigation required. Information will be disclosed during the reporting and investigation process only to the extent necessary to:

- Protect the safety or security of any individual involved in a complaint or any other employee, or any other person for whom a reasonable concern for their safety is identified,
- Conduct a proper and fair investigation, and
- Comply with the law.

7. INVESTIGATIONS OF WRONGDOING

After a complaint of wrongdoing is received, a confidential and in-depth investigation will be carried out. The Director of Operations (Human Resources) or appropriate designate will conduct a full investigation.

This will include interviewing the employee and, only if applicable, any relevant witnesses. The person or persons who are the subject of the inquiry will be notified of the allegations and the impugned individual will be afforded an opportunity to be heard on the matter.

Only the people directly involved in the complaint will be informed of the undertaking of an investigation. The investigator will ensure that the investigation is fact-based, neutral, fair and thorough.

Investigations will be conducted in a timely manner, with every effort being made to conclude the investigation within **30 days**.

Any destruction or concealment of evidence relevant to an investigation will result in disciplinary action, up to and including termination.

At the conclusion of the investigation, a full report will be prepared, including a summary of the allegation of the wrongdoing, the steps taken during the investigation, the evidence gathered from witnesses and documents, the findings of fact, and a conclusion about whether the complaint was founded in whole, founded in part, or unfounded. The complainant will be notified of the outcome of the investigation. The Executive Director, in consultation with Human Resources, will determine whether discipline is appropriate and, if so, the appropriate disciplinary penalty.

Where the employee has made a formal complaint in good faith and without malice, regardless of the outcome of the investigation, they will not be subject to any form of reprisal as a consequence of having taken such action. If, however, it is found that the employee made a false complaint frivolously, maliciously or in bad faith, appropriate discipline will be applied, up to and including termination.

8. SAFEGUARDING COMPLAINANTS

CDF Canada is fully committed to protecting individuals or entities that identify instances of suspected corruption and bribery cases, to ensure that they can raise concerns without fear of victimization, subsequent discrimination or disadvantage. Individuals who have reported cases of corruption and/or bribery practices within CDF Canada may not be sanctioned or discriminated against (directly or indirectly) as a result of their declarations.

Individuals who feel they are being subjected to acts of harassment by colleagues or supervisors (direct or indirect) as a result of their declarations to the ED's office should notify the ED, who will forthwith take steps to rectify the situation and, if necessary, take disciplinary action against the perpetrators, such as contract termination and/or exclusion from any further involvement in CDF Canada activities.

9. DISCIPLINARY ACTION

Individuals or entities who fail to comply with the terms of this policy will be subject to disciplinary action which may include contract termination and/or exclusion from any further involvement in CDF Canada activities and operations. Failure to comply with this policy (including any act to hinder or impede any investigation relating to the subject matter hereof) shall be subject to termination of employment for cause. All such disciplinary actions will be taken in consultation with Director of Operation and in line with CDF's HR policy.

10. ORIENTATION AND COMMUNICATION

CDF Canada Board of Directors, all employees, volunteers, consultants, contractors, and international partners will receive this policy document as well as an orientation on how to implement and adhere to this policy. Each CDF Canada representative will be responsible for adhering to and understanding this policy. If there are any questions or if there is any uncertainty about what practices are or are not acceptable or otherwise, the CDF Canada Representative should speak with their supervisor or a member of CDF Canada's senior management.

CDF Canada's zero-tolerance approach to bribery and corruption will be communicated to all suppliers, contractors, agents and business and other partners at the outset of CDF Canada's relationship with them and as appropriate thereafter.

11. RESPONSIBILITY FOR MONITORING OF POLICY

The Director of Finance will be responsible for the operation and monitoring of this policy; however, the Executive Director will have overall responsibility for ensuring an environment that is intolerant of all fraud and corruption.

The policy may be amended any time by CDF Canada and notice of any such changes will be forthwith communicated to all CDF Canada Representatives.

12. NO WAIVER

No waiver or deviation from this policy will be permitted.



Co-operative Development
Foundation of Canada

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Accounting Policy

Effective Date: May 2023

Review Cycle: 3 years

Next Review: May 2026

Authority: Board of Directors, Audit & Risk Committee

Cross-Reference to: Audit & Risk Committee TOR

Purpose

To set the parameters within which CDF manages its capital assets and complies with Canadian accounting standards for not-for-profit organizations and in accordance with the Generally Accepted Accounting Principles.

Policy Statements

All capital assets of CDF with a unit cost of \$1,000 and over are to be amortized, except for those assets purchased for overseas development projects. Project Financial management is attached as Annexure A.

Policy Requirements

The Board of Directors approves the Capital Budget for each fiscal year.

The IT Coordinator will maintain the Capital Assets Inventory Register.

Amortization will be calculated on an annual basis in March of each fiscal year.

Responsibility for Compliance

Director, Finance

Previous History:

Approved by the Board: September 2020

Updated: May 2023

Annexure A

Financial Management of projects

Overview of projects:

- The project covers implementation costs on the ground, which includes local salaries and local project running costs. It also covers a part of salary of HO staff who are directly involved with the project such as Program Manager, M&E Officer, Gender Officer, Finance Officer etc. The project also provides an overhead to cover overhead cost such as HO monitoring and management cost not directly involved with the project for example ED, Finance Director and other related cost.
- Projects are of limited duration (typically 1 to 5 years). As existing projects end, CDF needs to 'win' new projects so that our revenue stream is reasonably even, and overhead costs are met. The time frame for developing a project from concept stage to signing an agreement with the funder could be 1 to 2 years.
- Generally, CDF implements projects through one or more partner organizations. CDF provides both funds and technical assistance. CDF's role is in design, management & evaluation of the project. CDF signs the agreement and is thus accountable to the funder for the delivery of the project.
- CDF has also undertaken projects where only technical assistance is provided, either by CDF staff or by outside consultants. These are typically small projects (between 200k to 1m) and under a year in duration.
- For the larger projects, funders usually require a cost-share contribution from CDF (both cash and in-kind). While this varies from project to project for CDF's largest program (Invest) with the Partnership Branch of GAC) the costs share is a 1/3 of the GAC contribution – at least 1/3 of this needs to be as cash contribution.
 - CDF is the mechanism through which funds are raised from the Canadian Co-op sector to meet the cash contribution
 - The engagement function within CDF (in conjunction with CDF) is the mechanism for raising in-kind through volunteers.

Accounting for projects

- Each project is set up as a fund. The chart of accounts for the project is created within the fund in accordance with the project budget. Both revenues and expenses for the project are charged to the fund. The fund also has codes for balance sheet items such as advances, receivable etc.
- All projects have a Finance staff associated with the projects. The Finance staff is responsible to setting up the project fund, the chart of accounts, review and approval of all financial transactions (receipts, payments, transfer, advances) related to the project, review & recording of partner reports & financial reporting to the funders.
- Monthly variance reports are generated by the Finance Officer and shared with related Program Manager and reviewed.



Budgeting

- The proposal budget is put together by BD, project & partner staff. Finance roles are checking validity of financial assumptions, verify calculations, check staffing costs, prepare budget notes, consolidate the different pieces and calculate the overhead.
- The proposal budget is thoroughly scrutinized by the funder. Finance has a role in answering questions, providing clarifications and revising the budget as required.
- Once an agreement is signed the funder will provide a 6-month period for developing a detailed project implementation plan (PIP phase). The budget will likely undergo some revisions in terms of timing and detailed budget line amounts. Once approved the PIP budget becomes the budget for the project.
- Each year of the project is guided by an annual budget approved by the funder. The budget preparation process is similar and is a coordinated effort between partner, project and finance staff. The annual project budget is entered into the accounting system and all variances are determined against this budget
- Variance analysis is done on a quarterly basis in conjunction with funder and board reporting. Revised projections are provided so that the cash flow needs can be accurately determined but the annual budget in GL is not changed.

Partner management

- Contracting:
 - Partner contracts must be in place before funds can be sent to partners and implementation can begin. Partner contracts specify the duration, deliverables and budget for the project. All amounts will be in Canadian dollars. The exchange risk of the project is borne by the partners.
 - Contracts may require formal amendments if major modifications are required during the life of the project
- The HO finance staff may need to visit the partner in order to assess and set up internal control, accounting and reporting systems. The partners chart of accounts for the project must be easily mapped to CDF's project chart of accounts
- The partner is required to maintain a separate bank account for the project. They can hold USD and local currency accounts.
- Fund transfers are made to partners usually on a monthly basis based on projected expenses for the coming month. The advance request from the partner should contain the following information: Funds received to date, bank statement, expenses report, cash on hand, projections, cash needed. Transfers are made as per CDF's international transfer policy.
- Fund transfers to partners are recorded as advances and are liquidated when the monthly expense report is received from the partner. Project finance officer is responsible for tracking advances and for following up (directly or through project staff) on liquidation.
- Partners provide financial reports on a monthly basis before the 10th working day of the next month. Financial reports must include at a minimum:
 - Partner GL



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- Bank statements
 - Bank Reconciliation
 - Weighted Average Exchange Rate calculation (WAER)
 - Expense report
- More often than not, project finance officers will require additional information such as list of advances, cash book for petty cash/bank accounts etc. to facilitate review.
- Partners are not required to send source documentation for the expenses on a regular basis. They could be asked to send backups electronically as part of spot audits by the FO or if part of the sample selected for the yearend audit. Partners are required to maintain the supporting documentation for a period of 7 years after the end of the program in their offices and to allow access to CDF and Funder auditors during the 7-year period.
- Partner reporting templates are set up by the project finance officer. Templates permit partner to enter expenses/revenues in local currency and convert it into Canadian \$.
- Once the partner report is received, the PO will do a quick review to validate the expenses for the activities for that month. The FO does a thorough review & verification - checking bank reconciliations, weighted average exchange rate calculations as well as the reconciling the report with the GL. Once the review is complete the expenses are recorded in Financial Edge through a journal entry

CDF Canada Anti-Money Laundering and Anti-Terrorist Policy

Effective Date: May 2023

Review Cycle: 2 years

Next Review: May 2025

Authority: Board of Directors

Cross-Reference to: Audit & Risk Committee TOR

Purpose

To establish the standard of conduct required of all persons carrying out activities in CDF's name; to prevent CDF being used for money laundering which support illegal activities.

Definitions

The United Nations defines money laundering as "any act or attempted act to disguise the source of money or assets derived from criminal activity." Essentially, money laundering is the process whereby "dirty money"—produced through criminal activity—is transformed into "clean money," the criminal origin of which is difficult to trace. There are three recognized stages in the money laundering process.

- **Placement** involves placing the proceeds of crime in the financial system.
- **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
- **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

The money laundering process is continuous, with new dirty money constantly being introduced into the financial system.

Under Canadian law, a money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing that these were derived from the commission of a designated offence. In this context, a designated offence means most serious offences under the *Criminal Code* or any other federal Act. It includes, but is not limited to, those relating to illegal drug trafficking, bribery, fraud, forgery, murder, robbery, counterfeit money, stock manipulation, tax evasion and copyright infringement.

A money laundering offence may also extend to property or proceeds derived from illegal activities that took place outside Canada.

Policy Statements

CDF shall not provide direct or indirect support to organizations or activities which involve money laundering or other illegal activities.

Policy Requirements

CDF shall only receive funds from reputable organizations that have Anti-Money Laundering policies and/or which have been researched and vetted by staff, including reference checking.



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CDF shall only send money to partners and organizations which have been researched and vetted by staff, including evaluating the sources of other funding the partner or organization may receive.

CDF Canada Management will cross-reference against Anti-Terrorist list to ensure new donors are not on the list.

- <https://www.publicsafety.gc.ca/cnt/ntnl-scrct/cntr-trrrsm/lstd-ntts/index-en.aspx>

Procedures

To ensure CDF is not used as a conduit for money laundering or terrorist financing, the Foundation shall put in place good governance and strong financial management, including having robust internal and financial controls and risk management procedures. In addition, it will carry out proper due diligence on those individuals and organizations that give money to, receive money from, or work closely with the CDF.

CDF shall ensure proper due diligence is done while selecting a new partner/organization to work with in implementing projects. CDF shall ensure proper due diligence by: being reasonably assured of the provenance of the funds / donations received; developing an understanding and knowledge of the people and organizations the Foundation chooses to work with; and being able to identify and manage any and all associated risks.

CDF shall inform all staff of the contents of this policy.

Responsibility for Compliance

Executive Director

Previous History:

Approved by the Board: May 2021

Updated: May 2023



Co-operative Development Foundation of Canada

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CDF Canada Foreign Currency Policy

Effective Date: September 2023

Review Cycle: 2 years

Next Review: September 2025

Authority: Board of Directors

Cross-Reference to: Audit & Risk Committee TOR

Purpose

To assure sufficient cash flow for programs while mitigating the risk of foreign exchange loss.

Policy Statements

CDF holds foreign currency in Canada and overseas sufficient to meet programming requirements. The amount and denominations held may vary according to the number and location of international development projects and contracts.

For HQ's bank account:

CDF shall maintain a USD account with a federal or provincially regulated Canadian credit union.

For USD bank account, management will assess US cash requirements on a quarterly basis and will hold no more than anticipated requirements plus 10%. The determination is to be made based on the cashflow projections, requirements of projects that needs transfer in USD and anticipated/fixed direct payment.

USD funds received from donors will be held as USD to the extent payments are made in USD and the amount held to be determined as established above. USD received in excess of the required USD outflows will be immediately converted to currency in which project payments are made; or CND.

For Field bank account:

Field bank accounts are to be reviewed on a monthly basis along with monthly financial statements submitted by partner/CDF field offices. Detailed bank reconciliation should be supported by each advance request. The transfers were only made when previous advance is fully liquidated and the request is supported by activity plan for following month(s) and bank statements/field financial reports are vetted by finance officer/manager and reviewed by Director, Finance.

In addition, management will report the status of these funds at each Audit & Risk Committee Meeting.

Responsibility for Compliance

Exchange of currency in excess of \$10,000 shall require the approval of the Director Finance, and the Executive Director.

Previous History:

Approved by Board: September 2019

Updated: September 2023

CDF Canada Signing Authorities Policy

Effective Date: February 2024

Review Cycle: 1 year

Next Review: February 2025

Authority: Board of Directors

Cross-Reference to: Audit & Risk Committee

Purpose

Establish the spending authority parameters to enable the Executive Director to manage and supervise the business and affairs of CDF in accordance with the established direction, the CDF By-laws and the standards, policies and values established by the Board.

Signature and Certification of Documents

Contracts, documents or any instruments in writing requiring the signature of the Co-operative Development Foundation of Canada may be signed by any two of the Chair, Vice Chair or other officer appointed by the Board.

The Board may, from time to time, appoint an officer or officers on behalf of the Co-operative Development Foundation of Canada either to sign contracts, documents and instruments in writing generally, or to sign specific contracts, documents and instruments in writing. Co-operative Development Foundation of Canada recognize that due to change of working conditions these contracts, documents and instruments in writing generally, or to sign specific contracts, documents and instruments in writing would be signed electronically.

See the list of signing officers in **Appendix A**.

Signing officers for cash disbursements

Cash disbursements in CDF are processed either in the form of cheques, ~~or domestic and international~~ Electronic Funds Transfers, and wire transfers. Cash disbursements are authorized by two signing officers who are approved by the Board of Directors. Two signatures are required to move money out of CDF's bank accounts, except where noted on the list of signing officers for each financial institution.

See the list of signing officers in **Appendix A**.

Authorization of expenses and advances

This section describes procedures pertaining to authorization of invoices for purchased goods and services, authorization of expense reports, and authorization of travel advances to CDF staff, technical co-operants, consultants, volunteers, field offices and partners, i.e. internal signing authorities.

Projects



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- Program officers can authorize payment requests for the projects they are responsible for (Appendix A – Projects). The authority derives from the formal approval of their annual budget by the director responsible.
- Administrative staff can prepare partner payments with an email from the project officer indicating the exact amount and the corresponding project title. No signature is required
- Finance officers must review and sign-off on all payments before they can be processed

Overhead

- Expenses and advances related to department overhead are authorized by the Executive Director. In his absence, overhead expenses can be authorized by the Director, Finance or Director, Operations.

CDF Staff

- Expense claims and advance requests must be authorized by the supervisor of that staff member (Appendix A – Staff Supervisors). If the supervisor is traveling, then the expense claim must be authorized by their supervisor's supervisor

Consultant/Volunteer

- The staff person responsible (the person named in the contract) for the consultant/volunteer must authorize all payment requests

Authorization of time-sheets

- Timesheets must be approved by the staff person's supervisor
- If supervisors are traveling, then timesheets can be approved via an email. It is then the supervisor's responsibility to ensure that the timesheet gets signed when they return
- When a supervisor is on vacation, the supervisor of the supervisor can approve. On return from vacation, it is the supervisor's responsibility to verify that the timesheet details are accurate

APPENDIX A

List of signing officers:

Chair
Vice-Chair
Executive Director
Director, Finance
Director, Operations & Engagement
Director, Programme Development
Finance Manager

In accordance with internal control policy, any two of the above may sign.

Eligible investment and banking counterparties in accordance with the Investment Policy

Day to Day banking and
Investments

Signing officers:

Executive Director
Director, Finance
Director, Operations
Director, Programme Development
Finance Manager

List of CDF's overseas Financial Institutions

VOICE Project

Country Manager and M&E Manager

Norad Project

Country Manager, Finance Officer, M&E Officer

Previous History:

Approved by the Board: September 2020

Updated: February 2024



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International Monetary Transfers Policy

Effective Date: September 2024

Review Cycle: 2 years

Next Review: September 2026

Authority: Board of Directors

Cross-Reference to: Audit & Risk Cttee TOR

Purpose

To manage the risk associated with international money transfers by establishing a relationship with a specialized service provider.

Definitions

Policy Statements

CDF transfers large sums of money to developing countries as part of the International Development Program. FC Stone (previously the Mennonite Economic Development Association Trade Co. Inc. (MEDA)) is the preferred organization for international monetary transfers. FC Stone (previously MEDA is a non-bank service provider that can source a wide range of currencies from many competitive sources). A credit union will be used as an alternate.

POLICY REQUIREMENTS

- Overseas transfers require the authorization of two signing officers.
- The first transfer amount sent to an overseas partner on a new project shall not exceed CN\$100,000.
- Once the initial transfer has been successfully completed and the reliability of the banking system has been tested, then the limit for the project may be increased to CN\$300,000 for any single transfer.
- If there is a change in the financial institution of the partner, then the policy will reapply.
- The partner must acknowledge receipt of a transfer before the next transfer can be made.
- In exceptional cases, direct e-transfer of funds to individuals is possible for amounts under CN\$10,000 under the authorization of the Executive Director.
- Any changes in service provider will meet the procurement policy requirements.

PROCEDURES

The Accounting Department will forward the transfer request to FC Stone (previously MEDA), advise the appropriate staff once confirmation of transfer is received, and follow-up as required.

Responsibility for Compliance

Director, Finance

Previous History:

Approved by the Board:

Reviewed:

Approved by the Board: June 26, 1996

Revised by the Board: September 2024



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Appointment of Auditors

Effective Date: September 2024

Review Cycle: 2 years

Next Review: September 2026

Authority: Board of Directors

Cross-Reference to: Audit & Risk Committee TOR

Purpose

To provide a process for regular reviews of the audit services and fee.

Definitions

Policy Statements

The Audit & Risk Committee shall conduct a thorough review of the audit agreement every five years. If, because of the review, the Audit & Risk Committee feels tendering is necessary, a recommendation will be brought to the Board.

Policy Requirements

The Director of Finance will add this matter to the agenda of the Audit & Risk Committee every five years.

Procedures Section

At the time of the review, information relating to quality and timeliness of services, responsiveness, partner rotation and fees will be provided to the Committee, together with any concerns that management may have.

Responsibility for Compliance

Director, Operations

Previous History:

Approved by the Board:

Reviewed:

Approved by the Board: June 26, 1996

Revised by the Board: September 2024



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Procurement Policy

Effective Date: February 2023

Authority: Board of Directors

Review Cycle: 3 years

Cross-Reference to: Authority of the Audit & Risk Committee

Next Review: February 2026

Purpose

Procurement policies and procedures assist CDF to make informed decisions in acquiring goods and services. This policy guides purchase or lease of goods and services. All references to cost are in Canadian dollars.

Responsibility

Each Project/Program Manager is responsible for his/her project/cost centre procurement planning reporting and monitoring. The Director, Finance is responsible (prepare capital asset budget and report quarterly) for preparing an annual report that reflects the status of procurement budget performance.

Policy Statements

Goods and services shall be acquired in a manner consistent with the principles of: best value, fairness, transparency, due diligence and accountability to external stakeholders (donors and funders) and internal stakeholders (board).

CDF's practices concerning entering into and managing relationships with third parties/suppliers shall reflect its core values and principles of social responsibility. To be eligible for consideration, services must be competitively priced and service providers must be willing to undertake service and cost reviews on a periodic basis as requested by CDF.

CDF may source services from within the cooperative sector or externally. With due consideration for comparative service bids, and all considerations being equal, CDF will exercise preference of choice for suppliers and service providers within the co-operative sector, consistent with the 6th Co-operative Principle: Co-operation among co-operatives.

This policy applies to all employees and representatives of CDF for the purchase and acquisition of goods and services for the benefit of CDF.

This policy outlines the minimum requirements. CDF will comply with procurement requirements of project funders.

Responsibility for Compliance

The Executive Director is responsible for compliance with this policy and procedures.

PROCUREMENT PROCEDURES:

Methods for Procurement:

Procurements shall be made using one of the following methods:

a) Small Purchases

For purchases of less than \$1,000, efforts will be made to get the lowest and best price, written records of such efforts are not necessary.

Purchases which cost between \$1,000 and \$5,000 will require three over-the-telephone or email quotations of rate, price, etc. A memorandum will be prepared setting forth the date calls (emails) were made, parties contacted, and prices obtained. Board travel is covered under Board Travel Policy.

Purchases of supplies, equipment and services which cost between \$5,000 and \$25,000 will require written estimates. Price estimates will be sought from at least three vendors, and if no such estimates are available, a statement explaining the procurement will be prepared and filed.

b) Competitive Sealed Bids

Bidding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award is cost. When the cost of a contract, lease or other agreement for materials, supplies, equipment or contractual services exceeds \$25,000, an Invitation for Bids notice shall be prepared. This notice will be published at least once in the local newspaper or appropriate electronic medium. This newspaper notice will appear not less than seven (7) days and not more than twenty-one (21) days before the due date for bid proposals. CDF may also solicit sealed bids from responsible prospective suppliers by sending them a copy of such notice.

Sealed bids will be opened in public at the time and place stated in the bid. The bids will be tabulated and examined for accuracy and completeness by the Director, Finance or her/his designate. After the bid award is made a contract will be prepared with the successful bidder. After the contract is signed, all unsuccessful bidders will be advised.

CDF may cancel an Invitation for Bid or reject all bids if it is determined that such is in its best interests. Bidders will be notified in writing of such cancellation or rejection. CDF may allow a vendor to withdraw a bid if requested at any time prior to the bid opening. Bids received after the time set for bid opening shall be returned to the vendor unopened.

Expenditure limits refer to the value of a single item or group of items. For example, office furniture consisting of desks, bookcase, file cabinets to equip extension centers are to be treated as a group and require written quotations even though the individual items in the group are each valued at less than \$25,000. Requests for quotes on equipment that has operating costs will include unit operating costs to determine the long-term cost of the item. Availability of service and repairs will be considered in addition to price in making purchase decisions. Every effort will be made to ensure that copyrights, patents, and licensing agreements are respected when considering software and other intellectual property purchases.

Bids will be accepted only from those contractors who have a proven record of ability to successfully complete the scope of work being bid. References will be requested along with the contractor's bid proposal. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.

Sole Source

A situation where a particular supplier or person is identified as the only source acceptable to provide goods and services.

This situation may arise when there is only one source capable of supplying the product or service and / or when there are number of sources exist but for any number of reasons such as continuity of service the contract is awarded without competition.

For all CDF's non project spending the department or staff must seek prior permission from the Executive Director with proper justification and identification for the reason of sole sourcing.

In all CDF's Government/externally funded projects, the Country Manager must provide proper justification and identify reason for such contracts and seek prior permission from the CDF Head Office.

Contracts

Definition of a Contract:

This Policy will apply to all legal documents in which CDF is named as a party or which has the potential to legally bind CDF. The Executive Director has the authority to execute contracts in accordance with the Executive Director Policy. Contracts with a value in excess of \$15,000 must be in writing approved by two authorized signing officer of CDF.

Generally, all procurement of services that is on a regular term payment basis or deliverable basis will be supported by a written contract. Where it is not feasible or is impractical to prepare a contract, some form of documentation regarding the transaction will also be prepared.

Documentation

Whatever form of documentation and filing is employed, a clear and consistent audit trail must be established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

Preference for Co-operatives

When service options and costing is comparable, CDF prefers to work with a co-operative.

Code of Conduct

a) Conflict of Interest

No CDF Canada employee, elected official appointed official or designated agent of CDF's implementing partner will take part in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of CDF's partners is such individuals, an immediate family member, or an organization which employs or intends to employ any of the above or has a financial or other interest in any of the competing firms. (consistent with CDF Canada HR Policies)



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No CDF Canada employee, official or designated agent may acquire a financial interest in or benefit in any way from any activity which uses any portion of CDF project funded by external agencies, nor shall they have any interest in any contract, subcontract or agreement for themselves or any family members.

NOTE: These rules apply to all named parties and shall be effective for the period of service.

b) Acceptance of Gratuities

No CDF employee, official or designated agent shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, subcontractors, or potential subcontractors.

c) Penalties

Any CDF employee or designated agent who knowingly and deliberately violates this policy shall be subject to discipline in keeping with CDF's HR Policies.

Any contractor or potential contractor who knowingly and deliberately violates the provisions of these procurement standards will be barred from future transactions with CDF.

d) RFP process

Upon Executive Director approval, Project/Program Manager will prepare the Invitation for Bids which will contain the following:

- Brief statement of purpose or intent
- Statement of products or services required with sufficient detail for bidders to respond
- Statement that CDF is the contracting agency
- Date and time that the proposals must be submitted
- Evaluation criteria, and
- Any other necessary information that will assist bidders in preparing their proposal

Previous History:

Approved by the Board: September 2020