

Background

The legislative branch of Saskatchewan government requires non-profit corporations such as the Saskatoon Canoe Club to follow the Saskatchewan Non-Profit Corporations Act, 1995 (see <http://www.justice.gov.sk.ca/NPT/CHP1-Introduction.shtml> for a tutorial). One aspect of these regulations (specifically <http://www.justice.gov.sk.ca/NPT/CHP2-conflict.shtml>) requires the Saskatoon Canoe Club to ensure its directors are not in a conflict of interest position. This document describes the approach the SCC is taking to operate in a clear and transparent manner to deal with any potential conflict of interest between directors and financial decision made by the executive. As this is a requirement on the club, the statements in this document apply to the club as a whole and all expenditures for recreation, marathon and administration will be governed by this policy.

This document consists of two parts, the first part are the definitions, policies and procedures that the club will follow and a second part which offers the reasoning behind these elements, and explains how they will impact club operations.

Definition of a Vendor

A vendor (or service supplier) is an individual or company which provides a service or a good to the SCC that they would potentially provide to the general public for tangible remuneration. Examples of tangible remuneration are cash, advertising or endorsement by the SCC of the vendor. In the event that an individual or company donates time or material to the SCC and is not publicly recognized for the donation (for example recognized through web site advertising or decals on the donated goods) and does not have the potential of providing the same or similar good or service to the general public the person or company is not considered a vendor. As soon as the person or individual receives any public recognition the company or individual will be deemed a vendor.

Definition of a Club Financial Decision Maker

A Club decision maker is any person who is a member of the SCC and who participates in a discussion in which the characteristics of the equipment or service are decided upon. A Club decision maker is also any member of the SCC who votes on a motion which results in the expenditure of Club funds or whether donated services or goods will be accepted by the Club.

Policy Statements

1. Vendors are not allowed to be financial decision makers in areas where they are potential providers of the goods and services being discussed or voted on.
2. Vendors are not allowed to be on the purchasing committee when they are potential providers of the goods and services under discussion.

Budgeting and Discretionary Purchases

The ongoing projects and executive duties have budget line items determined during the annual budgeting process and included in the overall club budget which is approved at the Annual General Meeting. Individual SCC Executive members responsible for a given project or executive duty can operate at their own discretion within these budgets without going through the purchasing procedure described below as long as all purchases are

- a. A fully specified budgeted item
- b. Within the limits set forth in the overall club budget

Expenses of up to \$100.00 per month need not be approved by the Executive prior to a purchase being made. Purchases greater than \$100.00 per month must be approved by the SCC Executive. Regardless of the amount of the purchase, all Executive members are expected to report and justify their expenditures to the Executive at least quarterly. In exceptional circumstance where the amount exceeds \$100.00 per month and it is impossible to seek Executive approval beforehand, the individual may use their judgment and complete the purchase deemed necessary. The individual must report to the executive as soon as they are able and include a justification of the expense. Failure to satisfactorily justify the expense may result in expenses not being reimbursed in full or in part.

Purchase Procedure

- a. Equipment Manager or the Purchasing Committee receives a request or suggestion for a purchase
- b. Equipment Manager and Purchasing Committee assesses whether the funds are available to make the purchase
- c. Purchasing Committee defines the purchase specifications, consulting with vendors as they see fit
- d. Purchasing Committee determines which vendors to solicit quotes from (using the vendor assessment procedure described below) and/or examines price lists as appropriate for the current purchase
- e. Purchasing Committee makes one or more recommendations to the Executive on a selected purchase for approval. The recommendation specifies the purchase characteristics and selected vendor.
- f. Executive debates the recommendation(s) and votes on them. Note that the purchasing committee who are also executive members are allowed to vote on the recommendations.
- g. If the purchase recommendation(s) are approved, the purchasing committee selects a Club representative to handle the purchase. The selected representative provides the Treasurer with

a copy of the quote/price list prior to purchase, and the invoice/sales receipt post-purchase, as well as the vendor assessment forms for permanent filing.

- h. If the Purchasing Committee recommendation is not approved, then the purchasing committee takes any additional requirements or information from the executive and goes through the process of creating an updated recommendation for executive consideration.

Vendor Assessment

Vendors are assessed before a purchase is made, after a purchase is made, and after each service or warranty claim.

The assessment prior to making a purchase consists of answering the following questions (any negative response will result in the vendor not being considered):

- a. Has the vendor provided a firm, fixed price quote that matches the required equipment? In the event of shipping costs the club is willing to accept either a fixed shipping amount or the actual shipping cost if the shipping company invoice is provided to the club when shipping costs are due.
- b. Is the vendor in good standing with the SCC?
- c. Are all outstanding purchases, transactions or issues with the vendor proceeding satisfactorily?
- d. Is the vendor knowledgeable?

The assessment after a purchase has concluded consists of:

- a. Was the product delivered on time?
- b. Did the delivered product characteristics match the ordered items?
- c. Did the final process match the quote?
- d. If the actual shipping costs were paid, did the vendor provide a copy of the shipping invoice?
- e. Have the students/purchasers rate the experience on the following scale:
 - a. Excellent – 3
 - b. Fair – 2
 - c. Unacceptable – 1 (with supporting notes)

The assessment after a service or warranty claim consists of:

- a. What was the reason for the claim (defective goods, manufacturers recall, regulatory)?
- b. How long did it take to resolve the claim?

c. Was the SCC satisfied with the outcome?

Definition of a Vendor – Why and How?

The intent of the vendor definition is to catch anyone who could benefit financially when interacting with the club but at the same time exclude those who couldn't benefit. This is the core of one side of the conflict of interest legislation (the other being the decision maker side). In practice this means that David Peters is considered a vendor because he is providing database service (something he charges other people for even though he is not charging the club), Bryan Sarauer and Bill Morris are vendors because they are instructors and could charge for instruction to the general public (something Bill is already doing and something Bryan could potentially do), Jimmy MacDonald and Kevin Robinson are vendors because they are both owners of equipment suppliers (Canada West Paddlesports and Eb's Source for Adventure, respectively). Trevor Robinson is not a vendor since he is not employed by or an owner of an equipment supplier even though he related to Kevin. If at some point in the future Trevor is compensated by Eb's then he immediately becomes a vendor. In the event of free memberships being awarded, (for example by leading a club trip), the trip leader is not considered a vendor unless the club leader is in the business of leading club trips.

Definition of a Club Financial Decision Maker – Why and How?

The intent here is to define the other side of the legislative conflict of interest. There are two ways to influence the financial decision making, firstly the selection of what to purchase (an indirect influence as it's possible to constrain the purchase in such a way to make only one vendor a possible choice), and secondly the determination of which vendor to purchase from.

Policy Statements – Why and How?

With the definitions of a vendor and a decision maker these two statements should be fairly straightforward. The complexity comes in with the intent to not exclude vendors for one kind of service from participating in other kinds of service. For example, since Bryan is an instructor we don't want to limit him from influencing the selection of the database service provider or the equipment vendor. We also don't want to prevent Mark or Trevor from using their contacts in the sign making industry or equipment supply industry from getting the SCC a better deal than someone off the street, if they can.

Budgeting and Discretionary Purchases – Why and How?

The goal here is to have a generally accepted means of purchasing items which is in line with the provincial statutes for conflict of interest, is not too onerous, and ensures that the executive makes the decision (and not merely one or two people). Procedures and Policies always have the potential to significantly increase the amount of effort required to get anything done. There are a number of things which the club does every year and the purchasing procedure is probably overkill, things like the open house, the web site hosting contract, the publishing of newsletters etc. In these cases the details are well known and it's easy to approve them as part of the club budget during the general meeting. In the event that the actual cost of the purchase differs significantly from the budgeted amount then the executive should be consulted prior to the purchase. A significant difference is considered to be an amount that differs by more than plus or minus 5% from the budgeted figure. Other expenditures

which are expected but the actual amount are not known need to be assessed at the time the purchase is made, but these things range from large value purchases like equipment to small value purchases like consumables. In order to minimize the effort on the small items rather than having to follow a procedure, it's enough to identify a limit on the amount that can be spent and make it up to the individual executive director. That's the intent of the \$100/month blanket approval. This is not to say that receipts are not required and executive review do not take place, just that the review is a part of a regular financial and/or director's report rather than as an individual item. Examples of this are consumables, such as office supplies, epoxy, varnish etc. Larger value items will be reviewed individually prior to the expenditure as described by the purchase procedure following.

Purchase Procedure – Why and How?

The goal here is to have a standardized means of making purchases which is detailed enough so that the provincial regulations are followed but not so specific that it does not allow tailoring to the specific purchase being made. This procedure is intended to ensure that the final expenditure decision is made by the Executive with all the supporting documentation. It's critical that the Executive as a whole (subject to conflict of interest guidelines) make the final decision while at the same time allow for the people/division most affected by the decision to have an opportunity to make their views known. The makeup of the purchasing committee will change depending on the purchase being made, in fact there is no reason why there can't be more than one purchasing committee at the same time if more than one purchase is being considered. For example, if both the recreation division and the marathon division are contemplating the purchase of a boat it seems reasonable to have two committees one made up mostly (or even entirely) of recreation members and one made up mostly (or even entirely) of marathon members. Common equipment purchases, like PFDs, should have representatives from both divisions.

Vendor Assessment – Why and How?

If there are no records of vendor interactions, then any new executive members will have no reference to rate vendors. The intent of this section is to provide a framework for tracking vendor interactions so that in the future there is a written record. This section is to some degree subjective but with a written record it should be clear how the assessment was arrived at.

It's also expected that vendors will be provided with feedback as to why they were selected or not selected. In the event of vendor not being selected the club should record what the vendor needs to change to be considered for future purchases.

The knowledge of the vendor will be considered at the time the purchase is made by the purchasing committee. This assessment may consist of listing formal certifications, committee personal experience and historical transactions.

Summary

This is expected to be a living document and will change with time and it will likely change as it is put into practice. Today the SCC has no guidelines, policies or written instruction/records for any of these items and this document therefore provides a place to start. This document should be reviewed on a regular basis to tune/tweak it into alignment with the SCC desires.

