

## **Ethics Q&A Stifled Treasurer**

*Q. I'm a CA, and I was recruited as Treasurer to help a very small charity overhaul its accounting systems and start providing good financial information to the board. Now I want to quit because the Chair is making major financial transactions she doesn't want the board to know about, and won't let me present my first report. How can I leave on a positive note, with a good reference so that I can do similar volunteering for another charity?*

Jane's answer

A Treasurer is usually elected by the board, and the bylaws may set out your obligation to report to the members. The Chair is not your boss, and cannot stop board members from hearing from you. I think you have every right (and indeed I think a duty) to contact the other members of the board before the next board meeting. You could just tell them that the Chair refuses to put the financial statements on the agenda, and ask them to vote to add it to the agenda at the start of the meeting. Then, if the Chair tries to stifle you, she is doing so in front of the rest of the board - and everyone is going to get very curious and very nervous about what is happening. You can present your report (without mentioning you want to resign) and see what happens - perhaps the board will make the Chair resign.

If your board communicates by e-mail between meetings, as most now do, you can also send the report out in advance. Board material should go out in advance except for last minute urgent items. If this board is not used to getting financial statements, the directors need even more time to read and understand the report. You can make notes on variances from budget or prior years, and even highlight large non-routine transactions. And you can ask the board to review the format carefully to ensure it suits their needs for decision support. In other words, you can not only give them the information in advance, but also give them several reasons to look at it closely.

You are also the liaison with the auditor, unless there is a separate Audit Committee. You can bring issues directly to his or her attention and get advice in advance. You can also, in presenting or distributing your statement, mention that you have sought that advice and suggest that the board may wish to hear directly from the auditor at the next meeting.

You haven't mentioned staff, and say that it is a small charity. Is there a senior staff person who might also be your ally and/or reference? Can that person also confirm what is happening with these secret transactions? You want to be absolutely sure the report accurately reflects the financial situation, as much as the information available to you allows. If there is something you are unsure about, note that in writing too and say you will be checking the details before the next report.

Likely, at a minimum, one board member will be willing to act as a reference - perhaps the one who recruited you. You may be thanked and begged to stay. I suspect you will be. It would be a

shame to have a qualified and courageous Treasurer leave because of one bully, who is then left to misuse charitable resources even more.

The outcome will heavily depend on whether the other board members are all there as just the Chair's friends or whether they actually care about the cause and/or their own reputations. If the majority put the cause ahead of friendship, the outcome should be positive for you and the charity.

If the board is just friends and family of the Chair and does not act against the Chair, you have the option of going to a government authority. In Ontario, that would be the Office of the Public Guardian and Trustee, in the Ministry of the Attorney General. A report of misuse of charitable monies by a CA with insider knowledge should get attention even from an under-resourced office. You can also complain about a charity to the Compliance Division of the Charities Directorate at the Canada Revenue Agency.

Thank you for caring enough about your community to volunteer your skills and knowledge, do so much volunteer work, and be willing to give similar service to another charity despite the bad experience you have been having.

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