

Chapter Four: Financial Policies and Procedures

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Section: Financial Accountability	Policy: Board of Directors
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.1.1

Policy

The Board of Directors is responsible for ensuring the overall financial stability of our organization.

Procedures

1. The Board of Directors will evaluate a budgeting process and financial reporting system for our organization.
2. The Board of Directors will ensure that the financial policies and procedures are established and adhered to.
3. The Board of Directors will plan and review the annual operating budget of our organization.
4. The Board of Directors will review revenues and expenses at regular specific intervals and compare them with the approved budget.
5. The Board of Directors is responsible for ensuring that the physical and financial assets of the organization are properly managed by the Executive Director.
6. Salary guidelines and compensation policy for all staff will be determined by the Board of Directors. Budgetary constraints will be given due consideration in this decision.
7. The Board of Directors will review and approve the expenses claimed by the Executive Director.
8. The Board of Directors will oversee the fund-raising activities of our organization.

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Section: Financial Accountability	Policy: Finance Committee/Treasurer
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.1.2

Policy

The East Hants Community Learning Association will establish a finance committee and/or appoint a treasurer as specified in the bylaws.

Procedures

1. The finance committee and/or treasurer will assist the Board of Directors in their function of financial governance. Terms of reference for the finance committee including responsibilities, membership and meeting schedule, will be established by the Board of Directors.
2. The finance committee and/or treasurer will meet on a regular basis as specified by the Board of Directors.
3. The Executive Director or their designate shall attend all meetings of the finance committee and/or treasurer.
4. The annual work plan of the finance committee and/or treasurer will include the following:
 - review of financial policies and procedures
 - review of annual operating budget
 - review of financial reporting process

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Section: Financial Accountability	Policy: Executive Director
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.1.3

Policy

The Executive Director is responsible for effective financial management to facilitate a stable and viable organization.

Procedure

1. With regard to all financial dealings and the assets of our organization, the Executive Director will not authorize any transactions that will result in any personal liability of the Board of Directors or that will adversely affect the capital of our organization.
2. The Executive Director will ensure that appropriate safeguards are put into place and maintained to prevent fraud or theft of our organization's funds.
3. The Executive Director will not allow any one individual to have complete authority over a financial transaction.
4. The Executive Director will not cause or allow our organization to incur indebtedness outside of the ordinary course of business.
5. The Executive Director will ensure that payroll, payroll remittances and other debts are settled in a timely manner.
6. The Executive Director will ensure that our organization's general liability coverage does not lapse.
7. The Executive Director will ensure that restricted contributions or funds are used only for the purpose that was designated by the contributor or funder.
8. The Executive Director will ensure that the operating fund of our organization does not accumulate a deficit.

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Section: Financial Accountability	Policy: Executive Director
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.1.3

9. The Executive Director will initiate purchases of goods and services according to budget allocations.
10. The Executive Director or their designate will sign for the goods and services being received in good order.
11. The Executive Director will ensure that all fund-raising initiatives are approved by the Board of Directors before they are implemented.

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Section: Financial Controls	Policy: Annual Operating Budget
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.2.1

Policy

The East Hants Community Learning Association's annual operating budget will be developed by the Executive Director and approved by the Board of Directors.

Procedures

1. The Executive Director will prepare the annual budget of our organization based on the priorities and salaries established by the Board of Directors.
2. The Executive Director will prepare the annual operating budget information. All expenditures anticipated for the year, especially major purchases, should be included and should be detailed in the budget working papers.
3. The Board of Directors will approve the annual operating budget. Approval will be noted in the meeting minutes of the Board of Directors.
4. The Executive Director will review monthly information, ensuring that budget allocations and spending limits are adhered to.
5. The Executive Director will seek out new sources of funding for programs, with direction from the Board of Directors.
6. The Board of Directors will monitor the annual operating budget and make adjustments if required.

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Section: Financial Controls	Policy: Audit
Approved Date: Dec 9, 2016	Policy Number: 4.2.2
Revision Date: Feb 22, 2021	

Policy

Annual Financial Statements will be completed and presented to the East Hants Community Learning Association membership for their approval.

Procedures

1. At the Annual General Meeting, the Board of Directors will recommend to the membership the name of a chartered accountant to conduct the review engagement.
2. The auditor will review our organization's financial/accounting systems and summarize the financial data in a year-end statement, as well as ensure that financial statements have been prepared in accordance with generally accepted accounting principles.
3. The Review Engagement report will consist of a covering letter, balance sheet, statement of income and expenses, as well as auditor notes on the state of assets.
4. At each annual meeting, the Board of Directors will table for the approval of members the review engagement.

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Section: Financial Controls	Policy: Asset Safeguards
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.2.3

Policy

The East Hants Community Learning Association will ensure that a well designed system of internal controls is implemented to safeguard assets.

Procedures

1. Assets will be physically protected. Cash funds will be kept in a secure location and will be deposited in the bank as soon after receipt as possible.
2. No system of control can give full protection against loss. Insurance against a variety of hazards shall be carried to reimburse if major loss should occur. Insurance coverage shall be reviewed annually to ensure that it meets the needs of our organization.

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Section: Financial Controls	Policy: Financial Reporting
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.3.4

Policy

The Board of Directors of our organization will review monthly or quarterly financial statements that are submitted by the Executive Director.

Procedures

1. The Executive Director will provide to the Board of Directors monthly financial statements indicating the current cash position and performance of our organization in relation to the approved budget.
2. The Board of Directors will determine the format of monthly financial statements.
3. The Board of Directors will review and ensure that they understand the monthly financial statements prepared by the Executive Director.

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Section: Financial Controls	Policy: Signing Authority
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.3.5

Policy

The East Hants Community Learning Association will adhere to the signing authority requirements as specified in the bylaws of our organization.

Procedures

1. Our organization and our banking institution will maintain a formal list of names, titles and signatures of those individuals who have signing authority.
2. EHCLA must have four signing authorities, which must include the Executive Director and at least one member of the Executive Board of Directors. **Signing authority will include, as per our bylaws, the Chairperson, the Secretary, and the Treasurer of our Board of Directors, as well as the Executive Director.**
3. There will be two authorized officers' signatures on all cheques prepared by our organization.
4. Before being signed, all cheques will be verified against invoices, which will be allocated to a funding project.
5. All cheques will be numbered and used in numerical order.
6. All cheques will be kept in a secure location.
7. Blank cheques should never be signed.
8. Online banking will be an acceptable substitute for cheques writing for day to day banking. This will include but is not limited to: payroll, bill payment, and remittances.
9. The Executive Director will have a bank card for their use exclusively. The card has a unique identifier and all transactions conducted are identified as completed by the director. In accordance with the Terms and Conditions provided by the bank, this card is not transferrable and may not be used by another individual.

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Section: Financial Controls	Policy: Inventory
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.3.7

Policy

The East Hants Community Learning Association will maintain accurate capital asset inventory records.

Procedures

1. Inventory records will provide an accurate description of the item, the date purchased and the purchase price.
2. A review of the inventory will be done annually to determine the condition of capital assets.
3. When an item is written off (due to its deteriorated condition) or sold, it will be recorded as such in the inventory records.

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Section: Financial Processes	Policy: Accounts Payable
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.1

Policy

The East Hants Community Learning Association will clearly define the accounts payable financial process.

Procedures

1. On receipt of an invoice, the designated staff person will affix a Cheque Requisition form to it indicating the payee, the amount to be paid, the expense line the item is to be charged to and the project from which the invoice will be paid.
2. Cheques will be drawn and attached to the supporting invoices before being given to the signing officers.
3. Cheques will be written and signed as per the financial process schedule determined by the Executive Director.
4. Use of a credit card issued to the East Hants Community Learning Association is an acceptable alternative for purchase payments and the payment of invoices and accounts payable. Cards are issued to the Executive Director with a limit of \$3500 and Community Rider Manager, or acting delegate, in the amount of \$1500. Credit cards are for the sole purpose of business related expenses and payments. It is unacceptable that any personal charges would be made on the credit card. Any personal expenses would result in the cancellation of credit card privileges.

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Section: Financial Processes	Policy: Banking
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.2

Policy

The East Hants Community Learning Association will enter into an agreement with a recognized chartered bank that will provide the services required by the organization.

Procedures

1. Our organization will ensure that the chartered bank provides the following services:
 - Chequing services for specific accounts.
 - Provision of cancelled cheques on a monthly basis, with a statement showing all debits and credits.
 - Payment of interest at current rate for all surplus funds held in any special account.
 - Consultation on the banking requirements of the organization.
2. Bank accounts will be reconciled monthly by the staff person designated by the organization.

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Section: Financial Processes	Policy: Meal and Travel Policy
Approved Date: Dec 9, 2016	Policy Number: 4.4.4
Revision Date: Feb 22, 2021	

Policy:

The East Hants Community Learning Association will reimburse meal and travel expenses that are incurred while performing EHCLA business.

Procedures:

1. Expenses for meals for business related purposes are as follows:
Breakfast: \$12.00
Lunch: \$15.00
Dinner: \$20.00
These amounts are pre-tax and a gratuity of a maximum of 15% may be added.
Expenses will be reimbursed with submitted receipts.
2. Business travel requiring an overnight stay must be pre-approved by the Board of Directors. Costs must be pre-approved.
3. Parking and toll costs will be reimbursed.
4. Expenses for Executive Director and staff will be reimbursed at a rate of \$0.42 per kilometer and mileage should be submitted to the Executive Director for processing monthly. Executive Director mileage expense will be approved by a board member.

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Section: Financial Processes	Policy: Contracts for Service
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.5

Policy

All contracts for service that are entered into to enhance the mission of our organization will be approved by the Board of Directors.

Procedures

1. The organization may enter into contractual agreements with individuals and/or registered companies for the provision of specific services and/or programs.
2. All contracts are to be reviewed by the Executive Director for their content and format.
3. Fee for service contracts must fall within the approved budget or receive the approval of the Board of Directors before they are signed.

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Section: Financial Processes	Policy: Fee Collection
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.6

Policy

The East Hants Community Learning Association requires the timely payment of all fees for services provided in order to maintain a healthy cash flow position.

Procedures

1. Invoices for services rendered will be issued at the end of the month.
2. All fees are due by the last day of the following month.

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Section: Financial Processes	Policy: Funds Received
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.7

Policy

Funds received by our organization will be deposited in the bank in a timely and consistent manner.

Procedures

1. All funds received will be received only by a designated employee, who will issue a receipt immediately.
2. All funds will be kept in a secure location.
3. All funds will be deposited in the bank on a regular basis. Bank deposits will be compared to receipts issued to ensure that all funds are accounted for.
4. Cash on hand will not be used to cash personal cheques for employees.

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Section: Financial Processes	Policy: HST Rebate
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.8

Policy

As a human service organization, the East Hants Community Learning Association is exempt from the collection of HST on direct services. Our organization is entitled to and will collect a recovery of 50% of the HST it pays to suppliers.

Procedures

1. When recording HST, the full amount of the payment (including HST) will be recorded in the disbursements journal as the amount of cash expended.
2. The amount of the supplier's charge and the 50% HST unrecoverable portion will be allocated to the appropriate expenditure column.
3. The 50% portion of HST that is recoverable will then be allocated to a column entitled HST Rebate Receivable.
4. Each invoice or related payment voucher will have the HST component identified.
5. A claim will be made bi-annually to Revenue Canada for the HST Rebate Receivable.

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Section: Financial Processes	Policy: Investments
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.9

Policy

The Board of Directors will ensure that the investments of our organization are monitored on a regular basis.

Procedures

1. All securities, mortgages, insurance policies and investments will be under the control of the Executive Director with the approval of the Board of Directors.
2. All stocks, bonds, mortgages, deeds and insurance policies will be in the name of our organization.
3. The purchase and sale of securities will be approved by the Board of Directors.
4. Investment income accrued is subject to accounting control.
5. All securities will be recorded in the balance sheet and reviewed prior to re-investment.

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Section: Financial Processes	Policy: Payroll Records
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.10

Policy

Payroll records will be kept current and will be updated on a regular basis.

Procedures

1. An employee will be placed on the payroll at the direction of the Executive Director.
2. Information for payroll will include the following:
 - Employee's name and address
 - Employee's Social Insurance Number
 - Employee's starting salary and date
 - Revenue Canada TD1 Form
 - Province of Nova Scotia TD1NS Form
3. Payroll will be prepared according to information recorded on time sheets. Time sheets will be reviewed and approved by the appropriate supervisor on a bi-weekly basis.
4. Changes in deductions will be arranged between the employee and the Executive Director. All changes to deductions will be required from the employee in writing.

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Section: Financial Processes	Policy: Payroll Payment
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.11

Policy

Payroll payments will be issued based on accurate information and a defined approval process.

Procedures

1. The Executive Director will review employee time sheets and approve them for payment.
2. The designated staff person will input the payroll information and verify it for accuracy.
3. The Executive Director will review payroll information, ensuring the accuracy of personnel, pay rates, pay amounts and budget allocations.
4. The Executive Director will review all government filings for completeness and accuracy and will sign these documents as the organization's representative.

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Section: Financial Processes	Policy: Petty Cash
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.12

Policy

The Board of Directors of the East Hants Community Learning Association will authorize the amount of the petty cash fund and will identify the nature of the expenditures that should be paid from this fund.

Procedures

1. Two petty cash funds will be maintained, one for the East Hants Community Learning Association for \$200.00 and one for the Transportation Service for \$150.00. Cash funds will be kept in a secure location.
2. Petty cash will be maintained and disbursed by one person.
3. A petty-cash disbursement record will be maintained for all transactions.
4. Cash receipts or petty cash vouchers will accompany the disbursement sheets, demonstrating a balanced account.
5. When petty cash is to be replenished, receipts will be totalled and a cheque will be issued to be cashed.

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Section: Financial Processes	Policy: Purchases Operating
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.13

Policy

Purchases of goods and services will be approved by inclusion in the annual budget or by approval of the Board of Directors.

Procedures

1. All purchases made will be approved either by inclusion in the annual budget (predetermined expense) or by special motion approved in advance by the Board of Directors, thereby ensuring that all purchases of goods and services are authorized.
2. Purchase requisitions and three quotes will be required for purchases greater than \$1,000.
3. Non-budgeted expenditures will be approved by the Board of Directors.

Chapter Four: Financial Policies and Procedures

Section: Financial Processes	Policy: Purchases: Capital
Approved Date: Dec 9, 2016	Policy Number: 4.4.14
Revision Date: Feb 22, 2021	

Policy

The Executive Director will ensure that any non-budgeted capital purchases that exceed \$1,000.00 are approved by the Board of Directors. Ideally, 3 quotes will be sourced but a minimum of two quotes on any single capital item will be required. Capital purchases include such items as equipment and vehicles.

Procedures

1. The organization will receive three independent quotes, if possible, with a minimum of two quotes, before making a decision to purchase.
2. Quotes will be maintained on file as financial records.
3. While EHCLA operates with financial prudence, the lowest quote may not be the option selected.

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Section: Financial Processes	Policy: Retention of Records
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.15

Policy

All records of the East Hants Community Learning Association will be retained for the time specified by the governing legislation.

Procedures

1. A hard copy of financial records will be retained at the East Hants Community Learning Association location for a period of not less than six years. It is acceptable that electronic copies be maintained in online bank, to be printed as required.
2. Eligible records will be destroyed after a six-year period.

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Section: Financial Processes	Policy: Staff Expenses
Approved Date: Dec 9, 2016 Revision Date: Feb 22, 2021	Policy Number: 4.4.16

Policy

Approved staff expenses will be reimbursed if accompanied by proper documentation.

Procedures

1. All employees are required to submit expense reports on a monthly basis.
2. All employee expense reports must be substantiated by appropriate receipts.
3. All employee expense reports will be reviewed by the Executive Director to ensure accuracy and compliance before being approved.
4. The Board of Directors will review and approve the expenses of the Executive Director.