

Financial Policies and Procedures Manual



PTP - Adult Learning and Employment Programs

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PTP Financial Policies and Procedures

The purpose of financial management at PTP is to ensure that funds are used effectively in running the programs and achieving the organization's goals.

The following people are involved in the financial management of PTP:

- Board Members
- Finance Committee Members
- Treasurer of Finance Committee
- Executive Director
- Director of Operations

1. Financial Accountability of the Board of Directors

The Board of Directors is responsible for ensuring the overall financial stability of PTP Adult Learning & Employment Programs.

Procedures

- The Board of Directors will review the financial policies and procedures and make necessary revisions to make it relevant to existing operating processes.
- The Board of Directors will approve annual operating budget.
- The Board of Directors will review revenue and expenses on a quarterly basis and compare them with the approved budget.
- The Board of Directors will ensure that the physical and financial assets of the organization are properly managed and secured.
- The Board of Directors will approve salary guidelines and compensation policies taking into consideration budgetary constraints.
- The Board of Directors will ensure the financial dealings of the organization will be in accordance with the by-laws.

2. Financial Accountability - Treasurer

The Board will appoint a Treasurer to assist the Board of Directors in their function of financial governance and the Treasurer will Chair the Finance Committee.

Procedures

- The Treasurer and/or Finance Committee will meet on a regular basis as specified by the Board of Directors.
- The Treasurer will perform and complete the Treasurer's report for review by the Finance Committee and the Board.
- The Executive Director or his/her designate shall attend all meetings of the Finance Committee.
- The annual work plan of the Treasurer together with the Finance Committee will include the following:
 - review of financial policies and procedures
 - review of annual operating budget, and bi-monthly review of the financial statements
 - review of financial reporting process

3. Financial Accountability – Executive Director

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

Procedures

- With regard to all financial dealings and the assets of PTP, 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 and assets of our corporation.
- The Executive Director will ensure that payroll, payroll withholdings, employer contributions and other debts are settled in a timely manner.
- The Executive Director will ensure that assets are insured for not less than replacement value (subject to available coverage limit).
- The Executive Director will ensure that PTP's general liability coverage and Directors and Officers liability insurance do not lapse.
- The Executive Director will ensure that contributions or funds are used only for the purpose that was designated by the contributor or funder.
- The Executive Director will to the best of his/her ability, ensure that PTP does not accumulate a deficit.

- The Executive Director will ensure the timeliness, integrity and accuracy of the financial reports submitted to the Board and to any other Board committee.
- The Executive Director will submit an annual operating budget for board approval that reflects closely the nature of its day to day operations.
- The Executive Director shall make sure that there are sufficient internal controls and processes to avoid theft or fraud.

4. Financial Controls - Internal Controls

PTP Adult Learning & Employment Programs will implement a well-designed system of internal controls.

Procedures

Executive Director will ensure that:

- Appropriate safeguards are implemented to prevent fraud or theft of PTP's funds.
- Assets will be physically protected, cheques will be kept in a secure location and all deposits will be placed in the bank as soon as possible with a receipt as confirmation.
- Insurance against a variety of hazards (i.e., fire, robbery, legal liability, and embezzlement) shall be carried to reimburse if major loss should occur. Insurance coverage shall be reviewed bi-annually to ensure that it meets PTP's needs.
- Accurate and complete documentation of all meetings of Finance Committee are to be presented to the Board in the form of a report.
- Accurate and complete documentation of all meetings of the Board are to be maintained in the form of minutes.

5. Financial Controls – Annual Budget Review

PTP Adult Learning & Employment Programs' budgets (annual operating and projects) will be developed by the Executive Director / Director of Operations, reviewed with the Treasurer and/or Finance Committee, and approved by the Board of Directors.

Procedures

- The Executive Director / Director of Operations will prepare budgets in consultation with the Treasurer and/or Finance Committee based on the priorities established by the Board of Directors.
- The Board of Directors will approve all budgets (annual operating and projects) and ensure decision/s is recorded in the meeting minutes of the Board of Directors.
- The Board of Directors will monitor budget information quarterly ensuring that budget allocations and spending limits are adhered to, recommending adjustments if required.
- The board approved operating budget shall remain in force for the fiscal year and may not be revised without Board approval.

6. Financial Controls - Annual Audit

An annual audit will be completed and audited financial statements presented to the members of the Board for their approval.

Procedures

- At the annual general meeting, the Board of Directors, through a resolution, will recommend for approval the appointment of a chartered accountant to conduct the audit for the next fiscal year.
- The auditor will conduct an audit of PTP's financial/accounting systems and ensure that financial statements and records have been prepared in accordance with generally accepted accounting principles.
- The audit report will be presented to the Board for its approval as soon as it is vetted by the finance committee.

7. Financial Controls - Review of Financial Statements

The Board of Directors of PTP will review the financial statements (for PTP's operating budget and for all projects) on a quarterly basis.

Procedures

- The Treasurer/Finance Committee will receive and review all financial statements on a bi-monthly basis
- Financial statements are presented to the Board on a quarterly basis.
- The Board of Directors will receive and review financial statements – both Statement of Financial Activity and Statement of Financial Position, indicating PTP's current cash position in relation to the approved budgets.
- The Board of Directors will put forward motions indicating their acceptance of the financial statements, to be recorded in the minutes of the meeting.

8. Financial Controls – Contracts - Signing Authority

PTP Adult Learning & Employment Programs will adhere to the signing authority requirements as specified in the bylaws of the organization.

Procedures

- Signing officers can be members from the Executive Committee and PTP Directors.
- PTP and the Board of Directors will maintain a formal list of names, titles and signatures of those individuals who have signing authority.
- There will be two authorized officers' signatures on all PTP contractual and legal agreements.

9. Financial Controls - Cheques

PTP's Board will ensure that internal controls on the use of cheques are implemented.

Procedures

- Payments or withdrawals from bank accounts will only be made by cheques.
- The Executive Director, Director of Operations and Treasurer will be authorized signing officers for cheque purposes.
- PTP and the bank will maintain a formal list of names, titles and signatures of those individuals who have cheque signing authority.
- Names and signatures will be included meeting meetings where motion was carried.
- There will be two authorized signing officers on all PTP cheques over \$5,000.00.
- Only one authorized signature is required on cheques under \$5,000.00.
- All cheques will be numbered and used in numerical order.
- All cheques, including blank unused cheques, will be kept in a secure location.
- All void cheques will be maintained on file.
- Cheques will not be issued to "cash" or "the bearer."
- Cheques will be written and attached to the supporting invoices before being given to the signing officers.
- An employee who has signing authority will not sign a cheque issued to him/herself.
- All invoices will be reviewed by the signing officers and signed as "approved for payment" by one of the signing officers.
- Approved invoices and other documents supporting the payment will be submitted to the bookkeeper for proper entry.
- Blank cheques should never be signed.
- The Bookkeeper will obtain the bank statements and cancelled cheques and review these on a monthly basis.
- Executive Director and Treasurer will review and sign off on monthly cheque run.

10. Financial Controls - Deposit of Funds

Funds received by PTP will be subject to internal controls.

Procedures

- PTP will use an accounting software that will suit its purpose.
- Upon receipt, all funds received will be recorded as a journal entry.
- All funds will be kept in a secure location.

- Journal entries will identify the date the funds are received, the source of the funds, the amount of the funds and the cheque number.
- All funds will be deposited in the bank on a regular basis. Bank deposits will be verified when the deposit is made to ensure that all funds are accounted for.
- Receipts will be issued where appropriate.

11. Financial Controls - Control of Credit Cards

Credit-card use will be strictly controlled according to the procedures established by PTP.

Procedures

- PTP has Staples Business credit card/s.
- The Executive Director will authorize who can use the credit card.
- Directors will not be required to be personally liable for the credit card.
- Payment will not be made on the monthly credit card statement without individual bills for each purchase to verify the charges.
- The credit card may only be used strictly for authorized PTP business. Under no circumstances may personal items be expensed to the PTP credit card.
- Every purchase on a personal credit card must be pre-authorized by PTP Directors or PTP Managers.
- Every claim has to be submitted with itemized original invoices for each purchase, including the approved signature of the Executive Director or Manager.

12. Financial Controls - Capital Asset Inventory

PTP Adult Learning & Employment Programs will maintain accurate capital asset inventory records for items over \$1,000.

Procedures

- Inventory records (of items over \$1,000) will provide an accurate description of the item, the date purchased, and the purchase price.
- When an item is written off (due to its deteriorated condition) or sold, it will be recorded as such in the inventory records.
- Unwanted capital assets with an estimated residual value of more than \$500 may be sold at a reasonable cost with the formal approval of the Board of Directors. The Board of Directors will determine the appropriate selling process. The sale will be recorded in the inventory record.

13. Financial Controls - PTP Investments

The Board of Directors will ensure that the investments held by PTP are secure investments and that they are monitored on a regular basis.

Procedures

- All investments purchase and sale of securities will be under the control of the Board of Directors.
- Investment income earned will be subject to the same financial controls as all other PTP funds.
- PTP investments should be very secure investments, short-term (for a period of one year or less), liquid, and fully insured by the Canada Deposit Insurance Corporation. Investments should at all times follow the investment policy guidelines.
- Two signing officers are required to set-up or redeem PTP investments, with Board approval.
- The Executive Director and Director of Operations must review the investment prior to the renewal date and arrange for investments to be redeemed into general revenues as needed, so that PTP's operating costs may be met.
- PTP's reserve fund will be monitored according to the reserve fund policies (policy #20).

14. Financial Controls - Purchase of Goods and Services

Purchases of goods and services will be approved by inclusion in the appropriate budget (annual operating or project) or by approval of the Board of Directors.

Procedures

- All purchases made will be approved either by inclusion in the appropriate budget or by special motion approved in advance by the Board of Directors, thereby ensuring that all purchases of goods and services are authorized.
- Limits of approval authority for purchase requisitions will be as follows:

For all single budgeted expenditures:

- If less than \$5,000 buy as required
 - *If greater than \$5,000, three quotes in writing are required [email quote acceptable] and information must be kept on file.
- The Board of Directors must approve non-budget items over \$10,000.

* The lowest price will not necessarily determine the supplier. Information on the reasoning of recommendations should be disclosed.

15. Financial Controls - Board / Staff Expenses

Approved Board and staff expenses will be reimbursed if accompanied by proper documentation and if within the limits set by the Board of Directors.

Procedures

- Mileage rate and expense limits will be set and reviewed annually. They will be compared with funder limits.
- All expenses must be related to approved costs for attending meetings, long distance charges associated with PTP business, and approved cost of office or meeting supplies.
- All expense claims must be submitted within one month after the expense is incurred.
- Original itemized receipts must be included with all expense claims.
- PTP Director or Manager must approve expenditures in their department as per their approved budgets
- Executive Director or Director of Operations must review all claims before cheque is signed off and disbursed.

16. Financial Processes - Banking Services

PTP Adult Learning & Employment Programs will enter into an agreement with a recognized chartered bank that will provide the banking services needed.

Procedures

- The Finance Committee shall recommend for board approval the chartered bank that PTP will use for its banking services.
- PTP will ensure that the chartered bank provides the following services:
 - Chequing services for required 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.
- Bank accounts will be reconciled monthly by the designated staff person/bookkeeper.
- Executive Director and Treasurer will review and sign off on monthly cheque run.

17. Financial Processes – Payroll

Payroll shall be processed by a third party service provider to be approved by the Executive Director. All mandatory taxes and deductions are done through this third party provider. Payroll records will be kept current and will be updated on a regular basis.

Procedures

- Payroll information will include the following:
 - Employee's name and address
 - Employee's Social Insurance Number
 - Employee's desired taxation code
 - Employee's date of birth
- PTP employees will be paid on a bi-weekly basis.
- Contractors and consultants will be paid as directed in their contract.
- Executive Director reviews and signs off on bi-weekly Payroll.
- Director of Operations will have access to Payroll and provide back-up for Executive Director in his/or her absence.

18. Financial Processes - Maintenance of Financial Records

PTP's financial records will be retained for the time specified by our governing legislation.

Procedures

- A hard copy of financial records will be retained at our head office for a period of seven years.
- PTP will also retain a copy of the financial records on USB.
- PTP will also back up all financial records on agency Network [password secured]

19. Policy – Financial Processes - Contracts

The Executive Director is accountable for all contracts that are entered into by PTP.

Procedures

- The organization may enter into contractual agreements with individuals, literacy organizations, consulting firms, and/or registered companies for the provision of specific services and/or programs.
- All contracts are to be reviewed by the Executive Director for their content and format.
- All contracts must fit the terms of budgets pre-approved by the Board of Directors before they are signed.
- For contracts for service in excess of \$25,000 a tendering process will be required. The tendering process will involve contacting at least three contractors. Written bids will remain on file.
- For contracts less than \$25,000 the Executive Director can contract for services at his/her discretion within the budgets pre-approved by the Board of Directors.
- The Executive Director, and other Board approved signing authority, will sign all contracts.
- A copy of all signed contracts will be kept in PTP's files at the Head Office.

- Any changes to contracts that do not fit pre-approved budgets must receive the approval of the Board of Directors

20. Financial Processes – Reserve Fund

The Board of Directors of PTP will set up and accumulate a reserve fund from revenue earned from income sources other than PTP's core operating funds. .

Procedures:

- PTP's reserve fund/s will be reviewed annually. The target amount will be an equivalent of three months of PTP's annual operating budget or another amount approved by the Board of Directors.
- On an annual basis, the PTP Board will determine the amount to be invested in the restricted reserve fund/s (until the reserve fund reaches its maximum
- The restricted reserve fund will be invested through an officially recognized financial institution, as stated in the investment policy guidelines.
- The reserve fund can only be accessed with Board approval.

21. Financial Processes – Administration of Projects

PTP will charge a 15% administration fee to all projects managed by our organization where possible, as allowed by funding body.

Procedures

- The project administration fee of up to 15% will be allocated to Other Earned Income (OEI) or Social Enterprise (SE) depending on project or department and/or funder guidelines.
- PTP staff costs for project management will be billed over and above the administration fee.
- In exchange for the 15% administration fee, PTP will cover the following administration costs for each project:
 - Rent
 - Office equipment
 - Computers (hardware and software)
 - Bookkeeping services (preparation of financial statements, paying invoices, payroll)
 - Professional auditing services
 - Insurance (directors and officers liability, general liability and premises insurance)
 - Shared office supplies
 - PTP internal office expenses for telephone systems, conference calls, long distance charges, fax & internet charges will be billed directly to the projects
 - Basic administrative and clerical support

22. Financial Processes – PTP Project Management Fees

PTP will charge each project for staff time to cover project management costs depending on the scope of the project. These charges will be billed into the actual project staffing line of each project.

Procedures

- This charge will be billed over and above the fee for administrative costs.
- Costs for project staff will be billed in addition to this fee.
- For this project management charge, PTP will provide the following services to each project:
 - Project management and planning
 - Recruiting, hiring, orienting, supporting and supervising of project staff
 - Preparing and monitoring job descriptions and employment contracts
 - Review and approval by PTP's Executive Director/ Manager of project reports, research, manuals, surveys, project bulletins, and other project material
 - Participation of PTP staff in meetings and teleconferences relating to each project
 - Developing and monitoring of a detailed project work plan
 - Preparing budgets, monitoring and reviewing monthly financial statements
 - Preparing funding proposals and reviewing final project report
 - Ongoing liaison with project funder

23. Investment Policy

The overarching Investment Policy is the protection of the principal amount of the investment. At no point in time should the funds of PTP be invested in any type of investment instruments or deposits where the principal amount of investment is at risk which may result in a partial or total loss.

Procedures

Investment Instruments

- Fixed Income Securities – investments will be made only in fixed income securities but not corporate bonds, debentures, convertibles or any fixed income derivative. Acceptable Fixed Income Securities are: chequing/savings account/time deposit, GIC's, term deposits, bank drafts.
- Equity Investments – as a matter of policy, PTP shall not invest its funds in any equity instruments (i.e. stocks, mutual funds, preferred stocks), whether private or publicly traded.

Issuer

- PTP will only invest in Fixed Income Securities issued by financial institutions that are guaranteed by the CDIC. In addition, PTP shall only limit its issuer risk to financial institutions that are in the top 5 of assets of the members list of CIDC.

Currency

- PTP shall only invest its funds in Canadian Dollar denominated instruments

Amount

- No more than the maximum amount guaranteed by CDIC (presently \$100,000.00) per financial institution

Term

- No more than the maximum term guaranteed by CDIC (presently 5 years)

Interest Rate

- Fixed or variable interest rates shall be allowed.

Liquidity

- Investments should allow for pre-termination at any time.

Use of Broker

- PTP may use a broker if necessary. The use of a broker shall be pre-approved by the Finance Committee.

Signatory for the Investment

- Any 2 of the following: Executive Director, Operations Director or Treasurer.

Deviation

- Any deviation and/or revision to the above policy shall require Board approval

The investment policy will remain in place from date of approval and shall be reviewed by the Board of Directors on an annual basis.