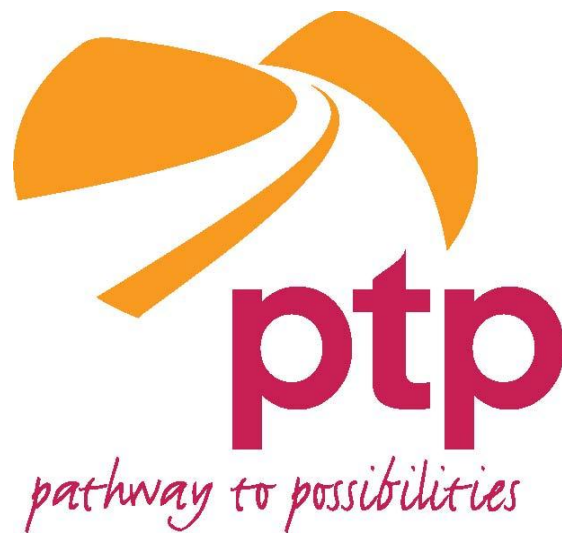


Financial Policies and Procedures Manual



PTP - Adult Learning and Employment Programs

PTP FINANCIAL POLICIES AND PROCEDURES MANUAL

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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 reaching the agency's goals.

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

- Board of Directors Finance Committee [see terms of reference]
- Board Treasurer
- Board of Directors
- Staff [Executive Director, Senior Manager, Financial Advisor, Bookkeeper]

1. Policy – Financial Accountability – 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 ensure that the financial policies and procedures are established and adhered to.
- ❑ 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 is responsible for ensuring that the physical and financial assets of the organization are properly managed.
- ❑ 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. Policy – Financial Accountability - Treasurer

PTP Adult Learning & Employment Programs will appoint a Treasurer to assist the Board of Directors in their function of financial governance. A Finance Committee will assist the Treasurer.

Procedures

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

3. Policy – 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 ensure that PTP does not accumulate a deficit.
- ❑ The Executive Director will initiate purchases of goods and services according to budget allocations. The Executive Director can exceed budget allocations without board permission up to the amount of \$2,000 for the fiscal year.

4. Policy – Financial Controls - Internal Control

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

Procedures

- ❑ The Board of Directors 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 will be deposited in the bank as soon after receipt as possible.
- ❑ No system of control can give full protection against loss. 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 annually to ensure that it meets PTP's needs.
- ❑ Accurate and complete documentation of all meetings of the Board and Finance Committees are to be maintained in the form of minutes.

5. Policy – Financial Controls – Annual Budget Review

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

Procedures

- ❑ The Executive Director / Senior Management 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). Approval will be noted 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 Executive Director / Senior Management will revise PTP's operating budget as required and bring changes to the PTP Board of Directors for approval.
- ❑ The Executive Director / Senior Management will revise PTP's project budgets as required and bring changes to the PTP Board of Directors for approval.

6. Policy – Financial Controls - Annual Audit

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

Procedures

- ❑ At the annual general meeting, the Board of Directors will recommend the name of a chartered accountant to conduct the audit for the next fiscal year. The auditor must be appointed by a formal resolution from the Directors.
- ❑ 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 is feasible after the end of the fiscal year.

7. Policy – 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 monthly basis.
- ❑ The Board of Directors will receive and review financial statements indicating PTP's current cash position in relation to the approved budgets quarterly.
- ❑ The Board of Directors will ensure that they understand the financial statements.
- ❑ The Board of Directors will pass formal motions indicating their acceptance of the financial statements.

8. Policy – Financial Controls - Signing Authority

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

Procedures

- ❑ Signing officers shall be members from the Executive Committee, the Executive Director and/or Senior Manager/s.
- ❑ 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. Policy – Financial Controls - Cheques

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

Procedures

- ❑ The Treasurer will be an authorized signing officer 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.
- ❑ There will be two authorized signing officers on all PTP cheques over \$2,000.00.
- ❑ Only one authorized signature is required on cheques under \$2,000.00.
- ❑ 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.
- ❑ 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. Policy – Financial Controls - Deposit of Funds

Funds received by our organization will be subject to internal controls.

Procedures

- ❑ PTP uses Simply Accounting Software.
- ❑ Upon receipt, all funds received will be recorded as a journal entry in Simply Accounting.
- ❑ 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. Policy – Financial Controls - Control of Credit Cards

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

Procedures

- ❑ PTP's board will authorize a Staples credit card.
- ❑ The Board of Directors will authorize the Executive Director/and Managers to have use of 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.
- ❑ The Executive Director/Management/or other Staff Member may use their personal credit cards to make purchases on behalf of PTP under some circumstances.
- ❑ Every purchase on a credit card must be pre-authorized by Executive Director.
- ❑ Every claim has to be submitted with individual bills for each purchase, including the approved signature of the Executive Director /or Senior Manager.

12. Policy – 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.
- A review of the inventory will be done annually to determine the condition of capital assets.
- 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. Policy – 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.
- Two signing officers are required to set-up or redeem PTP investments with Board approval.
- The Executive Director / Senior Manager 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. Policy – 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 \$1,500, buy as required
 - *If greater than \$1,500, 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 \$2,000).
 - * The lowest price will not necessarily determine the supplier. Information on the reasoning of recommendations should be disclosed.

15. Policy – 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 reports must be submitted within one month after the expense is incurred.
- ❑ Original receipts must be included with all expense reports.

16. Policy – 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

- 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. Policy – Financial Processes – Payroll

Payroll is processed by ADP. All mandatory taxes and deductions are done through ADP. 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.
- Senior Manager will have access to Payroll and provide back-up for Executive Director in his/or her absence.

18. Policy – 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 disk.
- PTP will also back up all financial records on agency Network [password secured]

19. Policy – Financial Processes - Contracts

The Board of Directors is responsible 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/Senior Management can contract for services at their discretion within the budgets pre-approved by the Board of Directors.
- The Executive Director and a Senior Manager, with 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. Policy – 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 from MTCU.

Procedures:

- ❑ PTP's restricted reserve fund will be reviewed annually. The target amount will be an equivalent of three months of PTP's annual operating budget or approved by the Board of Directors. .
- ❑ The Bookkeeper will review and calculate the amount of restricted reserve annually.
- ❑ PTP's restricted reserve fund will be set up to cover the cost of staff salaries & benefits and lease costs (office rent, photocopier and postage machine) in the event of cessation of funding or considerable delay in contract payments from MTCU.
- ❑ On an annual basis, the PTP Board will determine the amount to be invested in the restricted reserve fund each year (until the reserve fund reaches its maximum). All other surplus funds will be placed in the non-restricted reserve fund.
- ❑ The restricted reserve fund will be invested through an officially recognized financial institution, as recommended by the Board of Directors.
- ❑ The reserve fund can only be accessed with Board approval.

21. Policy – 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 into PTP's "other sources of income" budget on a monthly basis based on PTP's standard fiscal year, depending on funder guidelines.
- This is a fee-for-service cost for project administration. PTP's use of this fee is unrestricted and it will be used within the other sources of income budget in an appropriate manner determined annually by the PTP board.
- 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 and long distance charges, fax & Internet (project staff's telephone expenses will be billed directly to the projects)
 - Professional memberships
 - Basic administrative and clerical support

22. Policy – Financial Processes – PTP Project Management Fees

PTP will charge each project for Executive Director/ Senior Manager 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/ Senior 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