



**FINANCIAL
POLICIES AND PROCEDURES**

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use or to be implemented as the Indigenous Sport & Wellness Ontario (ISWO) and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; and finances are managed with accuracy, efficiency, and transparency.

All ISWO staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed and revised as needed by the Finance and Audit Committee, and sent forth as recommendations to the ISWO Board of Directors.

The Finance and Audit Committee, appointed by, and responsible to the ISWO Board of Directors, will be comprised of a minimum of five (5) individuals, and must include the following personnel: Treasurer; Executive Director; and Accountant.

II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting

responsibilities: ***ISWO Board of Directors***

1. Reviews and approves the annual budget and revisions to budget.
2. Reviews annual and periodic financial statements and information.
3. Two (2) members of the board: Chair and Treasurer will be appointed to be authorized signers on ISWO bank accounts, in addition to the Executive Director and one (1) Senior Manager.
4. Reviews and signs cheques / approves Electronic Funds Transfer (EFT) in the following circumstances:
 - a. ISWO Executive Director and one (1) Senior Manager for cheques/EFT valued less than \$10,000.
 - b. One (1) Board member and AWSCO Executive Director for cheques/EFT valued more than \$10,000 but less than \$50,000.
 - c. Two (2) Board members for cheques/EFT valued in excess of \$50,000.
5. Reviews and approves all contracts over \$50,000.
6. Reviews and approves all non-budgeted expenditures over \$25,000.
7. Reviews and advises Senior Management on internal controls and accounting policies and procedures.
8. Determines timing of audit engagement and contracts with the auditor.

Finance & Audit Committee (FAC)

1. Monitors all program budgets.
2. Reviews and manages cash flow.
3. Monitors all expenses to ensure most effective use of assets.
4. Reviews internal accounting controls and procedures on a regular basis.
5. Reviews and approves all financial reports including cash flow projections.
6. Monthly signoff of statutory filings (EI, CPP, EHT, HST, Federal Tax).
7. Sees that an appropriate budget is developed annually and quarterly.
8. Reviews and signs all issued cheques under the following circumstances:
 - a. ISWO Senior Management under \$10,000.
 - b. Board signature required on cheques over \$10,000.
 - c. In the case of an Electronic Funds Transfer (EFT), electronic approval must be provided similar to 8 a) and 8 b).
9. Approves cheque signing / EFT procedures.
10. Reviews and approves all contracts:

- a. ISWO Senior Management and FAC under \$50,000.
 - b. FAC with Board approval for contracts over \$50,000.
11. Reviews completed monthly bank reconciliations.
 12. Oversees the adherence to all internal controls.
 13. Reviews and approves all reimbursements and fund requests.
 14. Approves and processes all inter-account bank transfers.
 15. Oversees expense allocations
 16. Reviews all outgoing invoices prior to signing cheques.
 17. Reviews and finalizes all financial reports.

Accountant

1. Overall responsibility for data entry into accounting system and integrity of accounting system data.
2. Performs General Journal entries into accounting system.
3. Processes invoices approved by authorized personnel and prepares checks for signature.
4. Manages monthly account reconciliation process.
5. Manages Accounts Receivable.
6. Manages revenue model adjustments.
7. Reviews and processes all payrolls.
8. Prepares, makes, reconciles and monitors bank deposits.
9. Maintains general ledger.
10. Prepares monthly and year-end financial reports.
11. Mails vendor checks.

Chair, Finance and Audit Committee (FAC)

1. Schedules, manages and sets agenda for monthly Finance and Audit Committee meetings.
2. Ensures all necessary reports are provided to FAC members at least three business days prior to monthly meetings.
3. Prepares all necessary reports, minutes and recommendations from FAC to ISWO Treasurer for ISWO Board of Directors meetings.

III. Chart of Accounts and General Ledger

ISWO has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. funding vs. other). The Accountant is responsible for maintaining the Chart of Accounts and revising in consultation with the Finance and Audit Committee as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using the approved accounting software (Quick Books Enterprise). All input and balancing is the responsibility of the Accountant with final approval by the Finance and Audit Committee.

The Finance and Audit Committee should review the general ledger on a monthly basis for any unusual transactions.

IV. Cash Receipts

Cash receipts generally arise from:

1. Facility Contracts and Grants
2. Facility operations
3. Sponsorship activities
4. Educational Programs

The principal steps in the cash receipts process are:

The ISWO Office Manager receives incoming mail, and opens mail addressed to ISWO, date stamps, and distributes. All cheque details are entered into a log and stamped "for deposit only" and two (2) copies are made of each cheque. The photocopied cheques are scanned into a PDF file and stored in a dated folder. The checks are then given to the Accountant for further processing.

Weekly, the Office Manager submits the following to the Accountant for processing: the endorsed cheques and the deposit log book. The Accountant codes each cheque to the correct account and processes into the accounting system. The Accountant prepares the deposit and takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement. The deposit log book is returned to the Office Manager. When possible, the Accountant will electronically submit cheques through the bank-approved cheque scanning system for immediate deposit.

All cash received will be counted, verified, and signed off by the Accountant and another available staff member. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 48 business hours.

V. Inter-Account Bank Transfers

The Accountant, and the Finance and Audit Committee is responsible for effecting transfers between bank accounts as follows:

- From debit/credit transaction account TO current account (minimum monthly transfer).
- From current account to facility reserve accounts (quarterly transfer).

The Accountant shall recommend to the Finance and Audit Committee when a transfer should be made to maximize the potential for earning interest.

VI. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services.
2. Taxes/license fees.
3. Staff training and development.
4. Memberships and subscriptions.
5. Meeting expenses.
6. Employee reimbursements.
7. Marketing/promotional materials.

Cheques are processed bi-weekly. All requests are submitted to the designated Office Manager who will coordinate such requests with the Accountant. Invoices submitted to the Accountant by the 8th of each month will be processed and paid by the 15th of the same month. Invoices submitted to the Accountant by the 23rd of each month will be processed and paid by the 30th of the same month. Cheques prepared manually and within one day, are limited to emergency situations and must have approval by at least two (2) members of the Finance and Audit Committee, in addition to following the guidelines outlined in Section II.4.a-c.

Requests for cash disbursements are submitted to the Accountant in three ways:

1. Original invoice.
2. Purchase request (submitted on approved form).
3. Employee expense report or reimbursement request.

All invoices must have the account code written on them and approved by a member of the Finance and Audit Committee prior to being submitted.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Business Meeting Expenditures- a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Office Manager and/or a member of the Finance and Audit Committee reviews all requests for payment and:

1. Verifies expenditure and amount.
2. Approves for payment if in accordance with budget.
3. Provides or verifies appropriate allocation information.
4. Provides date of payment taking into account cash flow projections.
5. Submits for processing.

The Accountant processes all payments and:

1. Immediately enters them into the Accounts Payable module.
2. Prints cheques or prepares Electronic Funds Transfer according to allocation and payment date provided.
3. Submits cheques, with attached backup documentation, to Finance and Audit Committee for approval and signature following the guidelines outlined in Section II.4.a-c.
4. Stamps invoice "PAID."
5. Mails cheques and appropriate backup documentation.
6. Files all backup documentation in the appropriate file.
7. Runs an Accounts Payable aging at the end of each month and submits to the Finance and Audit Committee to assure timely payment of all invoices.

Expense Allocations

Most non-salary expenses that benefit more than one cost centre are spread across centres using a shared cost method. Under this method, the number of full-time equivalents (FTEs) within a department are divided by the total number of FTEs at the organization to determine the percentage of shared costs they should bear. This is done on a monthly basis by the Accountant.

Expense Approvals

In all instances where expenses require approval, there shall be a "one up" principle in place, where the staff authorizing expenditures shall obtain the written approval of their immediate supervisor prior to incurring the expenditure.

One-up approval must be required for everyone.

Ineligible Expenditures

It is the policy of ISWO to pay for reasonable expenses incurred by employees while doing business for ISWO. The organization does not pay for an employee's personal expenses. Employees are expected to use good judgment in this regard, and to obtain authorization in advance from their supervisor. The policy on Business Expenses in the ISWO Employee Handbook applies to expense claims, and includes limitations on Air Travel, Hotels, Meals, Tips & Gratuities, Parking, Transportation, Car Rental and Car Insurance. Employees must be familiar with these provisions when submitting expense claims.

VII. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which ISWO receives funds.

The receipts for all credit card charges will be given to the Office Manager and/or Accountant within two (2) weeks of the purchase along with proper documentation. The Office Manager and/or Accountant will verify all credit card charges with the monthly statements. A record of all charges will be given to the staff supervisor for further verification and coding and then given back to the Office Manager and/or Accountant for posting. A copy of all charges will be attached to the monthly credit card statement when submitted for approval and signing. The Finance and Audit Committee will view all statements on a monthly basis.

VIII. Accruals

To ensure a timely close of the General Ledger, ISWO may book accrual entries. Some accruals will be made as recurring entries.

Typical accruals:

1. Accrual for staff wages.
2. Prepaid expenses (insurances, subscriptions, supplies).
3. Depreciation
4. Monthly accrual charges (telephone, utilities, supplies).

IX. Bank Account Reconciliations

1. All printed bank statements are given unopened to the Accountant. The Accountant reviews the statements for unusual balances and/or transactions and may refer to the Finance and Audit Committee for clarification.
2. The Office Manager gives the statements to the Accountant for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the

statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared cheques with the accounting record including amount, payee, and sequential cheques numbers.

3. The Accountant will verify that voided cheques, if returned, are appropriately defaced and filed.
4. The Accountant will investigate any cheques that are outstanding over six months.
5. The Accountant will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Bookkeeper, General Manager and ISWO ED

X. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$300 and is kept in a locked file cabinet at all times.
2. The Executive Director oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party and supported by detailed receipts.
4. All money replenished to the petty cash fund is counted and verified by the Accountant and Office Manager. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as appropriate approval.
5. The Accountant and Executive Director together will periodically count the cash in the petty cash fund.
6. No cheques will be cashed by the petty cash fund.

XI. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment,
2. Building and facility operating and maintenance equipment,
3. Computer hardware,
4. Computer software,
5. Leasehold improvements.

It is the organization's policy to capitalize all items which have a unit cost greater than two thousand dollars (\$2,000). Items purchased with a value or cost less than two thousand dollars (\$2,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is based on specific life cycles, which are contained in the detailed equipment inventory listing.

1. A Fixed Asset Register is maintained by the Accountant including date of purchase, asset description, purchase/donation information, cost/fair market value, funding source, identification number, life of asset.
2. The Register will be reviewed by the Finance and Audit Committee.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Executive Director shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

XII. Personnel Records

1. All personnel files contain the following documents:
 - a. an application and/or resume;
 - b. date of employment;
 - c. position and pay rate;
 - d. authorization of payroll deductions;
 - e. vulnerable sector police check;
 - f. TD1, TD1 (ON);
 - g. authorization to deduct STD premiums;
 - h. a signed confidentiality agreement (if applicable);
 - i. a signed acknowledgement of receipt of Employee Handbook;
 - j. an emergency contact form;
 - k. and any other forms as deemed appropriate by the Executive Director.
2. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel (ISWO Board of Directors Chairperson, AWSCO Executive Director, ISWO Senior Manager).

XIII. Payroll Processing

1. The Quickbooks Accounting Software ("Quickbooks") attendance system electronically tracks staff schedules and timesheets.
2. Quickbooks will prepare timesheets on a bi-weekly basis based on employee contracts.
3. Any corrections to timesheets are at the sole discretion of the department manager and ISWO Executive Director.
4. The Quickbooks timesheets are electronically approved by the Executive Director or ISWO Senior Manager for final approval and transmission for processing.

5. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the Executive Director before the change can be made.
6. The Accountant will process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
7. All paycheques will be processed electronically with receipts distributed by the Accountant on the 14th of each month and the second-last day of each month for the pay being deposited on the following day. Employees must choose direct deposit to a designated bank account. Their paycheque is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
8. If the employee requests that his/her cheque/pay stub be turned over to a third party, the request must be made in writing prior to distribution.
9. The Finance and Audit Committee will review payroll expenditures and allocations on a monthly basis and forward to Accountant to effect the appropriate journal entry in the accounting system.
10. All statutory payroll deductions will be submitted on a bi-weekly basis.
11. All T-4's are issued to employees prior to February 15th of the following year for the prior year.

XIV. End of Month and Fiscal Year-End Close

1. The Executive Director will review and sign off on all month- and year-end journal entries. They will be printed and filed for audit trail purposes.
2. At the end of each month and fiscal year end, the Accountant will prepare and review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed, expenses reflect the appropriate accruals and adjustments for prepaid expenses.
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal statutory tax filings.
4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the Executive Director, no more entries or adjustments will be made into that month or year's ledgers.
5. At the end of the fiscal year, the Accountant, Executive Director, and Finance and Audit Committee will work with the external auditor to prepare annual financial statements and tax returns.
6. The returns and statements will be presented to the Finance and Audit Committee and the Board of Directors Chairperson for their review and approval. The Executive Director will direct the auditor to file the return with the CRA by the annual deadline.

XV. Financial Reports

The Accountant will prepare the monthly and annual financial reports for review by the Finance and Audit Committee. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Finance and Audit Committee and Board of Directors for review and approval.

XVI. Records Management

1. All original contracts are to be filed in a fire proof filing cabinet.
2. Copies of the original contract will be filed within the bookkeeping department for viewing by any individual having purpose with them.
3. An electronic copy of the original contract will be stored in a drive on the server fully accessible only by the Executive Director, Accountant and Senior Manager(s). Read and copy privileges will be granted to individuals on a case by case basis, no add or delete privileges will be granted beyond.
4. User agreements are handled in the same manner as 1, 2, & 3 above, with an additional copy being maintained by staff if required.
5. All original invoices are filed by vendor in the bookkeeping department.
6. All original sales invoices are filed by customer in the bookkeeping department.
7. Copies of all inbound cheques are photocopied and stored with inbound cheque remittance stub and invoice copy.
8. Bank deposit books will be stored in a secure cabinet within the bookkeeping department.
9. Cash receipts will be stored within the same cabinet as the bank deposit books.
10. Document retention policy will comply with applicable legislation.

XVII. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by ISWO will be held in financial institutions which are insured by the CDIC.
2. All capital expenditures which exceed two thousand dollars (\$2,000) will be capitalized.
3. Employee or public personal cheques will not be cashed through the petty cash fund.
4. No salary advances will be made under any circumstances.
5. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director or a Senior Manager.

6. Reimbursements will be paid upon complete expense reporting and approval using the official ISWO form. Reimbursements to the Executive Director will be authorized by the ISWO Treasurer and/or Chairperson.
7. Any donated item with a value exceeding \$50 will be recorded and a letter acknowledging the donation will be sent to the donor within two (2) weeks of the receipt of the donation.
8. The Executive Director, one (1) Senior Manager, and two (2) designated Board members are the signatories on ISWO bank accounts. Required signatures are as follows:
 - a. ISWO Executive Director and one (1) Senior Manager for cheques/EFT valued less than \$10,000.
 - b. One (1) Board member and AWSCO Executive Director for cheques/EFT valued more than \$10,000 but less than \$50,000.
 - c. Two (2) Board members for cheques/EFT valued in excess of \$50,000.
9. Bank statements will be reconciled monthly. All bank statements will be given unopened to the Office Manager or Accountant for review.
10. Correction fluid and/or tape will never be used in preparing any accounting documents.
11. Accounting records will be kept in locked file cabinets in the finance office and only parties with financial responsibility will have access to the keys.
12. Personnel records will be kept in locked file cabinets in the Executive Director office and only parties with HR responsibility will have access to the keys.
13. Accounts Receivable will be monitored on a monthly basis, and items in excess of 30 days overdue shall be brought to the attention of the Finance and Audit Committee to arrange for collection. A provision for potential unrecoverable receivables shall be maintained and recorded in the financial records on a quarterly basis.
14. Budget amendments will only be made upon approval by the Finance and Audit Committee, with the review and recommendation of the Executive Director, Senior Manager(s) or Accountant. Budget amendments will be recommended by management if the operations of ISWO are altered in a material fashion.
15. Cash Balances maintained for capital and major maintenance expenses will be invested in financial intuitions which are insured by the CDIC, subject to advance approval by the Board of Directors.