



## **Finance & Administration Policy and Procedures**

**October 7, 2021**

**Date of Board Meeting Approval (October 19, 2021) Effective Date (same)**

### **1.0 Policy Statement**

In keeping with the Finance Policy, the Fort Edmonton Foundation shall establish policies for budgeting, general accounting, financial controls, and audit.

### **2.0 Policy Principles**

In the financial statements:

- o The accrual method of accounting is used for all revenue and expenditures.
- o Inventory is valued at the lower of cost and net realizable value.
- o Fixed assets are recorded at cost. Depreciation may be recorded on a declining balance or straight-line basis with no residual, as appropriate.

### **3.0 Budget Policy Statement**

The management of Fort Edmonton Foundation (the 'Foundation') shall prepare an annual (fiscal year January - December) operating budget for review by the Treasurer and Finance Committee. The budget shall be approved by the Board on recommendation of the Finance Committee.

#### **3.1 Budget Policy Principles**

Management shall operate within the approved budget, including activities to achieve budgeted revenues, manage costs to the approved budgeted expenses, and transfer board-approved distributions to fulfill the charitable purposes of the Foundation.

In consultation with the Treasurer, supplementary budgets (i.e., capital campaigns), and project budgets (i.e., events) shall be developed by management as required.

### **3.2 Budget Process**

Financial statements, with appropriate comparisons to the budget, shall be generated monthly and submitted for review by the Treasurer. These statements will be made available for Director review at Foundation board meetings.

Budgets shall be prepared and presented to the Treasurer and Finance Committee in November each year for adoption by the Board in January each year.

### **4.0 Audit**

Management shall prepare annual financial statements. An independent auditor shall be engaged by the Foundation to review and audit these statements.

#### **4.1 Audit process**

A pre-audit meeting with the Finance Committee takes place prior to the audit followed by a post audit presentation of Draft Financial Statements to the Finance Committee once the audit is completed. This is then followed by a meeting with the Board and the Auditor independent of management (best practices). Audited statements shall be presented for approval by Foundation Members at the Annual General Meeting. The auditor is also approved by the Members at the Annual General Meeting.

#### **4.2 Financial Controls**

The annual operating budget provides management with the framework for approved expenses. Guidelines for expense approval and payment:

#### **4.3 Payroll Expenses**

Payroll and benefits typically represent the largest single expense category for the Foundation. The Foundation Book keeper administers payroll for the Foundation staff, including making remittances to the Canada Revenue Agency. Payroll approvals are made by one Director, one being the Treasurer or one other Board signatory.

Control of payroll rests primarily on the approval of salary and benefits expense during the budget process. Management will provide confirmation to the Finance Committee during the audit process that all remittances have been made to CRA.

Staff payroll is managed through direct deposit by a CAFT system, where monthly electronic approval by a board signatory is required. Internal controls are fulfilled by confirmation that only board-approved positions are staffed.

#### **4.4 Vacation**

Vacation is tracked by the bookkeeper, and accruals are monitored and vacations are encouraged to be used annually.

#### **4.5 Non-payroll Expenses**

a. Budgeted expenses

The Executive Director has the authority to engage vendors within the budgeted expenses in the day-to-day operations of the Foundation.

b. Non-budgeted expenses

In the event of non-budgeted expenses, Management will confer with the President or Treasurer. Prior to incurring such non-budgeted expenses, Management will confirm either:

- i) Such expenses, while unbudgeted, will not bring the aggregate expenses beyond the total expense budget; or
- ii) These non-budgeted expenses have expressed approval from the President or Treasurer or Finance Committee.

#### **4.6 Accounts Payables Process**

All accounts payable will be date-stamped when received by the Fort Edmonton Foundation and have an approval processing stamp applied for internal control.

Expenses for Fort Edmonton Foundation business are submitted by filling out an expense claim form. This form should include the following information: Date, Amount, and Description of the expense. Expenses are reviewed and approved by the Executive Director and the cheque or electronic payment will be prepared by the Accounting Bookkeeper.

All accounts payable that have been checked and verified for accuracy will be submitted to the signing authorities for review and approval with the relevant invoice or supporting documentation attached for reference. All invoices shall be signed by at least one signatory for the Foundation, and the ED's credit card statement will be signed by a board signatory to show that a review of the invoices has occurred.

Payments will be made by the most efficient method of payment available including EFT transfers. All electronic payments will be authorized by the approved signatory. Standard electronic payments can be set up by the Bookkeeper and approved by the Executive Director without a second board signatory include the following payables:

- Government Payroll Remittance
- Recurring utility payments
- Visa Bill
- Staff expenses up to \$500
- Accounts payable - non-budgeted up to \$5,000
- SJM Accounting up to \$2,000
- Urban Creative up to \$10,000
- Other payables with an approved quote or contract in place.

Accounts payable will be paid early enough to take advantage of any discounts or before late charges are applied, and typically within 30 days of the invoice date.

All accounts payable will be stamped paid, have the cheque stub attached to the invoice, and filed in alphabetical order.

GST Statements will be completed on a quarterly basis and recorded separately in the accounting system.

#### **4.7 Procurement of Contracts and Goods and Services**

a) Procurement under \$5,000

Management may sole-source goods and services where the expected cost will be under \$5,000.

b) Procurement over \$5,000 and under \$25,000

Management will obtain, where possible, two quotes for goods and services where the expected cost will be over \$5,000 but under \$25,000.

c) Procurement over \$25,000

Management will obtain, where possible, three quotes for goods and services where the expected cost will be over \$25,000 and requires board approval.

#### **4.8 Accounts Receivable**

All account receivables will be recorded and managed in the approved accounting software program. Digital and paper copies of each transaction are retained in a secured location.

A monthly accounts receivable report will be developed and maintained by the Fort Edmonton Foundation and any designated administration personnel.

Interest may be charged on any overdue accounts receivable at prime plus three (3) % or an interest rate approved by the Board.

Overdue accounts receivable shall be followed up internally for a maximum of 90 (ninety) days after the invoice date. During this period there may be at least two written reminders to the payee.

All amounts for more than one year, for which due process has been followed, should be written off. Authorization for the write-off will be in writing as supported by the documentation evidencing the attempts made to recover the debt and be duly signed-off by the Executive Director and Accounting Bookkeeper.

## **5.0 Financial Reporting And Monitoring**

The Fort Edmonton Foundation will contract the Accounting bookkeeper to assist in the day-to-day financial administration of the Fort Edmonton Foundation.

Meetings at regular intervals, agreed to by the parties, will be held between the Executive Director and the Accounting bookkeeper to review the financial status of the Fort Edmonton Foundation.

Monthly bank reconciliation statements will be prepared and balanced by month end by the Accounting Bookkeeper and reviewed by the Executive Director.

Monthly financial statements will be prepared by the Accounting Bookkeeper and distributed to the Executive Director and Treasurer for review and approval.

A financial statement will be presented to the Board for discussion and review at intervals requested by the Board

### **5.1 Cash/Cheques Handling Procedures**

Money received by the Fort Edmonton Foundation will be deposited into the Fort Edmonton Foundation's bank account the same day it is received or the next available business day and have supporting documentation of the deposit that meets annual audit requirements. The bookkeeper will reconcile the bank statements to the deposit book on a monthly basis.

### **5.2 Cash Handling Processes**

All cash/cheques received on behalf of the Fort Edmonton Foundation will have a written receipt generated by the approved accounting software program. It also is recorded in the approved fundraising and donor management program. Paper and digital records are kept in a secure location.

Processing of credit card payments, purchases, pledges and monthly donations from the merchant account provider (Payfirma) is done weekly and written receipts are generated by the

approved fundraising and donor management program. Paper and digital records are kept in a secure location.

Bi-monthly reports from payment gateways such as Benevity, Canada Helps, Paypal, Stripe etc. are generated and are written records generated by the approved fundraising and donor management program. Paper and digital records are kept in a secure location.  
A general ledger report is generated at each month end and reviewed by the Executive Director.

All Fort Edmonton Foundation bank deposits are made by designated administration personnel into the Fort Edmonton Foundation's bank account at a minimum weekly or on a schedule approved by the Executive Director, based on the frequency of funds being received.

## **6.0 Signing Authority Policy Statement**

The operations of the Foundation require staffing costs and the contracting for goods and services. The authority to bind the Foundation for these expenses shall be allocated to the Executive Director for board-approved budgeted expenses, and with the President, Vice-President, Treasurer or Finance Committee for unbudgeted expenses.

### **6.1 Signing process:**

#### **a) Goods and Services:**

Management shall prepare a Bi-weekly cheque register prior to the issuance of cheques. This register shall be communicated to the Treasurer (or delegate) with the cheque. Upon approval, cheques shall be issued with two signatures.

#### **b) Licensing and Regulatory Compliance:**

Including the signing of the T3010 for CRA; AGLC license reports will be signed by the Executive Director or board representative as required.

### **6.2 Signatories:**

There Are Six Authorized Signing Authority Representatives:

Management: Executive Director; Bookkeeper (limited to creation of payments)

Board: Treasurer, President, Past President, and Vice President

## **7.0 Employment**

Foundation management shall pursue a prudent search and selection process in the hiring of board-approved positions for Foundation employees. Board approved positions will be developed as part of the annual budget process and will stipulate the employment term, salary, and benefits.

No family members of board members or current Foundation employees shall be hired without the express consent of the Board.

## **8.0 Asset Management Policy Statement**

The Foundation shall develop policies regarding holding assets for both current and future advancement of Fort Edmonton. These assets represent the accumulated value of gifts, investment income, charitable gaming, and other revenue generating activities of the Foundation.

## **8.1 Policy Principles**

The Foundation may hold assets in the following classes:

- a) Current (annual) requirements, held in cash or near-cash equivalents
- b) Asset held in trust for the Foundation by the Edmonton Community Foundation
- c) Real property (i.e., Fort Edmonton steam train)
- d) Assets held under the Investment Policy

## **8.2 Policy Responsibilities**

Management shall periodically review the current operating needs of the Foundation in relation to net income generated. In consultation with the Treasurer and Finance Committee, the Executive Director shall recommend to the Board any transfers along the allowable asset classes.

## **9.0 Retention And Destruction Of Documents**

### **9.1 Policy Principles**

This policy provides for the systematic review, retention, and destruction of documents received or created by the Fort Edmonton Foundation in connection with the transaction of the organization's business.

This policy covers all records and documents, regardless of physical form, and contains guidelines for how long certain documents should be kept, and how records should be destroyed (unless under a legal hold).

The policy is designed to ensure compliance with federal and provincial laws and regulations to eliminate accidental or innocent destruction of records, and to facilitate the Fort Edmonton Foundation's operations by promoting efficiency and freeing up valuable storage space.

### **9.2 Process For Document Retention**

The Fort Edmonton Foundation follows the document retention procedures outlined below. Documents that are not listed but are substantially like those listed in the schedule, will be retained for the appropriate length of time.

#### **Corporate Records**

Annual Reports to CRA	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent

Bylaws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
CRA Application for Tax-Exempt Status	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years

### **Accounting and Corporate Tax Records**

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
Tax Returns (if any)	Permanent
General Ledgers	7 years
Business Expense Records	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records (if any)	5 years
Cash Receipts	3 years
Credit Card Receipts	3 years
Capital Asset Records	3 years after disposition

### **Bank Records**

Cheque Registers	7 years/Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

### **Payroll and Employment Tax Records**

Payroll Registers	Permanent
EI Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax Returns	7 years

### **Employee Records**

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion, or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
ROEs	3 years after termination
Time Cards	2 years
Donor and Grant Records	7 years
Donor Records and Acknowledgment Letters	7 years
Grant Applications and Contracts	7 years after completion



## **Legal, Insurance, and Safety Records**

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after expiration
Occupational Health & Safety Documents	5 years
General Contracts	3 years after termination

## **Electronic Documents and Records**

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has enough reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

## **Emergency Planning**

Fort Edmonton Foundation’s records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the Fort Edmonton Foundation operating in an emergency will be duplicated or backed up at least every week.

## **Document Destruction**

The Fort Edmonton Foundation’s Executive Director is responsible for the ongoing process of identifying its records which have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

## **Compliance**

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Fort Edmonton Foundation and its employees and possible disciplinary action against responsible individuals. The Executive Director and Finance Committee Chair will review periodically these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.