

<b>STATEMENT of POLICY and PROCEDURE</b>			
Chapter:	Governance	Policy #.	<b>1.3.01</b>
Section:	Finance	Issued:	December 6, 2013
Subject:	<b>Financial Controls</b>	Effective:	December 6, 2013
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Issued by:	The Saskatchewan Association of Licensed Practical Nurses	Updated	August 28, 2019

## **1. POLICY**

Financial controls are fundamental in the successful operations of an organization. Controls are in place to ensure successful compliance with the delegated authority as prescribes in the Licensed Practical Nurse Act, 2000, and the SALPN bylaws.

## **2. PROCEDURE**

### 2.1 Generally Accepted Accounting Principles

- a. Accounting principles and practice of the SALPN shall meet Canadian GAAP.
- b. Internal financial control consists of five interrelated components as follows:
  - o Risk Management: identification and analysis of relevant internal and external risks;
  - o Control Activities: policies and procedures that help ensure management directives are carried out. These include activities like authorizations, verifications, reconciliations, reviews or operating performance, security of assets and segregations of duties;
  - o Information and communication: As determined by the SALPN policies;
  - o Monitoring: The internal control system must be monitored by management and others in the SALPN. This monitoring must included the design of and compliance with the internal control system. Monitoring reports to Council, external reviews of programs, and the performance management system all contribute to this component;
  - o Control environment: established by Council and contained in SALPN policies.

### 2.2 Accounts Receivable – the following steps will be followed.

- a. When mail is opened, items containing cheques shall be delivered directly to the person responsible for recording cheques;
- b. Cheques awaiting processing shall be held in a secure cabinet (e.g. office safe).

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- c. Deposits shall be made weekly or if the amount is greater than \$2,000
- d. Deposit documentation will be forwarded to the SALPN accountant
- e. The SALPN accountant shall be responsible for:
  - o Promptly posting cheques to the general ledger
  - o Monthly Bank reconciliation
- f. The Office Administrator shall complete a reconciliation of the bank statement and a review of the records provided by the accountant.

2.3 Purchasing – The following rules apply to purchase of goods and services:

- a. Executive Director position description shall specify the purchasing and/or contracts spending authority
- b. Periodic (every 5 years minimum) reviews shall be conducted for recurring purchases/services. Exceptions must be documented.

2.4 Accounts Payable – The following steps shall be used when processing accounts payable:

- a. Upon receipt, all invoices and expenses claims shall be delivered directly to the Finance Coordinator;
- b. Invoice and expense claims shall be checked for policy compliance;
- c. Cheques will be issued for invoices and expense claims no less than bi-weekly by the SALPN accountant or SALPN Finance Coordinator. Electronic payments will be generated no less than bi-weekly by the SALPN Finance Coordinator. The SALPN accountant will be responsible for:

- o Promptly posting invoices and payments to the general ledger;
- o Monthly bank reconciliation

The SALPN Finance Coordinator is responsible for:

- Creating electronic payments
- Seeking approval of a second signing authority
- Providing record of electronic payments to the SALPN Accountant

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- d. Cheques shall incorporate security features such as micro-printing and watermarks and shall be serially numbered
  - e. All cheques shall require hand written signature of two authorized signers. Documentation shall accompany cheques when they are sent for signature and shall be examined before signing any cheque.
  - a. All electronic payments shall require the approval of two individuals with authorized signing authority.
  - b. The SALPN Finance Coordinator shall complete a reconciliation of the bank statement and review the records provided by the accountant.
- 2.5 Financial Reporting – Financial reports must at a minimum include:
- a. Consistency in use of GAAP and consistency across fiscal periods;

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- b. Clarity of financial statements and related disclosure;
- c. Significant accounting policies shall be reported in the notes to the audited financial statements;
- d. Completeness of financial statements and related disclosures;
- e. Representational faithfulness, verifiability and neutrality of the accounting information included in financial statements;
- f. Budget development and expenditure projections shall be based on management knowledge and experience about past and current events as well as judgments and assumptions about future events;
- g. Electronic working papers shall be prepared and shared with external auditors;
- h. Monthly financial statements shall be posted by the SALPN accountant to the Executive Director within the first two weeks after month-end;
- i. These statements shall contain a general ledger, current balance sheet and statement of revenue & expenses;
- j. These statements shall report the results of operations by area

#### 2.6 Capital Expenditures

- a. Any capital expenditure not identified in the approved budget shall be approved by the Executive Director. Capital expenditure is an expenditure excess of \$999.99 for a tangible object with a useful life beyond one year.

#### 2.7 Petty Cash

- a. The Office Administrator will have responsibility for a petty cash fund;
- b. No petty cash fund shall exceed \$100.00. Disbursement over \$50.00 from petty cash shall be avoided;
- c. The SALPN Finance Coordinator shall report monthly on Petty Cash.

#### 2.8 Audited Financial Statements

- a. The SALPN Council shall ensure that an independent and reputable auditor is retained by the SALPN for the purposes of preparing annual audited financial statements. Employees of the SALPN and members of Council shall cooperate fully with the Auditor and shall supply the Auditor with any and all information requested. The annual audited financial statements shall be presented at the Annual Meeting.