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Financial Policy and Procedure

For internal controls to be effective, the Board of Directors are committed to ensuring that there is an adequate division of responsibilities between those that perform accounting procedures or control activities and those individuals that handle assets.

Segregation of Duties

Ideally, separate employees would perform each of the four major duties:

1) Authorization or approval
2) Custody of assets
3) Recording transactions
4) Reconciliation/Control activity

and the flow of transaction processing and related activities should be designed so that the work of one individual is either independent of, or serves to check on, the work of another. By doing so, this reduces the risk of undetected error and limits opportunities to misappropriate assets or conceal intentional misstatements in the financial statements.
In situations where duties cannot be sufficiently segregated due to the limited number of staff, it is important that mitigating controls, such as a detailed supervisory review of the activities, be put in place to reduce risks.

Capital Assets

Capital assets are assets of a tangible nature that are owned by the Society and intended to be used on a continuing basis extending beyond an accounting period in the normal course of operations and are not intended for sale in regular course of business.

Capital asset ownership rests with the Board.

Capital assets with a value per unit exceeding a threshold amount of $2,000 shall be capitalized in the financial accounting records of the Board.

Items purchased not meeting the threshold of $2,000 are expensed in the year of acquisition.

If applicable, the Board will approve annually a detailed Capital budget for the upcoming year, or a Capital budget dollar amount reviewed and approved at monthly Board meetings.

All capital purchases are subject to Board purchasing procedures.

All capital asset purchases must be appropriately approved by the Executive Director for any purchases under $2,000 and all purchases over $2,000 or by Program Managers for purchases up to $500.

Capital asset purchases must be approved by the Executive Director and Elves' Board of Directors.

Annually, all capital assets will be inventoried and reconciled to records with a physical count in Elves' Inventory Records.

All disposals of assets must be managed in a fair and equitable manner. The interests of the Board must take precedence when the method of disposal is chosen.

All sales (or trade-in) of capital assets must be for fair value consideration. Capital assets may not be gifted to employees.

Disposal of any capital assets requires approval from Elves' Board. The Executive Director, a designated Program Manager, or designate are responsible for attaining and retaining evidence related to the disposal process and tracking of Elves' Inventory Records.

Reimbursement of Expenses
In accordance with appropriate policies and procedures, expenses must only be incurred and reimbursed for Elves' program expenses.

Original receipts must be attached to support all expense claim items. The Executive Director or Program Manager have the discretion to accept reasonable proof of payment in lieu of original records. If the original receipt has been lost, the claimant may request the vendor to reissue the receipt.

Expense claims must be approved by the employee's supervisor. Approval hierarchy includes:

- Approvals for allowable expenses that may be categorized as:
  - Classroom
  - Therapy
  - Occupational Health & Safety
  - Facility Maintenance
  - Professional Development

The Executive Director may approve all levels of allowance expenses.

Program Managers may approve expenses up to $500.
Cheques will be issued by Elves' Finance Department only when there is a purchase order and a signed invoice or there is approval and associated receipts.

Two signing authorities are required and include:
- Executive Director and Finance Director for expenses under $2,000.
- Executive Director or Finance Director and an approved signing authority from Elves' Board.

All receipts should be processed in the fiscal year that they were incurred.

Expense claims are subject to subsequent review and audit procedures. This may result in adjustments, including possible repayment by the claimant to the Board.

The claimant is accountable for ensuring that all expenses are adequately documented, supported, eligible, and in support of Board business.

Investments
All investments must be approved by the Board. If applicable, the Board should have an approved Investment Policy. The Board is responsible for the appointment of investment managers, custodians, auditors, investment consultants, and performance measurement organizations, as applicable.

The Board Treasurer, or school administration at the direction of the Treasurer shall:
1) Act as the Board's main contact with investment managers, custodians, auditors, investment consultants, and performance measurement organizations, as applicable.
2) Execute legal agreements with the investment managers, as applicable.
3) Record the booking of all investment transactions to the general ledger, including all customary journal entries (e.g., accruals of investment income, valuation of investments, gain or loss on sale of securities, etc.), in accordance with generally-accepted accounting principles and established Board approval procedures.
4) Prepare monthly and quarterly reports showing details of security holdings, changes in market value, earned income, and investment transactions for the period.

Roles and responsibilities of Board of Directors for Elves' Programs
1) Approving the Annual Operating and if applicable, Capital Budget.
2) Reviewing the quarterly and Annual Financial Statements and the accompanying variance explanations analysis.

3) Approving the Annual Financial Statements.
4) Ensuring adequate internal controls are in place and being adhered to.
5) Establish and update as applicable Board financial policies.

Roles and Responsibilities of Senior Managers of Elves' Programs

1) Adhere to Board-approved Operating and if applicable Capital Budget.
2) Advise the Board in a timely fashion of any significant potential variances along with any suggested resolutions.
3) Ensure Board financial policies are being followed and new policies are implemented.
4) Prepare all financial reports required for the Board.
5) Monitor that all internal controls are being followed and that appropriate segregation of duties, as applicable, are in place.
6) Ensure appropriate and approved signing authorities are in place.
7) Perform random internal review/audits as required.
8) Review payroll and transportation expenses on a monthly basis.

Conflicts of Interest

Conflict of interest (real, potential, or perceived) arises when an individual in a position of trust has competing professional or personal interests. Such competing interests may influence their professional judgement, objectivity and independence and can potentially influence the outcome of a decision for personal benefit. A conflict of interest may exist even if no unethical or improper acts result from the conflict.

The standard that should guide decisions about determining conflicts of interest is whether independent observers could reasonably question whether the individual's actions or decisions could be based on factors other than rights, welfare, and safety of participants.

It is the sole responsibility of Board members and employees to disclose any real, potential, or perceived conflicts of interest. If it is an oversight of the Board, the individual should promptly inform the Board that they have been put in a position of conflict of interest.

All Board members, employees, and volunteers are required to annually sign a Conflict of Interest Disclosure Statement. These documents will be kept in the individuals file associated with each stakeholder.

Matters Relating to the Compensation of Senior Managers of the Funded Private School that are Not Addressed by This Regulation

Prepare the total annual compensation for each applicable senior manager and the detailed individual breakdown of every category for each type of compensation:

1) Direct Compensation
2) Indirect Compensation
3) Non-Cash Benefits
4) Long-Term Incentives

If total compensation exceeds the regulatory requirements pertaining to grant-funded compensation, these amounts should then be identified as to which are grant funded and those that are funded by other means.

Provide any explanatory notes or rationale as needed that was used in determining compensation.