

COAST ECONOMIC DEVELOPMENT SOCIETY

FINANCE AND AUDIT POLICY

FINANCIAL REPORTING

1. Financial statements will be prepared monthly.
2. The Investment, Finance and Audit (IFA) committee will, on a quarterly basis, review the financial statements of the Society. The financial statements will include a statement of cash flows.

BUDGETING

Board Approval:

1. The board will approve an annual budget for each calendar/fiscal year, which will be recommended to the board by the IFA committee.
2. The budget will project revenue and expenses and will provide for programs and support services as outlined in the strategic and operational plan for the year.
3. The board will approve the annual budget by the end of the first quarter of the new fiscal/calendar year.

CEO Authority:

1. The board authorizes the CEO to manage the organization in accordance with the approved annual budget.
2. Programmatic or operational changes that may have a significant impact on the annual budget will be reviewed by the board between budget cycles and may lead to a budget revision.

Budget Guidelines:

1. Budgeting for any fiscal period will:
 - a) Be consistent with the Society's mission, stated goals and strategies; and
 - b) Comply with the terms of the Society's constitution and by-laws.

Budget Process:

1. The budgeting process is meant to provide:
 - a) A financial plan for the year in line with the strategic plan of the society; and
 - b) A means for setting program priorities and allocating resources to those priorities;and

- c) A means for comparison of actual financial results to budgeted amounts and analysis of differences from those budgeted amounts.
2. The financial statements and budget variances (with detailed explanations for material variances) will be reviewed by the IFA committee which will report updates and material items to the board.
3. As necessary, the board will revise the budget to fund additional services or make allowances for other unbudgeted revenues or expenses.

CAPITAL EXPENDITURES

Definition:

1. A capital acquisition is an individual asset and/or class of assets that has a useful life of more than one year and a cost of \$3000 or more.

Budget:

1. Anticipated capital acquisitions will be included in the normal budgetary process. The annual budget will include purchase requests for all new and replacement capital acquisitions.

Purchasing:

1. Any equipment with an estimated value of \$5000 or more will be purchased through comparative pricing by at least two vendors whenever possible. Comparative pricing should also be used periodically for regularly purchased materials, supplies, services, and insurance.

Inventory:

1. A fixed-asset inventory of office equipment, computers, and printers will be maintained and adequate insurance will be maintained in accordance with the Risk Management Policy.

CEO Authority:

1. The CEO will have the authority to make capital asset purchases that are part of the approved annual budget without additional approval from the board. Such acquisitions will be reported to the board and IFA committee at their next regular meeting.

Property:

1. The IFA committee must approve the purchase or disposition of any capital asset with a value of \$5,000 or more. Purchase or sale of any real estate must be approved by the board.

FINANCIAL AND INTERNAL CONTROLS

General:

1. Limits of signing authorization for purchases, contracts, cheques, and orders for payment, receipt or deposit or withdrawal of money, will be determined by the board.
2. Any individual authorized to purchase goods and/or services for the organization will follow the procedures set forth in this policy, as may be amended from time to time.
3. No expense will be incurred that deviates materially from the board approved annual budget without prior approval of the board.
4. All funds received by the Society will be deposited the same day.
5. Financial assets will be managed in accordance with the Investment Policy and Investment Management Guidelines.
6. The CEO will ensure reliable information systems are established and internal accounting and control systems are properly designed and implemented.
7. Internal administration policies will be established to reflect operating practices and procedures and are updated as required.
8. The Society will maintain its books, documents and other records in full compliance with the *Income Tax Act* (Canada) and the *Society Act* of British Columbia.
9. The Society will take reasonable steps to ensure compliance with all laws, permits, regulations, and orders.
10. The Society will comply with the terms of its funding agreements, namely the Conservation Investments and Incentives Agreement dated May 2, 2007 and the Performance and Accountability Funding Agreement dated March 30, 2007.

Cheque Signing and Cash Withdrawal Authority:

1. The authorized signatories for cheques and wire transfers are as follows:
 - a) Board Chair
 - b) Board Treasurer
 - c) Board Secretary
 - d) Chief Executive
 - e) Scott Rehmus, and
 - f) One senior staff member, as may be designated by the board.

2. Any cheques and wire transfers up to \$2,500 will require one signature. The signing officer cannot be the payee.
3. Any cheques and wire transfers between \$2,500 and \$49,999 will require two signatures. The payee may be one of the two signing officers.
4. Any cheques and wire transfers in excess of \$49,999 require at least one of the signing officers to be the Board Chair, Board Treasurer, or Board Secretary.

Prior Review:

1. An authorized signatory will sign cheques or wire instructions only upon review and approval of the underlying transaction. This will include review of the existence of proper supporting documentation, such as a purchase order and evidence of the receipt of the goods and services.
2. In the case of disbursements for approved grants, the signatory will review and confirm that all conditions precedent to funding as presented in the grant agreement and related grant approval memorandum have been met.

Borrowing:

1. Borrowing by the Society is prohibited, with the exception of a company credit card approved for each of the following individuals, for up to \$5000 each: i) CEO; ii) Scott Rehmus; and iii) Neil Philcox.
2. The Society may also maintain an additional company credit card for general operating expenses under the supervision of the CEO.

Loans to Directors or employees:

1. Loans to board members and employees are prohibited.

Employee expenses:

1. Employees will follow expense reimbursement policy whereby if company credit cards are not used, employees may submit legitimate business expenses and the Society will reimburse them within 30 days of receipt.
2. All employee expense reports will be approved by the CEO or Scott Rehmus. Expense reports for the CEO and Scott Rehmus will be approved by the Board Treasurer or the Board Secretary.

FINANCIAL STATEMENT AUDIT

1. In order to ensure financial accountability, the Society will have its financial statements audited by an independent auditing firm on an annual basis.
2. The selection of the firm to conduct the audit will be recommended by the IFA committee and approved by the board for consideration by the members.
3. The appointment of the auditor will be decided by the members at the Society's annual general meeting.
4. The responsibility to manage the audit process itself lies with the CEO and staff.
5. A copy of the audited statements will be distributed to the full board and the CEO.
6. The external auditor will report directly to the IFA committee. The auditor's report and management letter will be reviewed by the IFA committee and presented to the board for approval.
7. The audited financial statements will also be made public and distributed to stakeholders as required by the Society's funding agreements and under applicable law.
8. The audit firm will not be hired to perform non-auditing services, except for tax return preparation if requested by the board, and will not perform substantial services for any officer or director personally.

TAX RETURNS AND PUBLIC DISCLOSURE

1. The CEO will ensure that tax payments and other payments or filings required by applicable legislation are filed in a timely and accurate manner, in full compliance with applicable regulatory requirements and law.
2. The CEO will sign and certify to the IFA committee that the tax filings are accurate and complete.
3. The IFA committee will review the annual tax filings prior to submission.
4. Consistent with the requirements of the *Income Tax Act* (Canada) and applicable regulations thereunder, copies of the tax returns will be made available, upon request, in a timely manner, and subject to the charges permitted by law, to any person requesting it.