

## AAC FINANCIAL PROCEDURES

<b>Policy Number:</b> FN-3	<b>Approved:</b> June 22, 2012 <b>Updated:</b> November 23, 2013 <b>Revised:</b> May 29, 2020	<b>Scheduled Review:</b> August of each fiscal year
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### Introduction

Alberta Assessment Consortium provides service to the education community by

- advocating for sound classroom assessment practices by engaging in collaborative endeavors with AAC member jurisdictions and education partners;
- contributing to the building of assessment literacy in Alberta through action research and inquiry initiatives;
- developing a broad range of classroom assessment materials, directly aligned to Alberta curriculum, that address both formative and summative processes; and
- enhancing teacher/leader assessment capacity by providing opportunities for quality professional learning.

The AAC Board of Directors exercises fiduciary responsibility to ensure that the organization is in compliance with all legal requirements of the Societies Act and accounting standards of the Canadian Institute of Chartered Accountants. In order to fulfill these responsibilities, clear financial procedures are required.

### Purpose

This policy describes internal processes designed to safeguard the financial assets of Alberta Assessment Consortium, including capital assets and inventory.

### Policy

AAC follows transparent practices in regard to financial procedures and institutes internal controls in order to safeguard the financial assets and reputation of AAC. As per the AAC Bylaws, a yearly audit is conducted. Following the yearly audit, the Executive Director will review recommendations from the auditor in regard to improving internal controls and consult with the Board of Directors if there are any reasons why these recommendations are not feasible to implement.

In instances where daily bookkeeping functions are provided by an AAC staff member who is not a trained accountant, the Executive Director will engage the services of a professional accountant to provide regular on-site visits for training purposes, to review the accounts on an ongoing basis, and to assist with preparations for the yearly audit.

A Finance and Audit subcommittee of the AAC Board of Directors reviews financial procedures and records throughout the year and reports at Board of Directors' meetings according to the schedule in

*Policy BD-1: AAC Board of Directors' Yearly Planning Cycle.* In cases where there are no Board of Directors members with experience with financial matters, a member of the community with such experience may be co-opted to serve as an ad-hoc member of the Finance and Audit subcommittee as per *Policy BD-3: AAC Board of Directors' Subcommittees.*

## **Procedures**

### Invoices and Expense Claims

- The Executive Director approves and initials all invoices for payment and all expense claims from AAC staff and members of the Board of Directors with the exception of his/her own expense claims, which are approved and initialed by the Treasurer.
- The Executive Director reviews and approves (initials) payroll time sheets for hourly employees and time/project logs for seconded employees.

### Cheques

- All cheques must contain two eligible signatures.
- Eligible signatories include the Executive Director; Treasurer; other members of the Board of Directors and staff members who have been nominated through motion of the Board of Directors.
- Given that members of the Board of Directors often reside outside of the Edmonton area, and in order to facilitate timely processing of payments, the Board of Directors may nominate, through motion, an ATA Staff Officer who has previously served as a member of the Board of Directors to serve as a signatory in the event that current Board members are unavailable to sign.
- Unless the Executive Director is away for an extended period of time (vacation/illness), the Executive Director signs all cheques, with the exception of those payable to himself/herself.
- At least four current signatories shall be on file at the bank at any given time. The Executive Director will keep a list of current eligible signatories on file.
- Signatories cannot sign a cheque made payable to themselves.

### Credit Cards

- AAC credit cards are provided for the Executive Director and the Executive Assistant in order to provide a convenient way to manage office expenditures without requiring extensive use of a personal credit card.
- Only the person whose name is on the card is authorized to use the card for purchases. The only exception is as follows: AAC office staff, at the direction of the Executive Director and working under the direct supervision of the Executive Assistant, may use the credit card number(s) to hold hotel reservations and/or to book flights for members of the AAC Field Services team or the Executive Director for work related travel. The Executive Assistant will ensure that a list is kept of such use and checked against the monthly statement.
- The *AAC Credit Card Issue Form* detailing the conditions for use (attached to this policy) must be completed by each person holding an AAC credit card. This signed form will be kept on file.
- Receipts are required for every transaction.
- The credit card statement must be reviewed and signed each month. The Executive Director signs the Executive Assistant's monthly statement; the Treasurer signs the Executive Director's monthly statement.

### Mail/Deposits

- An office staff member or Field Service staff member collects the mail and opens the mail in the presence of the Executive Assistant. The Executive Assistant processes invoices and payments, and prepares deposits.
- Physical distancing required during a health emergency necessitates an adaptation to this process. The Executive Assistant will be in communication with the Executive Director when mail is opened, usually only once each week, and will send photographs of cheques and official correspondence.
- The Executive Director reviews and signs the bank reconciliations each month.

### Bookkeeping

- Daily bookkeeping functions are provided by an AAC staff member. A professional accountant provides regular on-site or digital support to train the AAC staff member in bookkeeping functions, to ensure the accuracy of the accounts throughout the year, and to support year-end functions in preparation for the audit.
- Membership funds and fall conference registrations that are received in the last quarter of the fiscal year are designated as pre-paid. Funds so designated are transferred to short term GICs and then transferred back into the main account as needed to meet expenses throughout the new fiscal year.
- GIC transfers can only be done at the request of the Executive Director, and regular financial updates on GIC balances are provided at Board of Directors' meetings during the year.

### Grants

- Where specifically required by the funding organization, grant funds shall be held in a separate bank account.
- If the term of the grant extends over a period of several months or over multiple years, the bulk of the grant will be placed in a separate short term GIC. Transfers are made from the GIC as required in order to meet expenditures related to the grants. All transfers from GICs must be approved by the Executive Director.
- The audit incorporates a 'schedules' format in order to separate the grant expenditures from regular AAC operations.
- Any interest received from grant fund GIC investments is allocated back to the grant.

### Safety Deposit Box

- Weekly data back-up (including financial) is stored on an external hard drive in the safety deposit box at the bank.
- Other information such as staff passwords for computers, email, and AAC website are also stored in the safety deposit box.
- The Executive Director and Executive Assistant have access to the safety deposit box.
- A signature is required at the bank whenever the safety deposit box is accessed.

### Capital Assets

- The Executive Director approves large item purchases. Items over \$3000 and with more than one year useful life are considered capital items.
- The Executive Assistant keeps a record of items purchased and relevant details of make/model, purchase price, supplier, warranty and other relevant information.
- Items no longer needed may be disposed of or sold to staff members based on an average price for comparable items posted on online consignment sites.

### Inventory (AAC Resources)

- Inventory is traced with each sale and counted as part of the yearly audit or financial review.
- Complementary resources may be distributed at the discretion of and with the approval of the Executive Director. Complementary resources are tracked in inventory.
- If a resource is not generating a reasonable return during any fiscal year, a decision will be made as to whether to write off the resource or to attempt to increase sales through a price reduction, promotion, or other means. The Executive Director has the responsibility for decisions in regard to disposal of inventory.
- The sale of AAC resources is a source of income for the organization. The cost of the development of the resource, including staff development time, graphic design, and printing costs will be factored in when determining the sale price. Member prices will be lower than non-member prices. A differentiated price will be offered for large orders. The Executive Director has the responsibility for setting the price of AAC resources.

### Passwords

- Passwords connected to banking and various online services will be reset when staff changes occur, specifically with reference to the Executive Director and Executive Assistant positions. Passwords accessible to other staff and/or secondees for various online services will also be reset with staffing changes.

### **Responsibilities**

It shall be the responsibility of the Executive Director to

- review and approve all expenditures other than those relating to the Executive Director;
- implement recommendations resulting from the yearly financial review or audit in order to improve internal controls, and to discuss with the Board of Directors when the recommendations are not feasible to implement;
- keep the Board of Directors apprised of the financial status of the organization at the regular Board of Directors meetings;
- communicate any emergent financial risks to the Treasurer and Chair;
- ensure that the procedures specified in this policy are implemented appropriately.

It shall be the responsibility of the Treasurer to

- meet with the Executive Director at least once each year to review financial procedures;
- consult with the ad hoc financial expert member of the AAC Finance and Audit subcommittee if specific financial advice is required; and
- review and approve expenditures in relation to the Executive Director including expense claims, VISA statements, and payroll.

### **Related Documents**

- *AAC Credit Card Issue Form* (attached)
- *Policy FN-1: AAC Financial Monitoring and Reporting*
- *Policy BD-1: AAC Board of Directors' Yearly Planning Cycle*
- *Policy BD-3: AAC Board of Directors' Subcommittees*
- *AAC Bylaws* (current)

- 6.1 A professional accountant, licensed in the province of Alberta shall conduct an audit of the financial records in accordance with existing policy. A complete and proper statement of

the standing of the books for the previous year shall be presented by such accountant at the Annual Meeting of the Members’ Representative Council.

- 6.2 The fiscal year shall be from July 1<sup>st</sup> to June 30<sup>th</sup>.
- 6.3 The financial records of the Consortium may be inspected by any member of the Consortium at the annual meeting or at any time on giving reasonable notice and arranging a time satisfactory to the officer or officers having charge of same. Each member of the Board of Directors shall have regular and ready access to financial records.

**Authorization**

[original signed]  
Signature of Chairperson

Amber Darroch  
Name of Chairperson

May 29, 2020  
Date

### AAC Credit Card Issue Form

**Cardholder Name** \_\_\_\_\_

**Position** \_\_\_\_\_

I understand and agree that the AAC Credit Card is issued to me on the express understanding that I will, at all times, comply with the following conditions.

#### USE

1. The ability to use the AAC Credit Card ('the Card') is through permission of The Alberta Assessment Consortium. The card is in my possession and under my strict control.
2. I will not permit the Card to be used by any person other than myself. The only exception is that AAC office staff, at the direction of the Executive Director and working under the direct supervision of the Executive Assistant, may use the credit card number(s) to hold hotel reservations and/or to book flights for members of the AAC Field Services team or the Executive Director for work related travel.
3. I will only use the Card for official AAC purposes.
4. I will immediately report any unauthorised use of the Card to the bank and the Executive Director or in the case of the Executive Director's card, to the Treasure and Chair.
5. I will not use the Card to pay for expenses that have already been claimed (or will be claimed) by any form of allowance.

#### MONTHLY RECONCILIATION

6. I will ensure that receipts are attached to the monthly statement when it is submitted for approval.
7. I will certify that goods or services paid for using the Card have been actually delivered or provided.
8. I will sign the monthly statement to indicate that the transactions appearing on the statement have been made only for official purposes.

#### CHANGE IN CARDHOLDER DETAILS

9. I will immediately advise the Executive Director or the Treasurer, in the case of the Executive Director, of any change in my name or contact details.

#### UPON RESIGNATION OR TRANSFER

10. I will immediately return my Card to the Executive Director if I resign or retire, or if my services as an employee of the organisation are otherwise terminated, or if I am instructed to do so by the Executive Director. In the event that the above applies to the Executive Director, the Card will be returned to the Treasurer.

#### LOST OR STOLEN CARDS

11. I will immediately report the loss or theft of my Card to the bank and the Executive Director or in the case of the Executive Director's card, to the Treasure and Chair.

#### DECLARATION

12. I confirm that I have access to only one Card.
13. I acknowledge that I have been briefed on all aspects of the operation and use of the Card.

**Cardholder Signature** \_\_\_\_\_

**Date** \_\_\_\_\_