



Internal Accounting Procedures

Approval / Amendments	Date
Approval	June 24, 2015 (AGM)
Amendment 1	
Amendment 2	

This manual addresses Community Futures Big Country Accounting Procedures; its importance and an overview from an operation point of view for the overall process.

All staff must make themselves aware of the Accounting Procedures and in case of emergency or need, ensure that all steps within this document are completed.

1.1 OVERVIEW

Community Futures Big Country has put in place the following accounting procedures for the following reasons:

- 1) To record all financial transactions in an accurate and timely manner;
- 2) To provide monthly financial statements;
- 3) To provide monthly investments portfolio transaction analysis;
- 4) To facilitate the preparation of monthly management reports;
- 5) To provide annual financial statements;
- 6) To control and conserve the assets of the Corporation;
- 7) To ensure proper lines of authority/influence are maintained within the financial management of the organization.

1.2 ACCOUNTS PAYABLE

This section is dedicated to the payment of all bills of Community Futures Big Country.

- 1) The Administrative Coordinator retrieves the mail from Post Office daily, then opens and reviews all mail. Community Futures Big Country maintains a post office box in the Town of Drumheller:

Community Futures Big Country
Box 610
181 North Railway Ave. East
Drumheller, AB T0J 0Y0

- 2) The Administrative Coordinator verifies amount owing according to internal budgets and codes the total to the appropriate account. Upon coding, this person then initials their work to confirm it is correct.
- 3) Once a week, the Administrative Coordinator gives all prepared payables to the bookkeeper, who enters the amounts as specified and prints the appropriate cheques. Payables are executed on the 15th and end of the month.

Note: Community Futures Big Country contracts with an independent bookkeeper to complete this task.

- 4) When the bookkeeper has completed printing all cheques, they are given to the Executive Director. The Executive Director upon receipt verifies:
 - a. That they have been initialed by the Administrative Coordinator

- b. That the amount of the cheque is equal to the amount owing
- 5) The Executive Director then signs the cheques and returns them to Administrative Coordinator.
- 6) The Administrative Coordinator then has them signed by a second designated signing authority and ensures that they are mailed out. (See SIGNING AUTHORITIES for more information on who is eligible to sign.) Prior to mail out, the second cheque stub is removed from the bottom of the cheque and is stapled to the front of the payable for Community Futures Big Country records.
- 7) If, when Administrative Coordinator compares the amount to the internal budget, they do not agree with the Payable they will call the appropriate organization/business to trace its origin. Once the amount is traced it can then be paid. No amount will be paid without cause.

The order of payment of bills is as follows:

1. Salaries are paid first, on the 15th and 30th of each month;
2. Expense claims are paid immediately upon receipt of the invoice;
3. All vendor invoices are paid within 30 days of the receipt of the invoice.

Any special requests must be approved by the Executive Director before they can be processed.

1.3 ACCOUNTS RECEIVABLE

- 1) When a Receivable is received, the Administrative Coordinator verifies the amount receivable against the Internal Budget to ensure that it is expected. If it is expected the Administrative Coordinator then codes it to the appropriate revenue account and initials it.
- 2) Upon coding and initialing the item, the Administrative Coordinator then gives the Receivable to the bookkeeper who enters the item into the accounting software.
- 3) The bookkeeper, after entering the item into the accounting software, records the item into the deposit book and gives the item along with the deposit book to the Administrative Coordinator.
- 4) The Administrative Coordinator then sees that the item is deposited. Community Futures Big Country does all of its banking at the Chinook Credit Union, Drumheller Branch.
- 5) If, when the Administrative Coordinator compares the amount to the internal budget, they do not agree with the Receivable they will call the appropriate organization to trace its origin. Once the amount is traced it can then be deposited. No amount will be deposited without cause.

1.4 SIGNING AUTHORITIES

- 1) The Community Futures Big Country Board has appointed the following positions as signing authorities for the company. All cheques must be signed by a combination of any two of the following. It is preferred that signatories be the Executive Director along with one of the other positions.

Designated Signing Authorities: Chairperson of the Board
Vice-Chairperson of the Board
Secretary Treasurer of the Board

1.5 PAYROLL

- 1) Payroll is completed via Electronic Funds Transfer through Chinook Credit Union.
- 2) Pay cheques are issued the last working day of each month. Advances are paid on the 15th of each month or if the 15th is on a weekend, the last business day leading up to the 15th.

1.6 INTERNET BANKING

- 1) Some payables are executed through internet banking when available. Internet banking is used only when bill payment must be made in a timely manner to avoid interest penalties. Internet payments follow regular approval process.

1.7 US DOLLAR CHEQUES

When a cheque is to be in US funds, the cheque should be marked "USD" after the numbers indicating the amount (eg. \$3,550.00 USD). Anytime a USD cheque is processed by the bank, over the amount of \$3,000.00, the branch will be notified and asked to confirm its validity with the Executive Director.

1.8 FILING

- 1) Filing is maintained by the bookkeeper. It is her responsibility that all files are complete and organized.
- 2) Filing is completed on a weekly basis following cheque issuance. The bookkeeper will collect all payables from the Administrative Coordinator.
- 3) All payables are filed by cheque number.

1.9 BANK RECONCILIATION

- 1) Community Futures Big Country bank accounts will be reconciled monthly from the accounting software to the bank statement balances by the bookkeeper.

2.0 PETTY CASH POLICY and PROCEDURES

- 1) Purpose:
To communicate our responsibility for the effective use and security of Community Futures Big Country petty cash funds. This policy informs individuals on the use of petty cash, their responsibilities in preventing loss and/or

discrepancies in the balance of the petty cash fund, and satisfying financial audit requirements through compliance with established procedures.

2) Definitions:

- Custodian - The individual to whom the petty cash fund is issued.
Account Holder - The individual authorized to approve expenditures charged to an account in accordance with Community Futures Big Country policy and procedures.
Claimant - A person other than the custodian and the account holder who requests reimbursement of a petty cash expense.

3) Policy:

A petty cash fund is intended for eligible cash expenditures of less than \$100.00 per transaction for which it would not be cost effective or expedient to issue a cheque.

The amount of the petty cash fund shall not exceed \$200.00. Where there is a need for a purchase that is greater than \$200.00, a written request giving the reason must be submitted to the Account Holder.

Receipts and cash on hand must always total the amount of the initial petty cash advance.

4) Custodian's Responsibilities:

The custodian is responsible for control of a petty cash fund, together with the supporting documentation. Specifically, the custodian is responsible for the following:

- Safekeeping of petty cash funds. The fund (including cash, receipts and vouchers) must be kept secured in a locked box. Only the custodian and the account holder are to have access to and disburse petty cash. Collect the required information to support a claim. A petty cash voucher (sample voucher included in the appendix) is required in order to collect the following information:
 - ✓ Date
 - ✓ Amount
 - ✓ Purpose
 - ✓ Account to be charged
 - ✓ Signature of person who disbursed the petty cash
- Disburse petty cash only upon submission of an original vendor receipt (credit card receipts are not acceptable).
- Maintain a record of petty cash expenses. This record will be kept separate from the locked petty cash box to provide a record of actual cash on hand in the event of theft.
- Report cash shortages or excess cash to the account holder immediately.
- Return the petty cash fund (money, receipts and petty cash vouchers) to the account holder upon termination of employment.
- Provide a reconciliation of the Petty Cash Fund at the fiscal year end.

- 5) **Account Holder's Responsibility:**
The account holder is responsible to verify the Petty Cash Reimbursement Voucher each month or when a request is made to replenish the petty cash fund, to ensure the custodian has the correct total of petty cash and reimbursement vouchers. A record of these vouchers must be kept on file.

The account holder will also confirm the Petty Cash Fund at the end of each fiscal year by physically counting the cash and receipts and ensuring they total the initial advance, then signing and dating the reconciliation form (sample reconciliation report included in the appendix).

- 6) **Approvals:**
The approval of the account holder is required to establish, close, change the amount of, or replenish the petty cash fund.

- 7) **Petty Cash Transactions:**
A petty cash fund is intended for minor cash expenditures for office supplies purchased locally. Ineligible disbursements of petty cash funds include but are not limited to the following:

- Personal loans
- Fines
- Parking tickets
- Salaries
- Cashing cheques

- 8) **Establishing a Petty Cash Fund:**
The account holder will establish the petty cash fund by requesting in writing that a cheque be drawn up payable to the custodian and marked "Petty Cash" by the bookkeeper for an amount not to exceed \$200.00. The custodian will sign the request to show receipt of the initial funds.

- 9) **Reimbursing Petty Cash Claims:**
The original vendor receipt is required for all purchases made from the petty cash funds. The account number to be charged will be written on the original receipt.

When a receipt is unavailable for a purchase (e.g. parking meter), a receipt can be made by the claimant indicating the type, amount of the expenditure and the purpose. The receipt should be marked "paid" and signed and dated by the claimant. The receipt will be initialed by the claimant and the custodian and marked paid.

- 10) **Replenishing the Petty Cash Fund:**
A Petty Cash Voucher must be completed listing the items purchased, the cost of each item, the GST paid on each item, the code to charge the item to and the total amount to be reimbursed. The voucher must be signed and dated by the custodian and the account holder before the cheque for reimbursement is produced.

11) Changing the Amount of the Petty Cash Fund:

Any change to the amount of the Petty Cash Fund will be at the discretion of the Account Holder and must be submitted in writing, signed and dated, to the bookkeeper.

12) Closing the Petty Cash Fund:

In the event that the custodian terminates employment at Community Futures Big Country, the Petty Cash Fund shall be reconciled and closed by submitting a Petty Cash Voucher itemizing the amount of cash and receipts in the Petty Cash Fund at the time of termination. All money and receipts must total the initial Petty Cash Fund advance.

If the Petty Cash Fund is short, the difference between the initial advance and the actual total at the time of termination will be taken from the final pay cheque of the custodian.

INTERNAL ACCOUNTING PROCEDURES

PETTY CASH FORMS

APPENDIX



Petty Cash Reconciliation Report

Date: _____

20 x _____	=	_____
10 x _____	=	_____
5 x _____	=	_____
2 x _____	=	_____
1 x _____	=	_____
Change	=	_____
Total Cash	=	_____
Paid Receipts	=	_____
		(Attach adding machine tape)
Total Petty Cash Counted (Cash & receipts)		_____
Total Petty Cash per General Ledger		_____
Difference		_____

Custodian: _____

Account Holder: _____