



DURHAM COLLEGE STUDENTS INCORPORATED

FINANCIAL ADMINISTRATION POLICY

OFFICIAL CONSOLIDATION

Current as of

September 24, 2020

NOTES ON OFFICIAL CONSOLIDATION

This consolidation is current as of September 24, 2020.

The notes that appeared in the left or right margins are now in boldface text directly above the provisions to which they relate. They form no part of the enactment, but are inserted for convenience of reference only.

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DURHAM COLLEGE STUDENTS INC.
(the “Corporation”)

FINANCIAL ADMINISTRATION POLICY
(the “Policy”)

Effective Date: May 1, 2019	Last Review Date: April 8, 2019
Approved by: The Board of Directors	Authority Responsible: Financial Controller

ARTICLE I: POLICY STATEMENTS

Budget

- 1.1 Financial transactions will adhere to the annual operating and capital budgets approved by the Board.

Use of funds

- 1.2 Funds shall be used in a manner consistent with the purpose for which they were provided in the operating and capital budget.

Safeguard funds

- 1.3 The Corporation will safeguard all funds and assets by ensuring that appropriate internal control procedures are documented and in place.

Application of GAAP

- 1.4 Accounts will be reconciled, and financial statements will be prepared monthly in accordance with the generally accepted accounting principal (“GAAP”).

Variance Reporting

- 1.5 Variance reporting and year end forecasts will be prepared monthly.

Long term operating and capital plans

- 1.6 Rolling five-year operating and capital plans will be developed annually for Board review.

Statutory regulations

- 1.7 All financial administration will conform to statutory requirements.

Annual Performance Measurement

- 1.8 Annual performance measurement key performance indicators will be used to measure both financial and non-financial performance.

Record retention

- 1.9 All records will be kept for seven years in secure storage.

Auditor engagement

- 1.10 The auditors or other external consultants will be engaged as required to ensure financial policy objectives are achieved.

ARTICLE II: APPLICATION

Application of this policy

- 2.1 This Policy applies to all the employees, Executive Officers and Directors of the Corporation.

Amendments to the policy

- 2.2 This policy may only be modified by the Board of the Corporation at a meeting duly called for that purpose and in accordance with the By-Laws of the Corporation.

ARTICLE III: DEFINITIONS

Definitions

- 3.1 The following definitions shall apply to this Policy and its Schedules:

“Accountability” – The obligation of an employee, agent or other person to answer for or be accountable for work, an action or a failure to act following delegated authority.

“Approval authority” – The authority delegated by the Corporation to a person designated to hold a position to approve on its behalf one or more procurement functions in the plan-to-pay cycle, up to specified dollar limits. The approval authority is subject to the applicable legislation, regulations and procedures in effect at the time.

“Authorized Purchaser” – shall mean an Executive Officer that has been delegated purchasing authority by the General Manager in accordance with section 6.4.

“Board” – The Board of Directors of the Corporation.

“Competitive procurement” – A set of procedures for developing a procurement contract through a bidding or proposal process. The intent is to solicit fair, impartial and competitive bids.

“Conflict of interest” – A situation in which financial or other personal considerations might compromise or bias professional judgment and objectivity. An apparent conflict of interest is one in which a reasonable person would think that the professional’s judgment is likely to be compromised.

“Consultant (Advisor)” – A person or entity that, under an agreement other than an employment agreement, provides expert or strategic advice for strategic consideration and decision making. Non-consultants are referred to as service providers.

“Contract” - An obligation between competent parties, upon a legal consideration, to do or to abstain from doing some act. For a contract to be duly created, the parties must intend that their agreement will have legal consequences and be legally enforceable. The essential elements of a contract are an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent or consensus ad idem; legality of purpose; and sufficient certainty of terms.

“Goods” – A tangible product (excludes goods for capital-funded construction projects).

”Invitational competitive procurement” – A form of procurement where a number of qualified suppliers are asked to submit a written proposal in response to the defined requirements outlined by an individual or organization.

“Non-consulting service provider” – An individual or company contracting to provide services other than consulting services (expert or strategic advice for decision-making) to another individual or business. Non-consulting services contracts (whether awarded to individuals or entities) are goods and services agreements and therefore subject to this policy.

“Officers”- The officers of the Corporation as described in the Bylaws of the Corporation, which may be amended from time to time.

“Procurement” – Acquisition of goods or services by any means, including purchase, rental, lease or conditional sale.

“Procurement value” – The estimated total financial commitment resulting from procurement, taking into account optional extensions.

“Purchase order (PO)” – A written offer made by a purchaser to a supplier, formally stating the terms and conditions of a proposed transaction.

“Request for Proposal (RFP)” – A document used to ask suppliers to propose solutions for the delivery of complex products or services or to provide alternative options or solutions for a purchase value over \$100,000. This process uses pre-defined evaluation criteria in which price are not the only factor.

“Request for Quotation (RFQ)” – A document used for a purchase value of more than \$5,000 and less than \$100,000 for which suppliers are invited to submit a price in a competitive environment where the terms and specifications are clearly identified. This process is efficient for market pricing studies. If no evaluation criteria have been

established, the best pricing prevails. The procurement officer may negotiate with the supplier.

“Segregation of duties” – A method of process control to manage conflict of interest, the appearance of conflict of interest, errors or fraud. It restricts the amount of power held by any one individual and puts a barrier in place to prevent errors or fraud that may be perpetrated by one individual.

“Service” – An intangible product, including non-consulting and consulting services (excludes services for capital-funded construction projects).

“Service provider” – A non-consulting service provider, i.e., one that does not provide expert or strategic advice and related services for strategic consideration and decision-making provides a service, task, work and deliverable as contracted.

“Single-source supplier” – Award for the supply of a good or service that can be purchased from only one supplier because of its specialized or unique characteristics or because of exceptional circumstances.

“Supplier/Vendor” – Any person or organization that, based on an assessment of that person’s or organization’s financial, technical and commercial capacity, can fulfill the requirements of procurement.

Further definitions

3.2 Any capitalized terms that are not defined herein shall have the same meaning as those defined in the By-Laws of the Corporation.

Taxes

3.3 Any amounts of money referenced in this Policy shall be without any applicable taxes, but shall include relevant fees.

ARTICLE IV: RESPONSIBILITIES

Responsibilities

4.1 It is the responsibility of the Financial Controller to ensure this policy is implemented and to report to the Board any failure to respect the said policy.

ARTICLE V: RECORD KEEPING PROCEDURE

Contracts retention

5.1 All contracts executed with suppliers will be maintained by the Financial Controller in a central file location.

ARTICLE VI: PROCUREMENT PROTOCOLS

Role of General Manager

- 6.1 In consultation with the officers of the Corporation and the employees, it is the role of the General Manager of the Corporation to identify the need for goods and services.

Supply Chain Activities

- 6.2 The General Manager is responsible for administrating all supply chain activities for the procurement of goods and services for the DCSI. It is the only person responsible for engaging the Corporation into a commercial contract for goods and services and for issuing purchase orders. Provided however that the General Manager shall obtain the approval of the Board for any procurement of goods or services that were not approved by the Board in the Budget of the Corporation and have a total value of more than \$10,000. The General must still abide by the RFQ protocols described in this Policy for purchases over \$5,000 but under \$100,000. It is responsible for ensuring that the procurement process fully complies with provincial law and directives and internal policies,

Delegation of Authority

- 6.3 The General Manager may delegate its purchasing authority to other officers or employees of the Corporation provided however that the said person will be accountable to the Corporation for any purchase made under such delegation of authority. Informal delegation of the purchasing authority is forbidden.

Purchase Orders

- 6.4 The General Manager shall provide to each Executive Officer and department a monthly purchase order workbook. When a purchase order is required, the purchase order will be completed, logged and appropriately authorized.

Credit Card Purchases

- 6.5 Purchases made by Credit Card that are compliant with Schedule A of this policy will be considered to have been made with proper purchasing authority. Any Credit Card purchase that do not respect the procedure of Schedule A will be considered to have been made without proper delegation of authority. Each Authorized Purchaser will have a monthly purchase order workbook provided by the Finance department. When a purchase order is required, the purchase order will be completed, logged and appropriately authorized.

Total Goods Procurement Value	Means of Procurement
Up to but not including \$5,000	Purchasing credit card or verbal purchase order
\$5,000 to \$100,000	RFQ– three written quotations required.
\$100,000 and more	RFP

Use of non-competitive procurement process

6.6 The Corporation will employ a competitive procurement process to achieve optimum value for money. It is recognized, however, that the nature of some purchases may require the Corporation to use non-competitive procurement. Items exempt from competitive process include the following:

Alcoholic Beverages	Honorariums	Insurance premiums
Customs	Investments and related fees	Sponsorship fees
Courier and freight charges	Subscription fees	Membership fees
Conference, seminar fees	Course registration fees	Refunds
Leaseholds	Payroll and benefits	Taxes and charges
Debt payments	Recruitment agency fees	Donations
License fees	Real property charges	Petty cash items
Interest payments	Event venues	Travel expense
Event entertainer fees		Utilities
Organization/Board development consulting services		Vehicle license fees

Where appropriate, single source purchasing agreements will be established to provide for preferential pricing and terms (e.g. food service suppliers). These agreements will be reviewed annually.

Consulting Services

6.7 In the case of consulting services only one supplier maybe solicited; however, to contract consulting services from a sole supplier, the supplier in question must have a professional designation such as lawyer or accountant. Contract for consulting services under the amount of \$10,000 shall be approved by the General Manager. Contracts over that said amount shall require the approval of the Board.

Non Consulting Services Contracts

6.8 Contracts for the procurement of non-consulting services require the same signatures, number of quotations and processes as those for the procurement of a good (refer to section 6.6).

ARTICLE VII: CONTRACTS

Review by the General Manager

7.1 Regardless of point of origin, all contracts must be reviewed by the General Manager prior to execution.

Review by the Board of Directors

- 7.2 All contracts with a term equal to or longer than one 1 year and/or a total value equal to or greater than \$10,000 shall be authorized by the Board. Furthermore, if there is a change to the cost of a Board approved contract that requires an additional funding of at least five per cent of the approved value of the contract, then those change orders shall also be approved by the Board. The Board may delegate its signing authority of the General Manager via written resolution.

Other Contracts

- 7.3 Subject to the terms of this policy, all other contracts shall be executed by the General Manager of the Corporation. The General Manager may delegate its authority to sign contract to other officers of the Corporation

Original

- 7.4 Following approval, the original signed copy of the contract will be forwarded to the General Manager. An electronic copy of the signed contract will be forwarded to the office of the Controller on a central shared drive created for this purpose.

Employment agreements

- 7.5 This Article 7 does not apply to the employment agreements of the Corporation, except with regards to execution at subsection 7.3.

ARTICLE VIII: BUDGETING

Budget standards

- 8.1 Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements.

Reasonable assumptions

- 8.2 Budgets should use reasonable assumptions of income and expenses. Budgets should be balanced, and should lead to the accumulation of reasonable Reserves, as set out in Schedule E, which can be used to ensure cash flow over time.

Presentation by the Financial Controller

- 8.3 The Financial Controller shall present to the Board no later than April 30th of each year the proposed Budget for the Board approvals. This Budget will present fairly the expected operational expenses and capital expenses and will be prepared in consultation with the General Manager and Executive Officers of the Corporation.

Cash reserves

- 8.4 The Board should be notified when cash reserves are below 3 months regular operating

expenses.

Annual budget

- 8.5 The organization budget is prepared by the Financial Controller, in consultation with the other manager of the Corporation, beginning no later than March of every year.

Non budgeted expenses – less than \$10,000

- 8.6 Non-budgeted expenditures that exceed \$10,000 will be recommended by the General Manager and Financial Controller to the Board for approval and to consider a formal revision of the approved annual budget

Non budgeted expenses – more than \$10,000

- 8.7 Non-budgeted expenditures between \$1,000 and \$9,999 that cannot be easily accommodated by shifting expenses from another budget line should prompt a discussion between the General Manager, the Financial Controller, the Chairperson, and the Managing Director to justify the expense, how it will be financed, and how other budgeted expenses may be affected. If consensus is reached on the above matter, execute the decision. If no decision is reached than the matter shall be referred to the Board for approval.

Non budgeted expenses – less than \$1,000

- 8.8 Non-budgeted expenditures less than \$1,000 do not require discussion if they are approved by the General Manager and/or the Financial Controller.

Department expenses

- 8.9 Within any budgeted expense category, expenditure changes that do not exceed the total budgeted amount are within the discretion of the appropriate department Manager. (For example, funds allocated to Clubs may be redirected for other Clubs purposes as long as the total line item amount is not exceeded.)

Right to Dissent

- 8.10 The General Manager and Financial Controller should exercise the right to express disagreement and dissent with a decision by the Chairperson or Managing Director and should seek to resolve such disagreements informally.

Appeal Dissent.

- 8.11 When that is not possible, the General Manager, Financial Controller, Chairperson, and Managing Director to resolve the dispute as contained in 8.10, the matter shall be forwarded to the Board. A member other than the Chairperson shall preside at the Board meeting when a dissent is registered.

ARTICLE IX: SEGREGATION OF DUTIES

Separation of duties

- 9.1 There will be separation of financial duties and responsibilities so that no staff member has sole control over cash receipts, payroll, bank reconciliations, accounts payable or other accounting functions.

Separation of Duties Cheques

- 9.2 With the exception of the Financial Controller, the cheque signer will not be the same person who approves expenditures, records bookkeeping entries, or prepares cheques for signing.

Secondary Cheque Signer

- 9.3 The Financial Controller will be a secondary cheque signer.

Review of Bank Statements

- 9.4 Bank statements will be reviewed by at least one person in addition to the person performing the reconciliation.

Bank Deposits

- 9.5 Bank deposits will be made by someone other than the person recording receipts.

ARTICLE X: SAFEGUARDING ASSETS

Duty to carry out financial practices

- 10.1 The Financial Controller shall have primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of the Board are carried out.

Filing System

- 10.2 A proper filing system will be maintained for all financial records.

Comparison of actuals to budget

- 10.3 Actual income and expenditures will be compared to the budget on a monthly basis.

Holding of funds

- 10.4 All funds will be kept at Royal Bank of Canada, or otherwise as determined by the Board of Directors from time to time.

Excess cash

- 10.5 All excess cash will be kept in an interest-bearing account.

Bank statements

- 10.6 Bank statements will be promptly reconciled on a monthly basis by the bookkeeper/generalist or the Financial Controller, and reviewed by the other.

Approval of signing officers

- 10.7 The board of directors shall approve annually any new signers for each bank account and any new and necessary bank accounts.

Notification of changes to signing officers

- 10.8 The Controller is responsible for promptly notifying financial institutions of any changes to authorized signers on organizational accounts.

Insurance

- 10.9 Appropriate insurance for all assets will be maintained.

Monthly reconciliation of bank statements

- 10.10 On a monthly basis, the bookkeeper/generalist, or the Controller, will reconcile the bank statements to the general ledger, and notify each other of any discrepancies.

Discrepancies

- 10.11 The Controller will resolve all discrepancies with the assistance of the bookkeeper/generalist, and the bank, if necessary.

Monthly bank statement

- 10.12 Independently, the Executive Chair or Managing Director will receive a copy of the general operating monthly bank statement for review of reasonableness.

SCHEDULE A “REIMBURSEMENT PROCEDURE”

1. PRINCIPLES

- 1.1 The Corporation shall provide information and guidance about the appropriateness of incurring, reporting and receiving reimbursement for allowable business expenses.
- 1.2 Allowable business expenses shall be within approved budget allocations.
- 1.3 Allowable business expense reimbursement shall be authorized by Financial Controller or, circumstances where the Financial Controller is unavailable, the General Manager.

2. PROCEDURES

- 2.1 In May of each year, the Financial Controller shall determine the Financial thresholds and per diem rates for categories of allowable business expenses for that academic year.
- 2.2 The timelines for submitting requests for reimbursement and for receiving payment shall be as follows: Allowable business and professional development expenses incurred will be reimbursed only during the fiscal year in which the transaction(s) took place
- 2.3 The documentation requirements for allowable business expenses shall be as follows: Original receipts from the transaction(s) must be retained and submitted along with a completed Corporation reimbursement form, which includes a full accounting of the transaction(s) as well as appropriate authorization, including supporting documentation and signatures.
- 2.4 Despite section 2.3 of this Schedule A, employees may be required to provide additional information to support reimbursement.
- 2.5 Individuals shall request reimbursement only for their individual allowable business expenses and provide original signatures on the reimbursement request form given to them by the Financial Controller.
- 2.6 Foreign currency expenditures shall be reimbursed using the average daily Bank of Canada exchange rate.
- 2.7 Employees shall return to the Corporation all monies in excess of substantiated expenses within prescribed timelines.

2.8 Authority to approve allowable business expenses shall rest in the offices named in the following table, as long as no one approves their own expenses:

Submitted by	Approved by one of:
Board members The Chair of the Board of Directors The General Manager The Finance Manager	The Managing Director The Deputy Chair of the Board The General Manager
The Operations Manager The Outreach Manager Unionized staff members Part time staff members	The General Manager the Operations Manager the Outreach Manager
Routine invoice	The General Manager
Elections candidate	The Chief Returning Officer

3. *FINANCIAL CONTROLLERS RIGHT TO REFUSE*

- 3.1 Expenses that appear to, or actually, provide personal benefit to an employee, without a valid business purpose, shall not be reimbursed.
- 3.2 Any exemption from this procedure shall be authorized by the Financial Controller.
- 3.3 The Financial Controller, on behalf of the Corporation, retains the right to refuse, in whole or in part, reimbursement of business expenses.

SCHEDULE B “CORPORATE CREDIT CARDS”

1. PERSONS AUTHORIZED TO HAVE CREDIT CARDS

- 1.1 The Corporate Credit card is available to the General Manager.
- 1.2 Additional cards may become available should both the General Manager and Financial Controller authorize their issuance.
- 1.3 The General Manager’s credit card, or any other person’s credit card authorized in accordance with subsection 1.2 of this Schedule A, shall be embossed with their name and only that person is authorized to use the said credit card.
- 1.4 The Financial Controller is the primary contact for the credit card program and is required to review all purchases made with the card, as well as ensuring compliance with the program procedures.

2. CARDHOLDER RESPONSIBILITIES

- 2.1 It is the responsibility of the cardholder to comply with this Schedule A, including documentation requirements. Specific duties include:
 - 2.2.1 Immediately report a lost or stolen credit card as detailed in section 5 of this Schedule A;
 - 2.2.2 Ensure that the card is not used by anyone other than the cardholder;
 - 2.2.3 Submit all transactions on a regular basis for approval using the prescribed form;
 - 2.2.4 Advise the Financial Controller by email, 5 days ahead of “Seasonal Increase” in credit limit including time frame;
 - 2.2.5 Retain all documentation of purchases for audit purposes;
 - 2.2.6 Contact vendors directly on disputes pertaining to invoices/receipts. The cardholder will document the name of the person with whom they spoke, the dollar amount of the credit card and when it will be issued;
 - 2.2.7 Surrender the credit card immediately if subject to disciplinary action, as defined in the By-Laws or as required by the Financial Controller;

2.2.8 Any unsubstantiated charges will be the responsibility of the cardholder; and

2.2.9 Advise the Financial Controller with any technical problems (e.g. denied card).

The prescribed form referred to in subsection 2.2.3 shall be an excel sheet, with columns indicating: the transaction date, cardholder, supplier, amount, applicable taxes, net amount and business purpose.

3. FINANCIAL CONTROLLER RESPONSIBILITIES

3.1 It is the responsibility of the Financial Controller to ensure that the cardholders comply with this credit card procedure, including documentation requirements. Specific duties include:

3.1.1 Review and reconcile the statement of account, with the substantiating documentation, and remit monthly payment to the credit card company;

3.1.2 Provide assistance to cardholders on account reconciliation and any related technical problems (i.e. denied card). In an emergency, perform cardholder reconciliation responsibilities during cardholder absences;

3.1.3 Review statements to identify possible improper, unauthorized, fraudulent, or wasteful purchases;

3.1.4 Immediately report any violation of credit card procedures to the Financial Controller; and

3.1.5 Archive credit card reports and files.;

3.1.6 Manage “Seasonal Increase” in credit limit within the corporate limit.

4. UNAUTHORIZED USE OF CREDIT CARD

4.1 Without exception, the credit card shall not be used for the following purposes:

4.1.1 Personal expenditures of any kind;

4.1.2 Cash advances;

4.1.3 Fuel purchases for personal vehicles;

4.1.4 Alcoholic beverages (unless as part of a rider or contract or as approved by the Financial Controller);

4.1.5 Products or services that require contracts or quotations; and

4.1.6 Computer hardware; software; or capital equipment, unless authorized by the Managing Director.

5. LOST OR STOLEN CREDIT CARDS

5.1 In the event that a credit card has been lost or stolen or if the credit card information has been compromised in a fraudulent manner, the cardholder should:

5.1.1 Immediately notify the credit card company to report the loss.

5.1.2 Immediately notify the Financial Controller with the following information within one business day after the discovery of the loss:

5.1.2.1 Credit card number

5.1.2.2 Date and location card is to be believed to be lost or the date the card was stolen;

5.1.2.3 Date and time MasterCard was notified;

5.1.2.4 Any purchases that had been made by the cardholder before the loss; and

5.1.2.5 Other pertinent information.

5.1.2.6 If the cardholder finds the original purchasing card, it shall be cut in half and returned to the Financial Controller.

SCHEDULE C - "DONATIONS, GIFTS AND PROVIDED MEALS"

1. GIFTS/DONATIONS FROM SUPPLIERS

- 1.1 No employee should solicit or accept gifts, including money, awards, loans, food, liquor, events, or anything other than items of nominal value from any supplier;
- 1.2 An employee may only accept a gift of nominal value or supplier logo merchandise such as an advertising novelty, when it is customarily offered to others having a similar relationship with the supplier. As a guideline, only gifts valued at less than \$50 may be considered nominal;
- 1.3 Any employee offered a gift which may be of more than nominal value or have any doubts about a particular situation, should consult his or her manager.

2. BUSINESS MEALS AND ENTERTAINMENT WITH SUPPLIERS

- 2.1 Supplier personnel must participate and be in attendance when Corporation employees accept social amenities.
- 2.2 Entertainment should be limited to sporting and cultural events not involving overnight stays.
- 2.3 The total cost of any specific event should not exceed \$100 per person (excluding any meal expenses).
- 2.4 Spouses or guests should only attend such events if the company paying the bill (whether Corporation, Durham College or the supplier) has specifically invited the guests and offered to pay their expenses. Corporation employees should not solicit invitations for their guests and should offer to pay their guest's expenses if they are invited.

3. ASK MANAGER WHEN UNCERTAIN

- 3.1 Whenever business amenities are provided by a supplier, your immediate manager should be notified before the event, where possible. Business amenities that clearly exceed these guidelines require the prior approval of your manager. If you are unsure if it is appropriate to accept an invitation to a specific event, always contact your manager for approval so that he or she can assess and make a decision that is in the best interest of the Corporation and has minimal impact to the supplier relationship.

SCHEDULE D - "ACCOUNTS PAYABLE AND FUND DISBURSEMENTS"

1. PRINCIPLES

- 1.1 All disbursements, except petty cash, are made by cheque or credit card and are accompanied by substantiating documentation, as described in schedule A.
- 1.2 All cheques are pre-numbered and accounted for monthly.
- 1.3 Blank cheques are stored in a locked area.
- 1.4 The Financial Controller and/or bookkeeper/generalist is responsible for invoices and cheque requests being marked "PAID" once they have been.
- 1.5 Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished.
- 1.6 Cheques are written only after a successful reconciliation is complete.
- 1.7 Blank cheques may never be signed in advance.

2. PROCEDURES

- 2.1 All invoices received are stamped with the date received by the Financial Controller or the designated person assisting them and placed in the unpaid open invoice file.
- 2.2 The Financial Controller approves all invoices and expenditures and prepares cheque requests weekly.
- 2.3 The Financial Controller or the designated person assisting them records all disbursements in the accounts payable ledger.
- 2.4 The Financial Controller or the designated person assisting them prepares all cheques for the approved expenditures, using pre-numbered cheques.
- 2.5 The cheques with approved invoices or other supporting documentation may be forwarded to either the General Manager, the Operations Manager or Outreach Manager by the Financial Controller so they may review all cheques and supporting documentation prior to signing cheques.
- 2.6 After signing the cheques in accordance with subsection 2.5, the Financial Controller or the designated person assisting them takes the cheque stubs attached to the supporting documentation (for each cheque) to place into the Corporation's financial filing cabinet.
- 2.7 The Financial Controller or the designated person assisting them is responsible for mailing all cheques.

SCHEDULE E “RESERVE FUNDS”

1. TYPES OF RESERVE FUNDS.

- 1.1 The Corporation shall maintain two reserve funds: the operations reserve funds and the leasehold improvements reserve fund.

2. DEFINITIONS

- 2.1 The following definitions shall apply to the Schedule E:

“Operating Reserve Fund” - The Operating Reserve Fund is defined as the designated fund set aside by action of the Board. For the purposes described at section 2 below of this Schedule E.

“Target Minimum Operating Reserve Fund” - The Target Minimum Operating Reserve Fund is equal to [3] months of the average recurring total operating costs of the Corporation, budgeted for any given fiscal year.

“Leasehold Improvements Reserve Fund” – The Leasehold Improvement Fund is a dedicated fund of the Corporation funded by the student center fee collected from Members in order to contribute to the leasehold improvement of the student center at the North Oshawa main campus.

2. THE OPERATIONS RESERVE FUND

- 2.1 Purpose. The Corporation may, from time to time, build and maintain an adequate level of unrestricted net assets in an Operating Reserve Fund to support the organization’s Members in the event of unforeseen shortfalls such as, academic supports to assist with college strikes, and/or student scholarships to assist with undue hardships that may result due to unexpected circumstances.
- 2.2 Usage. The Operating Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in infrastructure, or renovations to the Student Centre Building.
- 2.3 Funding the Operating Reserve Fund. The Corporation shall fund the Operating Reserve Fund to contribute a minimum amount of \$12,000.00 CAN each month to the Operating Reserve Fund. This monthly amount shall be reviewed in May of each year by the Board, under the guidance of the Financial Controller, to ensure that the Operating Reserve Fund is adequately funded.
- 2.4 Replenishing the Operating Reserve Fund. If the Operating Reserve Fund falls under the Target Minimum Operating Reserve Fund, the Corporation shall endeavor to replenish the Operating Reserve Fund to the Target Minimum Operating Reserve Fund.

- 2.5 Revisions to Accommodate Changes. The Operating Reserve Fund serves a dynamic role for the Corporation and may be reviewed and adjusted by the Board in response to internal and external changes affecting the Corporation or its membership.
- 2.6 Review of Target Minimum Operating Reserve Fund. In addition to calculating the actual Operating Reserve Fund at the fiscal year-end, its Target Minimum Operating Reserve Fund shall be reviewed each year after approval of the annual budget.
- 2.7 Reports. The Operating Reserve Fund will be reported to the Board at the first Board meeting in May of each year and included in the regular financial reports.
- 2.8 Target Minimum Operating Reserve Fund Shortfall. If the Target Minimum Operating Reserve Fund falls below the 3-month threshold for 3 months, either consecutively or cumulatively during the fiscal year, the Financial Controller shall propose revising the Target Minimum Operating Reserve Fund amount to the Board at the Board meeting following the discovery of such an issue.
- 2.9 Forbidden Usage. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

3. LEASEHOLD IMPROVEMENTS FUND

- 3.1 Student Center Fee. The Corporation is currently collecting a fee from its Members for to pay towards the student center at the North Oshawa campus.
- 3.2 Rent. The student center fee is used to pay the rent charged by the College for the Corporation's tenancy in the student center.
- 3.3 Expiration of Lease Payments. The student center fees collected from the Members shall be kept into the Leasehold Improvements Reserve Fund once the Corporation is no longer obligated to pay rent under the Lease Agreement with the College.
- 3.4 The Board may only use the Leasehold Improvements Reserve Fund to finance leasehold improvements.

4. ACCOUNTING FOR RESERVES

- 4.1 Record-Keeping. The Operating Reserve Fund and the Leasehold Improvements Reserve Fund shall be recorded in the Corporation's accounting system and financial statements in a manner determined by the Financial Controller.
- 4.2 Available Only in Cash. The Operating Reserve Fund and the Leasehold Improvements Reserve Fund will only be available in cash or cash equivalents.
- 4.3 Segregation of Funds. The Operating Reserve Fund and the Leasehold Improvements Reserve Fund shall be kept into a separate bank accounts, isolated from all other funds and separated from all other monies of the Corporation.
- 4.4 Investing. The Financial Controller may advise the Board and the Board may determine,

Reserve Fund in low-risk investment vehicles ((e.g. Guarantee Investment Certificate or Government Bonds).

5. AUTHORITY TO USE OPERATING RESERVES

- 5.1 No Funds from the Operating Reserve Fund and the Leasehold Improvements Reserve Fund may be used unless specifically authorized by the Board.

6. REPORTING AND MONITORING

- 6.1 The Financial Controller and the General Manager are responsible for ensuring that the Operating Reserve Fund and the Leasehold Improvements Reserve Fund is maintained and used only as described in this Schedule E.
- 6.2 Upon approval of the use of The Operating Reserve Fund and the Leasehold Improvements Reserve Fund, the Financial Controller will maintain the relevant records and plan for replenishment.
- 6.3 The Financial Controller shall provide quarterly reports to the Board regarding the progress to restore the Operating Reserve Fund and the Leasehold Improvements Reserve Fund.
- 6.4 The Financial Controller shall annually discuss the relevant risk factors associated with the Operating Reserve Fund and the Leasehold Improvements Reserve Fund.