



TITLE:	Society Financial Policy and Procedures
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SOCIETY FINANCIAL POLICY AND PROCEDURES

1. PURPOSE AND PREAMBLE

The purpose of this document is to establish policy and procedures regarding the financial operations of the Main Campus Residents' Council (MCRC). It is a result of the MCRC's continuing emphasis on fiscal responsibility and strong financial control. Overall, this policy was developed to support the mission of the MCRC by clearly articulating, in one location, all aspects of financial policy and procedure.

2. INTENDED AUDIENCE

The intended audience for this document is the officers and student staff of the MCRC, external agencies and departments to whom the MCRC is accountable, and independent auditors for use in testing the degree of compliance to standard operating procedures within the organization.

3. MISSION STATEMENT

From the MCRC Strategic Plan, the following component of the MCRC mission encompasses the financial role and responsibility of the Council:

We will ensure fiscal responsibility and strive to deliver value exceeding the sum of the fees we collect.

While this mission applies to all staff of the MCRC, it applies in particular to those staff members responsible for the handling and administration the Society's treasury.

4. FINANCIAL OVERVIEW

4.01 Background

The Main Campus Residents' Council is dedicated to fiscal responsibility and accountability. Being fiscally responsible means ensuring that the fees we collect from society members are used appropriately to further the Society's mission and objectives. Being accountable means ensuring that we are transparent in our administration of funds and are regularly reporting on our finances and operations.

In its handbook entitled Establishing Accountability for Performance, the Performance-Based Management Special Interest Group defines accountability:

Accountability refers to the obligation a person, group, or organization assumes for the execution of authority and/or the fulfillment of responsibility. This obligation includes:

- Answering—providing an explanation or justification—for the execution of that authority and/or fulfillment of that responsibility,
- Reporting on the results of that execution and/or fulfillment, and
- Assuming liability for those results.

As outlined in the Bylaws of the Society, accountability is owed to many stakeholders: the Ban Righ Board, the University Senate, the Alma Mater Society, and ultimately to Society members.

In addition, the MCRC is dedicated to strong financial control, including adherence to proper cash handling procedures and expenditure policies.

For these policies and procedures to be effective, they must be understood; therefore, training and support are critical to the success of this financial policy. Further, it is the obligation of each and every officer and staff member to be aware of these policies and endeavor to support each other in upholding them.

The policies and procedures outlined in this document are the building-blocks of a responsible and transparent system of management and administration of the funds in our custody. Together, they form the foundation of how we do business.

4.02 Fundamental Duties

The Society Financial Policies and Procedures are based on the following fundamental financial duties of the MCRC.

The Main Campus Residents' Council shall:

- i) Budget for expenditures through an open and transparent process.
- ii) Prepare in accordance with Canadian GAAP, verify by independent audit, and publish periodic financial statements that reflect the council's financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year.
- iii) Ensure that the audits required are properly performed and submitted in a timely manner.
- iv) Follow up and take corrective action on audit findings.
- v) Comply with all policies, regulations and procedures to which it is bound.
- vi) Maintain internal controls that provide reasonable assurance that the council is managing student funds in compliance with all policies, regulations and procedures to which it is bound.

4.03 Fiscal Year

The fiscal year of the society shall be from May 1st until April 30th.

5. FINANCE AND AUDIT COMMITTEE

5.01 Purpose

The Finance and Audit Committee is generally responsible for overseeing the financial operations of the Society on behalf of the General Council.

5.02 Policy Basis

The specific composition, responsibilities, powers, authorities and operational guidelines can be found the committee's charter.

6. TRAINING

6.01 Overview

An organization-wide understanding of financial policy is the cornerstone of an effective system of financial control. Prior to the start of the fiscal year, all financial officers will receive mandatory training on the Society Financial Policies and Procedures. The Vice President¹ is responsible for this training.

6.02 Sessions

Training will take the form of at least two sessions delivered during the August training period.

6.02.01 Management of Finances:

This session will be directed to the House Treasurers and House Presidents, and will cover the following key topics:

- i) General accounting practices and procedures;
- ii) Budgeting process;
- iii) Responsibilities as treasurers;
- iv) Accountability and its practical implications;
- v) Procedures involving the handling of monies and reimbursement.

6.02.02 Financial Control:

This session will be directed to the House Presidents and the Executive Board and will include the following key topics:

- i) Transparency of the financial system;
- ii) Comparison of budget to actual as a control mechanism;
- ii) Controls within the financial procedures.
- iv) Overview of the financial policies and procedures of the Society.
- v) Overview of the cash handling policies of the Society.

6.02.03 The Vice President is also responsible for delivering a training session for the Finance and Audit Committee prior to its second meeting of the year. This session should be designed to familiarize the

¹ NOTE: Throughout this Policy, "Vice President" will refer to the Vice President (Finance and Operations) unless otherwise noted

individuals in the group with their roles as members of an audit committee. External experts are highly recommended for this session.

6.02.04 The Vice President may choose to undertake additional training sessions throughout the year at his/her discretion. When requested, staff attendance at these sessions is mandatory.

7. BUDGETS AND THE ANNUAL BUDGET PROCESS

7.01 Society Budget

The society budget is the responsibility of the Vice President. The following outlines the open budgeting process used to create a budget which reflects the spending priorities of current Society members:

7.01.01 The Finance and Audit Committee will hold an open budget meeting by the second Monday in September of each year. The first part of this meeting will serve as an open hearing where the Vice President presents a budget outline and members of the Society have input on spending priorities.

7.01.02 The Vice President is responsible for advertising the budget hearing of the Finance and Audit Committee across the residences no less than one full week prior to the date of the hearing.

7.01.03 Immediately following the hearing, the Finance and Audit Committee will reconvene in private and, in conjunction with the Vice President, formulate a draft budget for presentation to the Executive Board.

7.01.04 The Vice President will present the draft budget to the Executive Board, along with a summary of the budget hearing of the Finance and Audit Committee, no later than the second Tuesday in September. If necessary, the Executive Board may send the budget back to the Finance and Audit Committee along with recommendations for changes.

7.01.05 The Vice President will present the final draft of the budget to the General Council for ratification no later than the second Wednesday of September.

7.01.06 Should the General Council have concern with a particular budget figure, it may change the figure prior to its ratification vote. Should the Vice President have a concern that the change would negatively impact the budget, he or she may veto the change and have the matter referred to the Finance and Audit Committee for discussion. Should this occur, the Finance and Audit Committee must meet as soon as possible to discuss the recommended change and report back to the General Council at the General Council's next meeting where a final vote will be taken.

7.01.06 The Vice President may alter the timeline from time to time due to special circumstances. Any such alterations must be reported to the Finance and Audit Committee as soon as possible.

7.02 House Budgets

The house budgets serve as operational guidelines which will be used as a key indicator of the effectiveness of the governance of each of the houses. As the Houses are empowered by the constitution to direct their own spending subject to provisions in the Bylaws and this Policy, their individual budgets should and will

reflect the spending priorities of each house. The following outlines the budgeting procedure for House Councils:

7.02.01 The House Treasurer(s), in cooperation with the House President, will submit a budget to the House Council no later than the end of the second week of September.

7.02.02 The House Council will consider the budget at an open meeting, suitably advertised for no less than one full week.

7.02.03 Once approved, the House Treasurer and House President will submit the House budget to the Vice President no later than the end of the second week of September.

7.02.04 The Vice President will review the budget to ensure it is consistent with MCRC policy and the overall objectives of the Society. Wherever possible, the Vice President will give most favorable consideration to all house budgets.

7.02.05 Once the Vice President has approved the House budget, half of the total house allocation will be made available for use immediately. The Vice President must approve all house budgets by the third Wednesday of September.

7.02.06 If the Vice President does not approve a House budget, the MCRC President will meet with the Vice President, the House President and the House Treasurer. The MCRC President will adjudicate and provide a decision and recommendations. Decisions of the MCRC President are final, but may be appealed to the Finance and Audit Committee.

7.03 Budget Changes

Once approved, the budgets shall not be changed except to reflect significant changes (those which are greater than twenty percent) in projected revenue as may arise. .

8. INCOME AND REVENUE

8.01 Definition of Cash

For the purposes of this policy, cash is defined as any negotiable instrument including, but not limited to, legal tender, cheques, and money orders.

8.02 Safe Cash Handling

8.02.01 All money collected on behalf of the MCRC (including cash, cheques, money orders etc) should be deposited with the Vice President as soon as possible after collection. Cash received as revenue may not be used for expenditures. Any staff member collecting funds may be in possession of those funds for no more than five (5) business days provided the total of the receipts does not exceed \$100. If, at any point the receipts total over \$100, the funds must be deposited with the Vice President within twenty-four (24) hours.

8.02.02 The drop-box in Victoria hall must have two separate combinations or locks. The Vice President has custody of one of the required combinations or keys, and the President and Vice President (Residence Affairs) both have custody of the second combination or keys to the second lock.

8.02.03 The Vice President (junior officer), together with either the Vice President (Residence Affairs) or the President (senior officers), opens the box on a weekly basis and collects the deposits under dual custody.

8.03 Revenue Collection

8.03.01 Numbered, two-part roll tickets may be used instead of receipts for events where issuance of individual receipts would be burdensome, or where a float is required. For these ticketed events, revenue receipts are not necessary. Tickets of different values must be different colours and be listed separately on the ETF.

- i) The staff member signs out a cash box containing an adequate supply of petty cash (with tickets) from the MCRC office.
- ii) The first and last ticket number, the price per ticket and the amount of the start up cash are recorded on the Events Transactions Form (ETF).
- iii) Each ticket will have two parts. The ticket half is given to the person paying. The coupon part shall be kept by the ticket seller.
- iv) The first and last coupon half of the first and last tickets sold are stapled to the ETF.
- v) After the sale is complete, the staff member completes a Deposit Transmission Form (DTF).
- vi) The staff member signs the DTF to verify that the amount noted is accurate
- vii) The top copy of the DTF, together with the cash and the ETF, is placed in the box and sealed.
- iv) The amount of cash deposited must equal the amount of startup cash received, plus all income. Income must equal the number of tickets sold times the selling price of the ticket. Tickets must be sequential and all tickets must be accounted for. Unused, non-sequential tickets must be voided and returned to the MCRC office. All unsold tickets must be returned to the MCRC office.
- iv) Ticket rolls must be returned to the cash box immediately at the end of the event and the cash box must be returned to the MCRC office within 48 hours, but no later than seven days after the box was signed out.
- v) When the cash box is returned, the staff member and the collecting officer count the contents together and sign the ETF to verify that the ending amount in the cash box is correct. To balance, the following equation must hold:

$$(\text{No. of tickets} \times \text{Price}) + \text{Box starting total} = \text{Box ending total}$$

- vi) Should any anomalies be found, the Vice President must complete a Financial Anomaly Form (FAF) and investigate as soon as possible.

8.03.01 Receipts must be issued for all sales of goods, regardless of amount.

- i) The staff member collects the money and completes the next Numbered Collection Point Receipt (NCPR) in the sequence. The staff member signs, and the bottom copy goes to the purchaser.
- ii) After the event or sale, the staff member may complete the next Deposit Transmission Form (DTF) in the numbered sequence or, if he or she has collected less than \$100 and has no other cash on hand older than five (5) business days and expects to collect more cash soon, he or she may store the cash in a secure location for a limited time (see section 8.02).

- iii) When ready to deposit, the staff member collects all numbered receipts and completes a Deposit Transmission Form (DTF).
- iv) The top copy of the DTF, together with the cash and all completed NCPRs, is placed in an envelope and sealed.
- v) The staff member signs the outside of the envelope over the seal and writes his or her name and the date on the front.
- vi) The staff member delivers the sealed envelope to the drop box in Victoria Hall.

8.03.02 Any voided NCPRs must be returned with deposits for reconciliation of continuity of numbered forms.

8.04 Deposit Handling

- i) Two officers (one senior, one junior) open the Safe Drop box under dual custody and remove the Safe Drop Entry Card (SDEC).
- ii) The officers complete the next line on the SDEC indicating the time and date the box was opened. Leave the "Total" and "Initials" columns blank until step eight.
- iii) The two officers immediately begin opening all deposits, checking for tampering, verifying the contents, and signing the DTF included in the deposits to verify them as correct.
- iv) Should any anomalies be found, the Vice President must complete a Financial Anomaly Form and investigate as soon as possible.
- v) Once all deposits are verified, the two officers complete and sign a Bank Deposit Form (BDF).
- vi) The DTFs are attached to the BDF and are kept on file for seven (7) years.
- vii) All monies are collected into one large envelope and sealed. Each officer signs the outside of the envelope over the seal and writes his or her name and the date on the front along with the total amount enclosed.
- viii) The officers complete the SDEC by writing in the total from the BDF and initialing the card.
- ix) The SDEC is placed back in the box and the box is locked.
- x) The money may now leave dual custody and its safekeeping becomes the sole responsibility of the Vice President.
- xi) The Vice President deposits the funds at the bank as soon as possible and has the teller stamp the BDF to verify that the total (as verified by the two officers) was actually deposited.

8.05 Reconciliation

8.05.01 The SDEC must be reconciled to the bank statement every two months by the President.

8.05.02 For each NCPR submitted, the Vice President must verify that it is sequential and update his or her running record of the last form number for each particular organizational unit.

8.05.03 Should any anomalies be found during any reconciliation, the President or Vice President must complete a Financial Anomaly Form and investigate as soon as possible.

8.06 Forms

All tickets and NCPRs are official documents and must be kept in safekeeping. Staff will be held responsible for lost or stolen tickets or NCPRs.

9. PURCHASES AND EXPENDITURES

9.01 Overview

9.01.01 The MCRC uses a central cheque-requisition system for all expenditures. The system is shared by all component Houses and by the Executive for all Society expenditures.

9.01.02 Prior to making expenditures which are over their authorization limit, all staff should have expenditure plans approved by a staff person with the appropriate authorization level. CRFs may be used as purchase orders or as reimbursement forms. In the first case, an invoice is attached, in the second, a receipt is attached.

9.01.03 Society-level expenditures follow a separate and distinct approval process from House Council expenditures. Authorized officers may only approve expenditures which fall under their budget jurisdiction.

9.01.04 Note that, for event expenditures or non-cancelable contracts, the appropriate approval limit is determined by the sum of the planned event expenditures or future cash outflows under the contract, not by the individual amounts.

9.01.05 All expenditures over an officer's authorization limit should be approved by an officer with a higher authorization limit prior to purchase to ensure proper reimbursement. The Vice President reserves the right to refuse reimbursement for unauthorized or improperly authorized expenditures.

9.01.06 An authorized officer shall make all efforts to avoid self-approving requisitions (i.e. where he or she is also the payee), and shall under no circumstances approve a requisition form where he or she is both requestor and payee.

9.02 General Expenditure Guidelines

9.02.01 Society funds must not be used to financially support a political party or candidate for public office or for direct donations to religious establishments.

9.02.02 All expenditures must comply with local, provincial, and federal laws.

9.02.03 Money cannot be spent in the purchase of alcohol, tobacco, or any similarly controlled substance.

9.02.04 All events where MCRS money is to be used must be open to the entire Society (or House) membership, and a good faith effort must be made to publicize each specific event.

9.03 Signing Officers of the Society

9.03.01 The following shall be bank authorized signing officers:

- i) President (MCRS)
- ii) Vice President (Finance and Operations)
- iii) Vice President (Residence Affairs)

9.03.02 For cheques under \$250, any two of the Vice President, the President (MCRS) or the Vice President (Residence Affairs) must sign.

9.03.03 For cheques over \$250 the Vice President and the President (MCRS) must sign.

9.03.04 Before signing a cheque, the signing officer is responsible for ensuring that the expenditure has been approved by an appropriate authorized officer. Further, he or she must ensure that the cheque payee and date, the requisition, and cheque stub have been completed fully and accurately. The amount on the cheque must match the amount on the requisition form and both must match the total on the receipt(s) or invoice(s).

9.04 Cash Advances

9.04.01 A cash advance is a request for a cheque made payable to a staff member prior to an actual expenditure being made.

- i) The requesting staff member completes a requisition form and indicates that the request is for a cash advance by checking the “Cash Advance” box.
- ii) The staff member has the requisition approved if the amount is over his or her limit.
- iii) Documentation pertaining to the planned expenditure is attached to the requisition.
- iv) The staff member will be issued a cheque and a Cash Advance Reconciliation Form (CARF).
- v) The staff member should deposit the cheque in his or her bank account and use a credit card, ATM card, or cheque to pay for the expenditure.
- vi) A cash advance must be used for the purpose for which it was intended.
- vii) If the purchase was for **more** than the advance amount:
 - a. A second requisition form must be submitted with all the appropriate signatures for the balance amount issued to the staff member.
 - b. The requisition, along with the completed CARF and all valid receipts and documentation are submitted to the Vice President.
 - c. A second cheque for the balance will be issued to the staff member.
 - d. The Vice President reconciles the cash advance.
- viii) If the purchase was for **less than or equal** to the advance amount:
 - a. The completed CARF, all valid receipts, and any unused funds and any other documentation are submitted to the Vice President.
 - b. The Vice President reconciles the cash advance.

9.04.02 Staff are responsible for repayment of any cash advances which were improperly spent.

9.05 Signing Limits (Society Officers)

9.05.01 Each officer within the MCRC (not including Houses) is assigned a predetermined expenditure approval authorization limit for expenditures falling within the budget purview of the General Council:

Level One: Maximum \$300

The following officers have level one authorization limits: the Vice President (Residence Affairs), the Vice President (Discipline), the Vice President (Finance and Operations) and the Vice President (Society)

Activities).

Level Two: Maximum \$2,000

The President (MCRS) has a level two authorization limit.

Level Three: Maximum \$5,000

The Finance and Audit Committee has a level three authorization limit (by formal resolution). The Chair of the Finance and Audit Committee signs the cheque requisition on behalf of the Committee.

Level Four: Unlimited

The General Council has a level four authorization limit (by formal resolution). The Speaker of the General Council signs the cheque requisition on behalf of the General Council.

9.06 Signing Limits (House Officers)

9.06.01 Each staff member within the House Council is assigned a predetermined expenditure approval authorization limit for expenditures falling within the budget purview of his or her own House Council.

Level One: Maximum \$25

The Floor Representatives have level one authorization limits.

Level Two: Maximum \$50

The Facilitators have level two authorization limits.

Level Three: Maximum \$200

The House President has a level three authorization limit.

Level Four: Unlimited

The House Council has a level four authorization limit (by formal resolution). The House President signs the cheque requisition on behalf of the House Council.

9.07 Responsibility of Authorized Officers

Before approving an expenditure, the signing officer is responsible for ensuring that the expenditure fits within appropriate budget parameters and that the funds are being requested for proper MCRC-related expenses. Further, he or she must ensure that cheque requisitions have been completed fully and accurately before signing.

9.08 Signature Cards

9.08.01 All authorized officers of the Society must have a completed Signature Card on file in the MCRC office prior to signing any financial forms.

9.09 Petty Cash

9.09.01 The use of Petty Cash funds to purchase goods and services and reimburse staff for expenses can represent a genuine saving given the cost of processing a transaction and issuing a cheque.

9.09.02 Petty cash must not be used for travel related expenses or for wages or salaries.

9.09.03 Petty cash funds may be used to fulfill requisitions which are \$10 or less in value.

9.09.04 To issue petty cash, a Cheque Requisition Form is completed as per usual with all necessary receipts and signatures. If the amount requested is \$10 or less, the Vice President writes "Cash" in the "Cheque No." section of the CRF and records the Petty Cash Voucher (PCV) number.

9.09.05 The Vice President is responsible for the petty cash, and is the only individual authorized to issue petty cash.

9.09.06 Every time petty cash is used, an entry on the PCV must be made and kept with the petty cash.

9.09.07 The President reconciles the petty cash on a monthly basis using the Petty Cash Reconciliation Form (PCRF).

9.09.08 A minimum of \$25 of petty cash should be kept on hand at all times. The target and maximum petty cash balance is \$100, and it should be replenished whenever the balance falls below \$50. When drawing bank funds for petty cash, the withdrawing officer must keep the transaction record and attach it to the PCV showing the amount added. These records will be used by the President to reconcile the cash. No withdrawals shall be made for the purpose of replenishing petty cash except by presenting to a bank teller a cheque made out to "cash".

9.10 Travel Expenses

9.10.01 The Main Campus Residents' Council has adopted the Queen's University Finance Group Policy on Travel & Subsistence. See http://www.queensu.ca/fins/policies/travel_sub.html for details.

9.10.02 Note that references to specific procedures within the Finance Group policy may not apply to the MCRC, and therefore the policy applies only insofar as it outlines allowable expenses.

9.11 Security of Documents

9.11.01 All non-negotiable financial documents must remain locked at all times under the custody of the Vice President and/or President, MCRS.

9.11.02 All negotiable instruments, including petty cash, must be kept in a fire-resistant combination safe which is certified to at least a 1-hour fire rating standard. Where possible, this should be a dual-combination safe with the Vice President and the President, MCRS each holding the corresponding combinations. For a single-combination safe, the combination must remain in the custody of the Vice President alone.

10. HOUSE FINANCIAL REVIEWS

10.01 Authority of the Executive Board

10.01.01 The Finance and Audit Committee has the same powers and authority as described in this section (10.01).

10.01.02 The members of the Executive Board have been given, through their election/appointment to office, the obligation and authority to ensure that any undertaking on the part of any House Council of the MCRC is conducted in a responsible manner.

10.01.03 In light of this authority, the Executive Board may take any reasonable action as necessary (including freezing the House budget and operations pending investigation) should it believe that any House Council or official is:

- i) not acting, or has not acted, in the best interests of the Society, or
- ii) not conducting the operation of the House in a fiscally prudent manner, or
- iii) placing the MCRC in jeopardy, or
- vii) not properly caring for equipment placed in safekeeping, or
- viii) conducting House business in any other improper manner.

10.01.04 If the Vice President finds substantial irregularities or discrepancies, he or she will notify the Chair of the Finance and Audit Committee who will schedule a hearing. The House President and house Treasurer will be called to testify before the Finance and Audit Committee to explain the irregularities or discrepancies. At the hearing, which will be open to the public, the Vice President will present his or her report, and the representatives from the House will be given an opportunity to respond.

10.01.05 The Finance and Audit Committee will adjourn to deliberate and decide what action is necessary to remedy the situation. Depending on the nature of the findings, the following options are available to the Committee:

- a) Order the Vice President to release house's allocation.
- b) Where a material irregularity or discrepancy is found, the Committee may freeze the house's budget, which involves the termination of all financial transactions (reimbursements, petty cash issuances, invoice payments) for that house. The freeze will be accompanied by an Official Memorandum which outlines specific requirements for the house officers to correct the irregularities or discrepancies and which includes conditions for releasing the freeze. The Vice President is responsible for monitoring the House's progress and, as soon as the conditions are met, making a recommendation to the Executive Board to release the freeze. On recommendation from the Vice President, the Executive Board will verify that conditions have been met, and release the freeze accordingly.
- c) In cases where the House President or staff member is found to be guilty of financial misconduct, the Committee may forward a recommendation to the General Council for impeachment (for House Presidents) or to the Executive Board for termination (for student staff.)

10.02 Duty of Regular Budget Analysis and House Review

10.02.01 The Vice President acts on behalf of the Executive Board to ensure fiscal responsibility throughout the Society.

10.02.02 Prior to the first Tuesday of the second term the Vice President will conduct an audit of all houses' finances and compare actual house spending to budgeted house spending in all of the houses.

10.02.03 Provided that the mid-year review does not reveal any irregularity, the complete second half of the house's budget allocation will be made available for use by the end of the first week of the second term.

10.02.04 Should any irregularity be discovered, the MCRS President will meet with the Vice President, the House President and the House Treasurer. The MCRS President will adjudicate and provide recommendations. Decisions of the MCRS President are final, but may be appealed to the Finance and Audit Committee

11. INTERNAL PROCEDURES AND CONTROLS

11.01 Weekly Operations

On a weekly basis, the Vice President (or designate) will complete the following activities:

- a) Issuance of cheques for invoices or reimbursement, providing that:
 - i) Cheque requisition forms have been completed fully and accurately, have been signed as appropriate and approved by an authorized officer.
 - ii) Original receipt(s) or invoice(s) for all goods/services purchased are attached and show date, item, description, amount, and payment method (if receipt).
- b) Issuance of petty cash and cash collection
 - i) See sections 9.08 and 8.04.

11.02 Monthly Operations

At month end, the Vice President will complete the following month-end activities:

- a) Bank reconciliation.
- b) Preparation of the Society Monthly Budget Report. As a guideline, this report will consist of the following:
 - i) A general overview of the Society's budget and a summary of total expenditures to date for each expense category.
 - ii) Commentary explaining any discrepancies (e.g. variances greater than 10%), or any other points needed to be highlighted.
- c) Preparation of year-to-date and monthly income statements.
- d) Preparation of a balance sheet.
- e) An anomaly summary report.

11.02.01 The Vice President will present these four (4) documents to the Finance and Audit Committee at its first meeting of each month.

11.02.02 The Vice President will circulate to the Society membership, no less frequently than once every two months, a budget report, which includes simple outlines of expenditures to date, as well as an outline

of what portion of student fees have gone to which expenditure, and an overview of what expenditures are to come. Society budget reports will be made available on the Internet and in the Society newsletter.

11.03 Semi Annual Operations

The Vice President will before the last day of January conduct a semi-annual review which will involves:

- a) Preparation of a Society Budget Analysis (similar to the monthly report, but on a semi-annual level).
- b) Generation of a year-to-date income statement.
- c) Preparation of a balance sheet.
- d) An audit of all Houses' finances and compare actual House spending to budgeted House spending in all of the Houses.
- e) Submission of a brief report to the Ban Righ Board outlining the Society's financial position.

11.04 Year End Operations

The Vice President will conduct a year end review which will involves:

- a) Preparation of a Year end Society Budget Report (similar to the monthly report)
- b) Generation of a year end income statement.
- c) Preparation of a year end balance sheet.
- d) Conduct an audit of all Houses' finances and compare actual House spending to budgeted House spending in all of the Houses.
- e) Closing the books in preparation for audit.
- f) Completion of the audit file, which must include:
 - i) A listing of accounts receivable as at April 30 of the fiscal year, noting on the listing those accounts for which the collectibility is doubtful.
 - ii) A listing of all accounts payable as at April 30 of the fiscal year.
 - iii) Bank statements and cancelled cheques for the year.
 - iv) Copies of minutes from meetings of the General Assembly held during the year.
 - v) Paid invoices during the year.
 - vi) A copy of that period's budget.
 - vii) Documentation to support the purchase of capital assets during the year.
 - viii) Documentation to support any grants/funding received during the year.
 - ix) Details of any new operating leases.
 - x) Documentation of all bank deposits, requisitions, financial anomalies, and cash advances.
 - xi) A copy of this policy and procedures manual.
- g) A year-end transition report which outlines, in operational detail, how to go about executing the procedures in the Society Financial Policy and Procedures.

12. REMUNERATION

12.01 Overview

The Society fee is collected in two components: activity and salary. The salary component is remitted directly to the MCRC's payroll provider for distribution directly to MCRC staff. This total salary amount, plus the sum of the year's contributions from Queen's University Residences, is initially recorded in the

ledger as a revenue and asset at the beginning of the year and expensed to salary expense evenly throughout the year as salaries are paid.

12.02 Administration of Remuneration

The administration of all remuneration will be outsourced to an external payroll provider, such as Queen's Financial Services. All remuneration will be paid out on a monthly basis in equal installments and is subject to government source deductions.

12.03 Salary Advances

Requests for salary advances are normally not granted except in cases of demonstrable financial hardship. All salary advance requests from non-Executive staff should be forwarded to the Vice President (Residence Affairs) for approval. Salary advances for Executive officers must be approved by the Executive Board.

13. AUDIT

13.01 Requirement for External Audit

13.01.01 The Society shall appoint an external auditor each year to audit the financial statements of the MCRC.

13.01.02 The auditors shall report directly to the Finance and Audit Committee and the appointment and remuneration of the auditors shall be determined by the Committee.

13.01.03 The individual at the audit firm responsible for the MCRC's audit must rotate at least once every five (5) years.

13.02 Duties of the External Auditor

13.02.01 Audits required by this policy shall be performed annually in May.

13.02.02 The auditor shall perform an audit of the financial statement(s) for the MCRC in accordance with GAAP, obtain an understanding of internal controls, perform tests of internal controls, and determine whether the MCRC has complied with any and all policies, regulations and procedures to which it is bound. The auditor's report shall state that the audit was conducted in accordance with this part and include the following:

- a) An opinion (or disclaimer of opinion) as to whether the financial statement(s) of the MCRC is presented fairly in all material respects in conformity with GAAP and all other stated accounting policies;
- b) A report on internal financial controls, which shall describe the scope of testing of internal control and the results of the tests;
- c) A report on compliance which includes an opinion (or disclaimer of opinion) as to whether the MCRC complied with all policies, regulations and procedures to which it is bound; and
- d) A schedule of findings and questioned costs for the MCRC.

13.03 Duties of the MCRC

13.03.01 The MCRC is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the MCRC shall prepare a corrective action plan for current year audit findings which assigns responsibility to specific individuals or positions for the corrective actions and provide expected dates of completion. The corrective action plan shall include any reference numbers the auditor assigns to audit findings and shall be presented to the Finance and Audit Committee no later than one month after the audit findings are released.

13.04 Scope of Audit

13.04.01 The audit shall be conducted in accordance with GAAS.

13.04.02 The audit shall cover the financial operations of the council.

13.04.03 The auditor shall determine whether the financial statements of the council are presented fairly in all material respects in conformity with generally accepted accounting principles.

13.04.04 The auditor shall also determine whether the schedule of expenditures is presented fairly in all material respects in relation to the council's financial statements taken as a whole.

13.04.05 In addition to the requirements of GAAS, the auditor shall determine whether the council has complied in all material respects with all policies, regulations and procedures to which it is bound with respect to finances. This compliance testing shall include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient evidence to support an opinion on compliance.

13.04.06 The auditor shall also follow-up on prior audit findings and assess the reasonableness of corrective action taken by the council since the last audit. Each audit finding in the schedule of findings and questioned costs shall include a reference number to allow for easy referencing of the audit findings during follow-up.

14 SUMMER OPERATIONS

14.04 Overview

14.04.01 The Bylaws of the Society outline operational procedures for the summer months (those months falling outside of the academic calendar.) In particular, allowances are made for one officer to remain behind and coordinate all summer activities and be the representative of the MCRC during this time.

14.04.02 It is recognized that modifications to the usual financial procedures are required to accommodate a reduced staff during the summer.

14.05 Expenditure Approvals

14.05.01 Prior to departing at the end of the school year, the incoming Executive will meet with the designated summer coordinator and establish a working summer budget. This budget typically comprises expenditures for office supplies, office equipment, printing, copying, and postage.

14.05.02 The designated summer coordinator is empowered to approve and execute any expenditure which falls within the working budget without consultation with the Executive Board.

14.05.03 Any expenditures which fall outside the working budget must be approved by the Executive Board.

14.05.04 Such approvals as described in 14.05.03 may be made by teleconference as described in the Bylaws of the Society (MCRC Policy No. 2003-01).

14.05.05 In urgent cases, or where a teleconference meeting is not practical, the designated summer coordinator may obtain the approval of the Executive by email. Affirmative emails from a minimum of three Executive officers are required for email approval to be valid.

14.06 Internal Summer Audit

14.06.01 The Vice President will conduct a review of summer expenditures within three weeks of the first day of training week each year.

14.06.02 During the review, the Vice President will review all summer expenditures to ensure that they were in compliance with this policy and within budget.

14.06.03 Budget variances greater than 30% must be brought to the attention of the Finance and Audit Committee at its first non-budget meeting of the year.

15 AMENDMENTS

15.01 General

Amendments to this Policy must be approved by the Finance and Audit Committee and ratified by a two-thirds majority of the General Council.

16 COMMENCEMENT OF POLICY

16.01 This Policy comes into force on the effective date noted on Page One.