



KANESATAKE HEALTH CENTER INC.

POLICY AND PROCEDURES MANUAL	SECTION: Administration	Effective date: June 21, 2016
Policy: Financial Management	Approved by: Board of Directors Resolution #	Review dates: August 10, 2017 Sept 25, 2019

FINANCIAL MANAGEMENT

1. FINANCIAL YEAR

The financial year for the Kanesatake Health Center Incorporated is from April 1st until March 31st. The financial year can only be modified by a resolution of the Board of Directors of the corporation, and is included in the corporation's general by-laws.

2. BUDGET

2.1 Process

The budget proposal will be presented to the Board of Directors at a meeting in February of each year.

2.2 Approvals

The Board of Directors must approve the final budget before the end of February of each year.

2.3 Modifications

The Executive Director must present any changes to the budget to the Board of Directors for approval. At the same time, if the Executive Director wishes to direct funds to new projects for which no provisions were made under the budget, the Executive Director will be required to present to the Board possible alternatives. Such alternatives will respect the commitments so far under the budget.

3. SIGNING AUTHORITY

Signing authority for purchases and disbursements is determined by the Board of Directors, and is based on a requirement for two signatures at all times.

Spending Authority and Payment Authority shall not be exercised by the same administrator in respect of a particular payment.

4. SPENDING AUTHORITY

Spending authority deals with all types of expenditures, for example, the acquisition of goods or services, salaries, grants, or any activity whereby a financial liability is incurred.



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4.1 Authorizations

Those authorized to incur expenditures must ensure that:

- They do not exceed the specified delegated spending authority granted to them;
- The proposed expenditure is a legitimate charge against program funds;
- Provision was made in the current year's approved budget for the program or activity involved;
- The purchase order form would have a check box to indicate the method of payment to be used: cheque, credit card or cash;
- Finance is notified before any commitment of funds is given so that funds may be reserved and available when payment becomes due;
- If a credit card is required for the purchase of any goods or services, a Purchase Order is still required to document the purchase, and to request authorization.

5. PAYMENT AUTHORITY

Payment Authority is the authority to requisition payments after reviewing their legality and exercising all appropriate financial controls. Those with payment authority must ensure that goods or services have been received, funds have been reserved and the invoice is attached.

6. FINANCIAL CONTROL

The Executive Director receives his/her financial delegation from the Board of Directors as reflected in the board's Procedural Manual. The Executive Director in turn may delegate spending authority to other administrators provided that appropriate financial controls are in place.

Managers will present to the Executive Director their estimated expenditures for their programs during the course of the fiscal year. They will be required to provide all accompanying documentation. Managers will make copies so they can keep a record of their program spending.

6.1 Accounting and Financial Control

The Executive Director shall establish and maintain adequate controls and a system of recording expenditures to ensure they are for authorized purposes and processed in a timely and accurate fashion:

- All money disbursed by cheque is charged to a central bank account(s) as authorized.
- All cheques issued by the KHC Inc. must be signed by two authorized signing Officers, one of two board members, and one of two administrative officers.
- All cheques issued must be supported with appropriate and approved documentation.



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- Adequate controls must be in place to ensure complete and accurate reporting of all disbursements made.
- All cheque disbursements are to be made on serially numbered cheques.
- All cheque disbursements must bear evidence of “Certification” by an appropriate officer.
- Each authorized cheque signing officer shall verify that “Certification” has been performed and is satisfied that the supporting documentation has been correctly prepared and approved at the time of affixing his signature.
- Original invoices and other supporting documentation must be attached to the copy of the cheque, retained and filed by finance personnel.
- Care is taken that no support documents previously approved for payment will be presented again at a later date.
- Cheques should not be returned to the individual who requested or requisitioned the payment.
- Petty cash funds may be established for office disbursements where it is impractical to issue corporate cheques. A Petty Cash Report should be issued quarterly to the Executive Director.
- Financial control requires an appropriate division of responsibilities so that the work of one employee independently checks the work of another.

6.2 Advance Procedure

- Managers will submit a detailed request for an amount of cash and the reasons for it. They will also include from which program and account it is to be expensed to;
- Once approved by the executive Director, Finance department will then expense it to account #1153 (Advances AR) and disburse the advance via cheque or direct deposit;
- The advance and details are added to a spreadsheet which tracks outstanding amounts;
- Managers will submit receipts and any cash back to finance and it is matched to the amounts in the spreadsheet. Any cash is deposited back into the bank account and then recorded in the ledger. The program accounts are then expensed in the amount of the receipts (actual cost);
- If any amounts are outstanding and receipts cannot be provided, the employee who was assigned the funds is invoiced for the missing amount.

6.3 Verification of Payments

Adequate procedures shall be established and maintained for the verification of accounts before payment is made. As a minimum these shall include:



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- That the work has been performed, the goods supplied or the service rendered, as the case may be, and that the price charged is according to contract, or if not specified by contract, is reasonable;
- That supplies and services are in accordance with contract specifications and that all the terms and conditions of the contract have been met;
- That, where a payment is to be made before the completion of the work, delivery of the goods or rendering of the service, as the case may be, such payment is specifically provided for in the contract;
- That applicable discounts have been deducted, that charges not payable have been eliminated and that the computation of the amount payable is correct;
- That the account has not previously been paid in whole or in part;
- That the proper expenditure coding is identified on the invoice;
- That any other procedures necessary in relation to the payment are carried out.

7. CHART OF ACCOUNTS

The Chart of Accounts is the coding elements used to classify, record, budget and report financial transactions. Every transaction must be properly coded to be a valid posting to the ledger.

7.1 Design

The Charts of Accounts must be designed to capture the financial information needed to keep track of finances and to make good financial decisions. Only information recorded with an account code from the chart of accounts will be recorded into the financial records, and from there into financial reports.

The chart of accounts should correlate to the categories in the KHC budget so the Executive Director can receive reports comparing budgeted with actual income and expenses.

7.2 Categories

The chart will be divided into five categories: assets, liabilities, net assets or fund balances, revenues, and expenses. Each account is assigned an identifying number for use within the accounting system.

8. LIMITATIONS

There is a limitation of twenty-five thousand dollars (\$50,000) for the Executive Director to approve expenditures for items that were not included in the approved budget. The Executive



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Committee of the Board can approve expenditures up to fifty thousand dollars (\$100,000) on request from the Executive Director for an item not included in the budget. Any expenditure above fifty thousand dollars (\$100,000) not included in the approved budget must be approved in a meeting of the Board of Directors.

9. AUDITORS

9.1 Appointment

The auditors are appointed annually through a resolution at a general meeting of the membership.

9.2 Procedures

The Executive Director and the Board of Directors will meet with the auditors shortly after their appointment to determine how the financial statements will be presented, number of visits and what will be the requirements.

The Executive Director will then establish a contract with the auditing firm based on the time requirements for the audit, type of reporting and the level of remuneration.

9.3 Audited Financial Statements

The Board of Directors will sign the annual audited financial statements and ensure copies are forwarded to the Mohawk Council and to Health Canada, and that a summary is provided annually to the members of the corporation. The summary should be provided as part of an Annual Activity Report advertised on the KHC Inc. website, and may also be given as a handout at the annual general membership meeting.

10. BANKING

The corporation's banking establishment is selected by the Board of Directors, and recorded through a resolution of the Board. Any changes to the banking establishment used by the corporation can only be done through a resolution of the Board of Directors.