



GLOBAL ORGANIZATION OF PARLIAMENTARIANS AGAINST CORRUPTION
ORGANISATION MONDIALE DES PARLEMENTAIRES CONTRE LA CORRUPTION
ORGANIZACIÓN MUNDIAL DE PARLAMENTARIOS CONTRA LA CORRUPCIÓN
المنظمة العالمية للبرلمانيين ضد الفساد

Financial Policies and Procedures Manual

Last modified November 24, 2013

Table of Contents

Record of Modifications.....	3
Introduction	4
Definitions.....	5
General Policies.....	6
Organizational Chart	6
Accounting Overview	7
Business Conduct	9
Anti-Corruption Policy.....	11
Conflict of Interest	12
Policy on Suspected Misconduct	14
Security	18
General Ledger and Charts of Accounts	19
Policies Associated with Revenues and Cash Receipts	23
Revenue	23
Administration of Awards	24
Cost Sharing and Matching (In-Kind Contributions)	26
Contributions Received.....	30
Billing / Invoicing Policies.....	31
Cash Receipts	33
Awards Receivable Management	34
Accounts Receivable Management.....	35
Gift Policy	36
Policies Associated with Expenditures and Disbursements.....	38
Delegation of Authority	38
Purchasing Policies and Procedures	39
Political Intervention.....	44
Lobbying.....	44
Charging of Costs to Awards	45

Accounts Payable Management	51
Travel Policy	54
Hospitality Policy.....	58
Cash Disbursements (Cheque-Writing Policy)	60
Credit Card	64
Payroll and Related Policies	66
Policies Pertaining to Specific Asset Accounts.....	70
Cash and Cash Management	70
Petty Cash Fund	73
Prepaid Expenses	75
Investment Policy.....	76
Property and Equipment.....	80
Leases.....	83
Software Acquisition and Development Costs.....	84
Website Costs	85
Policies Pertaining to Liability and Net Asset Accounts.....	87
Accrued Liabilities	87
Net Assets	88
Policies Associated with Financial and Tax Reporting	89
Financial Statements.....	89
Government Returns	91
Financial Management Policies	92
Budgeting.....	92
Annual Audit	94
Insurance.....	97
Record Retention	99
Board Governance	101
Board of Directors Structure.....	101
Audit Committee.....	101

Record of Modifications

All modifications to this manual must be recorded in the table below and approved by the Management Committee. The date on the title page of the manual must reflect the most recent modification.

Date Modified	Title of Modified Policy	Description of Modification
24 November 2013	Delegation of Authority, Travel, Purchasing, Contributions Received	Modified delegation of authority structure. Modified approval process for all travel. Added a requirement for periodic tenders. Modified policy for receipt of contributions.
22 May 2013	Entire document	Removal of mission and transfer of primary staff & COO responsibilities to the Executive Director
30 January 2013	Entire document	Approved by GOPAC Executive Committee.

Introduction

The following accounting manual is intended to provide an overview of the accounting and financial policies and procedures for the Global Organization of Parliamentarians Against Corruption, which shall be referred to as “GOPAC” throughout this manual.

GOPAC is federally incorporated as a non-profit organization. GOPAC is exempt from federal and provincial income taxes under Section 149(1) (I) of the Canadian Income Tax Act as a non-profit corporation.

This manual will document the financial operations of GOPAC. Its primary purposes are to formalize accounting policies and selected procedures for the accounting staff, and to document internal controls.

The contents of this manual were approved as official policy of GOPAC by the Board. All GOPAC staff, volunteers and Board members are bound by the policies herein, and any deviation from established policy must be approved by the Board.

Definitions

Board: Board of Directors

Chair: Chairperson of GOPAC elected by the Board of Directors

Executive Committee: Executive Committee of the Board of Directors

Audit Committee: Audit Committee of the Board of Directors

Management Committee: Committee composed of the Chair of the Management Committee, Executive Director, and any Member at Large of the Management Committee

General Policies

Organizational Chart



Accounting Overview

GOPAC

The accounting function consists of staff that manage and process financial information for GOPAC. The following positions comprise the accounting department.

- Executive Director
- Financial Officer
- Office Manager
- Program Assistant

Other officers and employees of GOPAC who have financial responsibilities are as follows:

- Global Task Force Advisors
- Communications Officer
- Executive Committee members

Responsibilities

The primary responsibilities of the accounting department are for:

- General ledger
- Budgeting
- Cash and investment management
- Asset management
- Retaining custody of original grants and contracts, including monitoring reports
- Purchasing
- Accounts receivable and billing
- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll and benefits
- Financial statement processing
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government reporting requirements
- Annual audit
- Leases
- Insurance

Standards for Financial Management Systems

GOPAC maintains a financial management system that meets the following standards. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Accurate, current, and complete disclosure of the financial results of each funded project or program, as well as operational funding, in accordance with the reporting requirements of the funding body.
2. Records that identify adequately the source and application of funds for Government/Private Sector funded activities. These records shall contain information pertaining to the awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.
3. Effective control over and accountability for all funds, property, and other assets. GOPAC will adequately safeguard all such assets and ensure they are used solely for authorized purposes tied to GOPAC's mission.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information will be related to performance and unit cost data.
5. Written procedures for determining the reasonableness, whether or not costs are allowable and how they will be allocated, in accordance with the provisions of the applicable award cost principles and the terms and conditions of the award.
6. Accounting records including cost accounting records that are supported by source documentation.

Business Conduct

Practice of Ethical Behavior

GOPAC will always conduct itself with due regard for the highest ethical standards. Unethical actions, or the appearance of unethical actions, are unacceptable. The policies and reputation of GOPAC depend to a very large extent on the following considerations.

Each GOPAC representative (employee, volunteer, Board member) must apply his/her own sense of personal ethics, which should extend beyond mere compliance with applicable laws and regulations in business situations, to govern behavior where no explicit regulation provides a guideline. Each employee is responsible for applying common sense in business decisions where specific rules do not provide all the answers. GOPAC's ethical standards and financial policies apply to all contractors engaged by GOPAC.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with GOPAC policy?
4. Am I sure my action does not appear inappropriate (i.e. perception of unethical)?
5. Am I sure that I would not be embarrassed or compromised if my action became known within GOPAC or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each GOPAC representative should be able to answer "yes" to all of these questions before taking any action. Companies who enter into contracts and therefore become sub-contractors of GOPAC will be considered GOPAC representatives.

Each manager and supervisor is accountable for the ethical business behavior of his/her subordinates. Managers and supervisors must carefully weigh all courses of action suggested in ethical, as well as in economic terms, and base their final decisions on the guidelines provided by this policy, as well as their own sense of right and wrong.

Compliance with Laws, Regulations, and Agency Policies

GOPAC has a zero-tolerance policy for:

- The willful violation or circumvention of any federal, provincial, local, or foreign law by an employee during the course of that person's employment; and,
- The disregard or circumvention of GOPAC policy or engagement in unethical dealings.

GOPAC representatives should not attempt to accomplish by indirect means, through agents or intermediaries, that which would contravene GOPAC’s ethical standards or its financial policies. The performance of all levels of GOPAC representatives will be measured against these standards.

Anti-Corruption Policy

The policy's goal is to prevent fraud and corruption in GOPAC programmes and projects, and in contracts at the local, national, regional and international levels. The policy affirms that:

For programme activities:

Where it has determined, through an investigation performed by the Executive Committee, or another competent entity, that fraudulent, corrupt, collusive or coercive actions have occurred in projects financed through its global program and it shall enforce a range of sanctions in accordance with the provisions of applicable regulations and legal instruments. 'Zero tolerance' means that GOPAC will pursue all allegations falling under the scope of this policy and that appropriate sanctions will be applied where the allegations are substantiated. This policy applies to GOPAC-funded activities whether supervised directly by GOPAC or by a partner institution or organization. GOPAC will continue to improve its internal controls, including controls inherent in or pertaining to its project activities, to ensure that it is effective in preventing, detecting, investigating, and remedying fraudulent, corrupt, collusive and coercive practices. GOPAC shall take all possible actions to protect from reprisals individuals (whistle blowers) who help reveal corrupt practices in its project or grant activities.

Fraud and corruption include, but are not limited to:

- corrupt practice - offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
- fraudulent practice - any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- collusive practice - an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party; and,
- coercive practice - impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party.

Conflict of Interest

Introduction

In the course of business, situations may arise in which a GOPAC decision-maker has a conflict of interest, or in which the process of making a decision may create the appearance of a conflict of interest.

All GOPAC representatives have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of GOPAC in dealing with outside entities or individuals.
2. Disclose real or apparent conflicts of interest to the Executive Director or Executive Committee.
3. Recuse themselves in writing from participation in any decisions on matters that involve a real or perceived conflict of interest.

What Constitutes a Conflict of Interest?

A conflict of interest arises when an employee involved in making a decision is in a position to benefit, directly or indirectly, from his/her dealings with GOPAC or a person conducting business with GOPAC.

Examples of conflicts of interest include, but are not limited to, situations in which a manager or employee:

1. Negotiates or approves a contract, purchase, lease or sale on behalf of GOPAC and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing or receiving the goods or services;
2. Employs or approves the employment of, or supervises a person who is an immediate family member of the manager or employee;
3. Uses GOPAC's facilities, other assets, employees, or other resources for personal gain;
4. Receives a substantial gift from a vendor, if a manager or employee is responsible for initiating or approving purchases from that vendor.
5. A potential conflict of interest exists when the employee, or his/her immediate family or household member owns/receives more than 1% of the benefiting business/profit.

Disclosure Requirements

A GOPAC representative who believes that she/he may be perceived as having a conflict of interest in discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure. If a conflict arises during the year, the employee or Board member will immediately notify the Executive Director or Executive Committee who will decide on an appropriate resolution.

Resolution of Conflicts of Interest

All real or apparent conflicts of interest will be disclosed to the Executive Director. Members of the Management Committee, the Board and the Chair, will disclose real or apparent conflicts of interests to the Executive Committee. Conflicts will be resolved as follows:

- The Executive Committee will be responsible for making all decisions regarding resolutions of conflicts which involve members of the Management Committee.
- The unaffected members of the Executive Committee will be responsible for making all decisions concerning resolutions of conflicts involving other Executive Committee members.
- The Management Committee will be responsible for making all decisions concerning resolutions of conflicts related to employees below the senior management level.

A GOPAC representative may appeal the decision that a conflict or the appearance of conflict exists as follows:

- An appeal must be made to the Chair. If the Chair is accused, he must appeal to the Executive Committee.
- Appeals must be made in writing within 30 days of the initial determination.
- Resolution of the appeal will be made by vote of the Executive Committee.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the Board.

Disciplinary Action for Violations of this Policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to GOPAC for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee determined to have violated this policy will be afforded an opportunity to explain his/her actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.
4. Against a Board member who violates this policy by removal from the Board.

Policy on Suspected Misconduct

Introduction

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organizations, GOPAC faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but is not limited to:

- Financial losses and liabilities;
- Loss of current and future funding;
- Negative publicity and damage to GOPAC’s public image;
- Negative comments to members that inflict harm on GOPAC’s public reputation;
- Loss of employees and difficulty in attracting new personnel;
- Deterioration of employee morale;
- Harm to relationships with clients, vendors, bankers, and subcontractors; and,
- Litigation and related costs of investigations, etc.

GOPAC is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation of the Executive Director and assistance of every employee and volunteer at all levels of GOPAC.

Definition

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate GOPAC’s Business Conduct Policy (see above) (and any underlying policies) or any of the accounting and financial policies included in this manual
2. Fraud (see below);
3. Forgery or alteration of cheques, bank drafts, documents or other records, including electronic records;
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the Canadian federal government or by GOPAC in connection with any policy;
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to GOPAC;
6. Unauthorized personal or other inappropriate non-business use of equipment, assets, services, personnel or other GOPAC resources;
7. Acts that violate federal, provincial, or municipal laws or regulations;

8. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to GOPAC (for minor exception: see Gift Policy);
9. Impropriety in the handling or reporting of money in financial transactions; and,
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein, including tolerance by supervisory employees of misconduct of subordinates.

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets, including assets of or intended for GOPAC, as well as those of our members, subcontractors, vendors, contractors, suppliers, and others with which GOPAC has a formal or business relationship;
- Intentional misstatements in GOPAC's records, including intentional misstatements of accounting records or financial statements or information;
- Authorizing or receiving payment for goods not received or services not performed;
- Authorizing or receiving payments for hours not worked; and,
- Forgery or alteration of documents, including but not limited to cheques, timesheets, contracts, purchase orders, and receiving reports.

GOPAC prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out GOPAC's activities.

Reporting Responsibilities

Every employee, officer, and volunteer is responsible for immediately reporting suspected misconduct to their supervisor, the Executive Director, or the Chair and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, the Executive Director or the Chair.

Whistleblower Protection

GOPAC will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a statutory or civil offense.

Investigative Responsibilities

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

The Executive Director has the primary responsibility for investigating suspected misconduct involving employees below the Management Committee level.

The Executive Committee has the primary responsibility for investigating suspected misconduct involving members of the Management Committee, as well as Board members.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with GOPAC.

In fulfilling its investigative responsibilities, the Executive Committee and the Executive Director will have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, Chartered Accountants, forensic accountants and investigators, etc.

Members of the investigative team, as authorized by the Executive Committee or the Executive Director, will have free and unrestricted access to all GOPAC records and premises, at all times. They will also have the authority to examine, copy and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures. The investigative team will be responsible for protecting, preserving and returning all removed content.

The existence, the status or results of investigations into suspected misconduct will not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

Protection of Records

GOPAC prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation. Violations of this policy will be considered violations of GOPAC's Business Conduct Policy and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Suspension
- Demotion
- Termination

- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for illustrative purposes only and does not bind GOPAC to follow any particular policy or procedure.

Confidentiality

The Executive Committee and the Executive Director treat all information relative to any allegation of misconduct received confidentially.

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect GOPAC from potential civil liability.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Executive Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is “I am not at liberty to discuss this matter.” Under no circumstances should any reference be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misappropriation,” or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by GOPAC legal counsel or the Executive Committee.

Disclosure to Outside Parties

Allegations and information related to allegations of suspected misconduct will not be disclosed to third parties except under the provisions described in this policy, such as disclosure to outside investigators hired by GOPAC to aid in an investigation.

However, all known frauds involving members of the Management Committee, or members of the Board, as well as all material frauds involving employees below the senior management level, will be disclosed to GOPAC’s external auditors.

Security

Accounting Department

A lock will be maintained on the door leading into the Financial Officer's Office. This door shall be closed and locked whenever the Financial Officer is not present in his/her office. The key to this lock will be provided to the Financial Officer, and other personnel as approved by the Executive Director.

GOPAC's corporate seals and blank cheque stock shall be stored in a fireproof file cabinet in the Financial Officer's Office. This cabinet will be locked with a key that is kept by the Financial Officer and the Executive Director.

Access to Electronically Stored Accounting Data

GOPAC utilizes passwords to restrict access to accounting software and data. Only the Financial Officer and Executive Director will have access to the system.

Storage of Back-Up Files

GOPAC maintains back-up copies of electronic data files off-site in a secure, fire-protected environment. On-site email backups are done daily, going back two weeks and 1 monthly copy is kept for 4 month. On-site full data backups are done incrementally, daily and stored for 3 weeks. Off-site full data backups are done incrementally, once per week. Off-site email backups are done manually, approximately once per month. The copies are done using an encrypted channel so that the data cannot be intercepted during the transfer.

Access to back-up files shall be limited to individuals authorized by the Executive Director.

Storage of Sensitive Data

All sensitive data, in addition to accounting and financial data, such as personnel files, shall be stored in the Financial Officer's Office. Further, GOPAC restricts access to sensitive data to GOPAC employees with a legitimate need for such access.

General Office Security

During normal business hours, visitors can only enter the office by ringing the doorbell outside the reception area. Keys or passcodes are issued only to employees of GOPAC, or individuals authorized by the Executive Director. Doors to the GOPAC suite will be locked at all times requiring the use of a key or passcode for employees to enter. Passcodes will be modified every time a GOPAC staff member's employment is terminated.

General Ledger and Charts of Accounts

The general ledger is the collection of all asset, liability, net assets, revenue and expense accounts. It is used to record all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, equity, revenue, operating expense, project expense and in-kind time and expenses.

GOPAC accounts are in seven types:

1. Assets
2. Liabilities
3. Equity
4. Revenues
5. Operating Expenses
6. Project Expenses
7. In-Kind Time and Expenses

Each entry into GOPAC’s accounting system will consist of the following segment structure:

All project and in-kind related entries into the accounting system will consist of the following segment structure:

Funder’s number	3 numbers
Project number	3 numbers
Phase/Activity number	2 numbers
Line Object	2 numbers

All asset, liability, equity and operating related entries into the accounting system will consist of three numbers (3).

Distribution of Chart of Accounts

All GOPAC employees involved with account coding or budgetary responsibilities will have access to a current chart of accounts.

Control of Chart of Accounts

The Financial Officer monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Executive Director, who ensures that the chart of accounts is consistent with GOPAC’s structure and meets the needs of each department.

Account Definitions

<u>Account Range</u>	<u>Category</u>	<u>Definition</u>
100-199	Assets	<p><u>Assets</u> are resources obtained or controlled by GOPAC as a result of past transactions or events that will bring future economic benefits. Assets are classified as current assets, fixed assets, contra-assets, and other assets.</p> <p><u>Current assets</u> are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.</p> <p><u>Fixed assets</u> (furniture and equipment) are tangible assets with a useful life of more than one year that are acquired for use in the operation of GOPAC and are not held for resale.</p> <p><u>Other assets</u> include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits and long-term investments.</p> <p><u>Contra-assets</u> are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable</p>
200-299	Liabilities	<p><u>Liabilities</u> are probable future sacrifices of economic benefits arising from present obligations of GOPAC to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities are classified as current or long-term.</p> <p><u>Current liabilities</u> are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.</p>

		<u>Long-Term Liabilities</u> are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mortgage loan.
300-399	Net Assets	<u>Equity</u> is the difference between total assets and total liabilities.
400-599	Revenues	<u>Revenues</u> are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute GOPAC’s ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.
600-799	Operating Expenses	<u>Operating Expenses</u> are outflows or other activities using assets, or incurrence of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute GOPAC’s ongoing major or central operations.
870-100-01-10 to 870-999-99-99	Project Expenses and In-Kind Contributions	<u>Project Expenses and In-Kind Contribution</u> that relate to a particular project.

Changes to the Chart of Accounts

The Executive Director will approve additions to, deletions from, or any other changes to the standard chart of accounts.

Fiscal Year

GOPAC will operate on a fiscal year that begins on October 1st and ends on September 30th. Any changes to the fiscal year of GOPAC must be ratified by majority vote of GOPAC’s Board.

Accounting Estimates

GOPAC uses numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Useful lives of property and equipment
2. Fair market values of investments
3. Fair market values of donated assets
4. Values of contributed services
5. Joint cost allocations

6. Allocations of certain indirect costs
7. Allocations of time/salaries

The Financial Officer will prepare and review all estimates and the Executive Director will approve all estimates. All key conclusions, bases, and other elements associated with each accounting estimate will be documented in writing. All material estimates, and changes in estimates from one year to the next, will be available to the Executive Committee, and the external audit firm.

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger will be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:

1. Recording of non-cash transactions
2. Corrections of posting errors
3. Nonrecurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

Recurring journal entries will be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal voucher.

All journal entries not originating from subsidiary ledgers will be authorized in writing by the Executive Director by initialling or signing the entries.

Policies Associated with Revenues and Cash Receipts

Revenue

Revenue Recognition Policies

GOPAC receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. Award Income - Monthly accrual based on incurrence of allowable costs for cost-reimbursement awards or based on other terms of the award for fixed price, unit-of-service, and other types of awards.
2. In-Kind Contributions - Recognized as income when received (see below the section titled “Cost Sharing and Matching”).
3. Program Income - May include refunds and other applicable credits, and is recognized as a reduction in income in the period in which it is received.
4. Cash Contributions - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income).
5. Fees - Membership Fees.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Financial Officer.

Definitions

The following definitions will apply with respect to the policies described in this section:

Grant - An unconditional transfer of cash or other assets to GOPAC, or a settlement or cancellation of GOPAC’s liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

Contribution - A Transfer of cash or other assets to GOPAC with performance conditions attached.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promiser a right of return of the assets it has transferred to GOPAC or releases the promiser from its obligation to transfer its assets.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of GOPAC, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to GOPAC without directly receiving value in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets.

Administration of Awards

Definitions

GOPAC may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to GOPAC to carry out its programmatic purposes.

Contract: A mutually binding legal agreement wherein GOPAC agrees to provide supplies or services and the funder agrees to pay for them.

Contribution Agreement: A legal agreement where GOPAC implements a program with the direct involvement of the funder.

Throughout this manual, assistance received in any of these forms will be referred to as an “award.”

Preparation and Review of Proposals

The Executive Director and Program Managers are responsible for preparing proposals for projects that GOPAC intends to pursue.

Post-Award Procedures

After an award has been made, the following steps will be taken:

1. Verify conditions of the Award. The Financial Officer will review the terms, time periods, award amounts and expected expenditures associated with the award.
2. Create general ledger account numbers. Accounts will be established for the receipt and expenditure categories in line with the Award budget.
3. Gather documentation. A file is established for each Award. The file contains the proposal, all correspondence regarding the Award, the final signed original award document and all financial reports submitted to the funding sources. The Financial Officer will be given the original award notification after copies have been made for the appropriate staff.

Compliance with Laws, Regulations and Provisions of Awards

GOPAC recognizes that as a recipient of awards, GOPAC is responsible for compliance with all applicable laws, regulations, and provisions of these awards. To ensure that GOPAC meets this responsibility, the following policies apply with respect to every award received directly or indirectly from a funder:

1. For each award, an employee within the department responsible for administering the award will be designated as “Program Manager for the award.”
2. The Program Manager will take the following steps to identify all applicable laws, regulations, and provisions of each award:

- a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. The Program Manager will communicate award requirements to those who will be responsible for carrying them out, or affected by them.
3. The Program Managers and the Financial Officer will identify and communicate any special changes in policies and procedures necessitated by awards as a result of the review of each award.
4. The Program Manager will take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of awards.
5. The Program Manager will inform the independent auditors of applicable laws, regulations, and provisions of all awards. The Program Manager will also communicate known instances of noncompliance with laws, regulations, and provisions of awards to the auditors.
6. Communication with award funders will be documented in writing. Information concerning the financial regulations will be forwarded to the Financial Officer.

Close Out of Awards

GOPAC and all sub-recipients will liquidate all obligations incurred under the Award Agreement within 90 days of the end of the Award agreement.

Cost Sharing and Matching (In-Kind Contributions)

Overview

GOPAC values contributed services and expenditures that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Government regulations identify specific values to be used.

GOPAC will claim contributions as meeting a cost sharing or matching requirement of an award only if all of the following criteria are met:

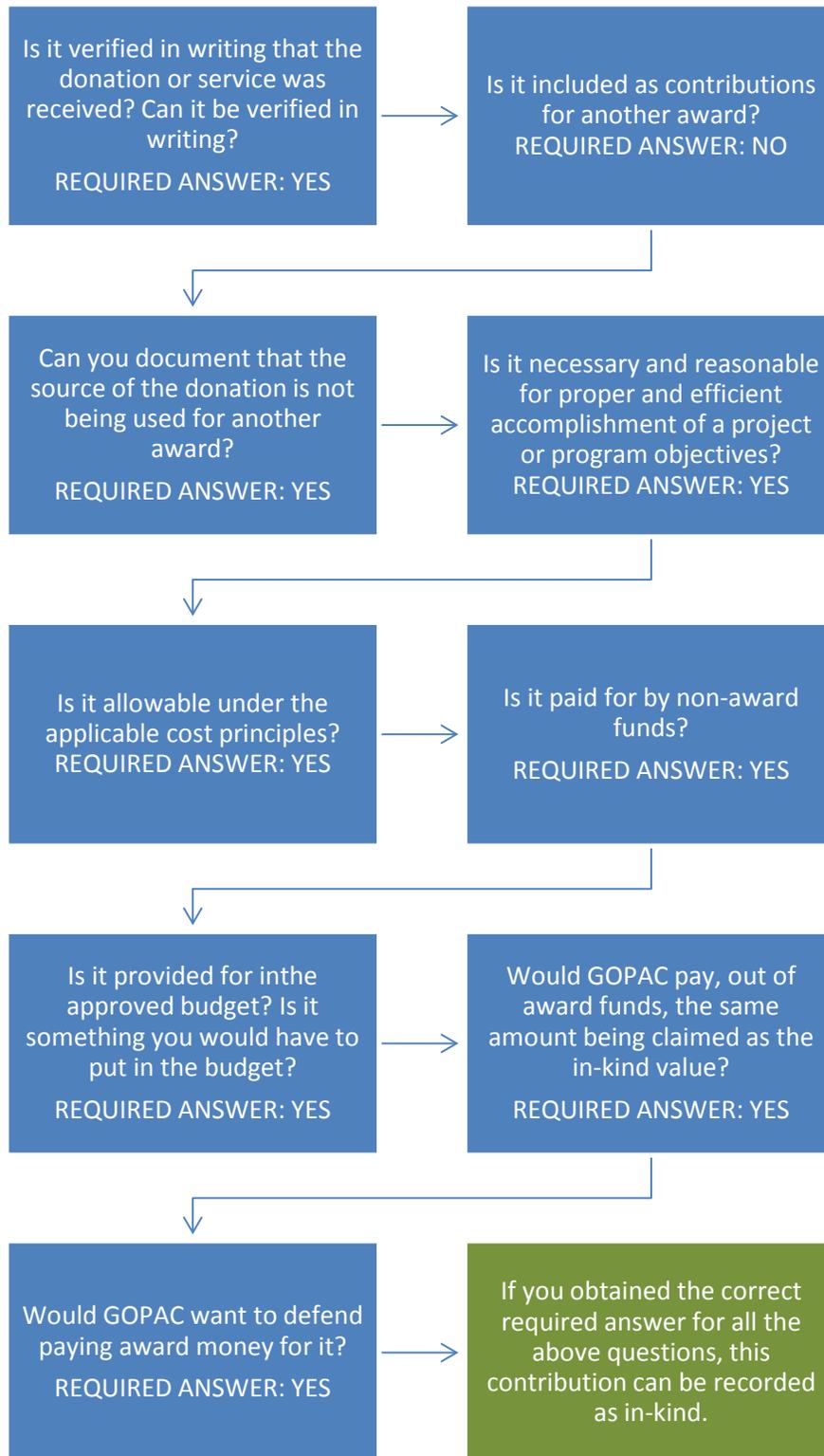
1. They are verifiable from GOPAC records.
2. They are not included as contributions for any other award-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are not paid by another award, except where authorized by said award to be used for cost sharing or matching.
5. They are provided for in the approved budget when required by the Award Funder.

In-kind Contributions Not Required for an Award

GOPAC shall record all in-kind contributions received and not required for an award in the same manner as those required for an award.

Allowability of In-Kind Contributions

The following flowchart should be used to determine the allowability of in-kind.



Valuation and Accounting Treatment

Each Program Manager is responsible for the in-kind contributions required of the program. In-kind contributions will be received and recorded on a monthly basis if possible.

In-kind typically falls into one of the following categories:

- Cash - see below
- Space, buildings, land and equipment
- Volunteer time and services
- Supplies and other

The following sections discuss the valuation and accounting treatment for each category.

Cash

- GOPAC will recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public.

Space, Buildings, Land and Equipment

Space:

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality
- Information on the date of donation and records from the appraisal will be maintained in a property file
- If less than an arms-length transaction, will be valued based in actual allowable costs not to exceed fair market value

Buildings, Land and Equipment:

If the purpose of the contribution is to assist GOPAC in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, depreciation or use charges (e.g. rent) may be claimed at matching, unless the awarding agency has approved using the full value as match.

Equipment, buildings or land are valued at fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Volunteer Time

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in in-kind if the services are an integral and necessary part of the program.

Unless otherwise specified by a funding body, GOPAC shall accord the following value to volunteer time:

Time provided by current or retired parliamentarians: \$600/day (7.5 hours)

Time provided by any other individual: \$200/day (7.5 hours)

GOPAC requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers an in-kind contribution form which collects the following information:

- Date service was performed
- Volunteer name and address
- Hours donated
- Service provided
- Signature of volunteer

Supplies and other

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items itself.

Donated supplies and all other in-kind contribution provided in form of a service or product will be calculated based on current market rates or supported by documentation.

Recording

The in-kind forms will be delivered to the GOPAC Global Secretariat where they will be tallied, valued and entered into a data tracking system monthly. A monthly report will be generated and documents delivered to the Financial Officer to be recorded as in-kind in the accounting records. The Financial Officer will prepare the general ledger entry to record the contributions.

Related Form

1. In-Kind Contribution Form

Contributions Received

Overview

GOPAC will accept contributions of various types of assets from various types of donors, with the exceptions listed below. Staff will notify the Executive Director and the Financial Officer of expected donations and any donor-imposed restrictions before the donation is accepted.

1. Contributions of non-liquid assets or assets possessing legal or other characteristics rendering the asset difficult to sell or convert to liquid assets, as determined by the Executive Director;
2. Contributions with donor-imposed restrictions that provide excessive control to the donor over future uses of the donated asset(s), as determined by the Executive Director;
3. Contributions with donor-imposed restrictions that violate or involve uses that go beyond GOPAC's current mission statement as determined by the Executive Director;
4. Contributions from donors involved in businesses or activities that are deemed inconsistent with GOPAC's mission, as determined by the Executive Director; and
5. Contributions that, in the opinion of the Executive Director or Board, would bring GOPAC into disrepute.

The Board has the right to accept or reject any contribution based upon the known origin;

Billing / Invoicing Policies

Overview

GOPAC's primary sources of revenue are:

- Reimbursement grants - billed monthly, or as funders require, based on allowed, incurred expenses
- Membership fees - billed annually

Responsibilities for Billing and Collection

GOPAC's Financial Officer is responsible for the invoicing of funding sources and the collection of outstanding award receivables. Some Project Managers do reports in conjunction with the Accounting Department that generate payment of the award either on a monthly or quarterly basis.

Billing and Financial Reporting

GOPAC strives to provide management, staff and funding sources with timely and accurate financial reports applicable to the awards requirements. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

GOPAC will prepare and submit financial reports as specified by the financial reporting clause of each award document. Preparation of these reports will be the responsibility of key Accounting personnel, subject to review and approval by the Executive Director.

The following policies will apply to the preparation and submission of billings to Award agencies under awards made to GOPAC:

1. GOPAC will request reimbursement after expenditures have been incurred, unless the award specifies another method.
2. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each award and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger, at the time of preparing the invoice, as the source for all invoice amounts.
4. All financial reports required by each award will be prepared and filed on a timely basis. If a year-end audit results in adjustments to amounts previously reported to Award agencies, revised reports shall be prepared and filed in accordance with the terms of each award.

GOPAC will maintain separate billing records in addition to the official general ledger accounting records. Billing records will be reconciled to the general ledger on a monthly basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable will be recorded in the books of GOPAC by the Financial Officer.

If an award authorizes the payment of cash advances to GOPAC, the Financial Officer may require that a request for such an advance be made. Upon receipt of a cash advance from an award agency, GOPAC will reflect a deferred liability equal to the advance. As part of the monthly close-out and invoicing process, the deferred liability will be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Accounts Receivable Entry Policies

The Financial Officer who is independent of the initial cash receipts function, which is performed by the Program Assistant, will post customer invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

Classification of Income and Net Assets

All income received by GOPAC is classified as "unrestricted," with the exception of the following:

1. Awards received from government agencies or other grantors, which are classified as temporarily restricted.
2. Special endowments received from donors requesting that these funds be temporarily or permanently restricted for specific purposes.

From time to time, GOPAC may receive other forms of contribution income which carries stipulations that GOPAC utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, GOPAC will classify this income as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), GOPAC will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

From time to time, the Board may determine that it is appropriate to set funds aside for specific projects. Such funds will be classified as "unrestricted," labeled "Board-Designated," and reported as a separate component of unrestricted net assets.

Cash Receipts

Overview

Cash, including cheques payable to GOPAC, is the most liquid asset. Therefore, it is the objective of GOPAC to establish and follow the strongest possible internal controls in this area.

Processing of Cheques and Cash Received in the Mail

The following procedures will be followed:

- Cash received at the GOPAC Global Secretariat will be appropriately directed, recorded, and deposited on a timely basis.
- Mail is opened and a listing of cash/cheques received will be prepared by the Program Assistant and under the supervision of the Financial Officer.
- Copies of the contents will be made, date stamped, stamped “for deposit only” and delivered to the Financial Officer and attached to the originals.
- Cash receipts will be kept in a locked file cabinet until deposited.
- Deposits are prepared by the Financial Officer and taken to the bank for deposit by the Program Assistant.
- If cash is received for payment of money owed for travel, petty cash or co-payments, all accompanying forms must have all required signature lines completed before cash is accepted.

Endorsement of Cheques

All cheques received that are payable to GOPAC will immediately be restrictively endorsed, using a rubber stamp stating “For Deposit Only” by the Program Assistant who receives the cheque. The Financial Officer who prepares the deposit slip will complete the endorsement with the proper bank account, name and number.

Timeliness of Bank Deposits

Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$10,000. In no event shall deposits be made less frequently than weekly.

Reconciliation of Deposits

On a periodic basis, the Executive Director, who does not prepare the initial bank deposit, will reconcile the listings of receipts to bank deposits on the monthly bank statement. Any discrepancies will be immediately investigated.

Awards Receivable Management

Monitoring and Recognition

GOPAC records awards receivable and income as follows:

1. Upon receipt of the award, the entire award will be recorded in the budget module of the accounting system.
2. During the year, when cash is received, the revenue is recorded as award income.
3. At the end of the fiscal year, award revenue and total award amount will be compared.

A GOPAC financial report is prepared monthly which lists all award amounts and the contract dates. With this information, management will be able to monitor the progress of the entire award at any time during the year.

Accounts Receivable Management

Monitoring and Reconciliations

On a monthly basis, the Financial Officer will reconcile a detailed accounts receivable report generated from the accounting system. The Executive Director will review the report and ensure that all differences are immediately investigated and resolved.

Credits and Other Adjustments to Accounts Receivable

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. The Financial Officer will process credits and adjustments to Accounts Receivable, and all credits will be authorized by the Executive Director.

Accounts Receivable Write-Off Authorization Procedures

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the Financial Officer with the amount to be written off and approved by the Executive Director. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

Amount	Authorized in writing by:
Less than \$1,500	Financial Officer
\$1,500 or more	Executive Director

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account, or against the original account credited.
2. Invoices written off that are dated prior to the current year will be written off against net assets or unrestricted funds.

Gift Policy

To avoid a conflict of interest, the appearance of a conflict of interest, or the need for our employees to examine the ethics of acceptance, our organization and its employees do not accept gifts from vendors, suppliers, customers, potential employees, potential vendors or suppliers, or any other individual or organization.

Employees practice and demonstrate equal treatment, unbiased professionalism, and non-discriminatory actions in relation to all vendors, suppliers, customers, employees, potential employees, potential vendors or suppliers, and any other individual or organization.

Standards and Requirements

As an effort to demonstrate our commitment to these standards and behavior, all employees must abide by the following requirements:

- No gifts of any kind, that are offered by vendors, suppliers, customers, potential employees, potential vendors and suppliers, or any other individual or organization, will be accepted by any employee, at any time, on or off the work premises except as noted in Gift Policy Exceptions below.
- This policy includes any business courtesy offered such as a product discount or any other benefit if the benefit is not extended to all employees.

Gift Policy Exceptions

Exempted from this policy are gifts of a minimal value (not to exceed \$100 in total) such as t-shirts, pens, trade show bags and all other items that employees obtain, as members of the public, at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event. This includes attendance and food, beverages, and small items provided at events, exhibitor trade show floor locations, press events, and parties funded by conference or event sponsors.

Exempted are cards, thank you notes, certificates, or other written forms of thanks and recognition.

Plants or flowers will be displayed in the lobby, or at another central location where all employees may enjoy their presence.

Gifts of food that may arrive during the holidays, and at other times of the year when gift giving is traditional, belong to the entire staff even if addressed to a single employee. Under no circumstances may an employee take a food gift home; food gifts must be shared with and distributed to all staff, with email notice, during work hours, in central, worksite locations.

If an employee or department receives a gift in excess of \$100

- If feasible, the gift is returned to the vendor.
- If not feasible to return the gift it will be donated to a charity that the Management Committee has identified.

If an employee is unsure whether or not a gift received can be accepted, he/she will verify with his/her supervisor.

Policies Associated with Expenditures and Disbursements

Delegation of Authority

The following signing authorities are in effect for all expenditures and disbursements:

Up to \$2,500.00	Program Managers (travel excluded)
Between \$2,500.01 and \$20,000.00	Executive Director or higher, with a bi-weekly report of transactions provided to the Chair of the Management Committee
Equal to or more than \$20,000.01	Chief Executive Officer and Management Committee

If an individual is away from the office for a period of time which could cause delays in work being performed by GOPAC, they shall delegate their signing authority to another staff member by having both parties complete a Delegation of Signing Authority Form and clearly indicating the dates and limits (if any) for which the signing authority is valid.

Related Forms

1. Delegation of Signing Authority Form

Purchasing Policies and Procedures

Objectives

- To ensure that all goods and services purchased by GOPAC provide the best value for money spent.
- To ensure that all goods and services purchased are required, reasonable, allocable and justifiable.
- To ensure and to provide an open and transparent procurement process.
- To promote and maintain the integrity of the purchasing process and protect GOPAC, employees involved in the process and suppliers, by providing clear direction and accountability.

Responsibility

The Financial Officer is responsible for monitoring compliance with and administering this policy.

Approval

All purchases of goods and/or services must be approved by delegated authorities in accordance with the above section on Delegation of Authority.

Conflict of Interest

- Staff members must disclose the full details to their supervisor of any material conflict of interest between them, family or close friends, and a supplier or potential supplier which could impair their ability to render unbiased advice, or make unbiased decisions affecting the procurement of goods and/or services.
- No staff members shall accept a gift, gratuity or personal favour from a supplier with whom the affected person deals in the course of the performance of her/his duties and responsibilities at GOPAC.
- In exceptional circumstances where accepting a gift, gratuity or personal favour may be appropriate, the value of the gift must be no greater than \$100 and approval must be obtained from the staff member's supervisor
- Staff members procuring goods and/or services must deal with suppliers and potential suppliers in an ethical manner using the following guidelines:
 - Do not reveal confidential price or bidding information to competing suppliers;
 - Do not accept bribes and/or kickbacks from suppliers or potential suppliers;
 - Accepting gifts is never appropriate during a Request for Proposal process; and
 - Do not send a Request for Proposal to a potential supplier when a supplier has already been selected.

Requirements for Purchase of Goods and Services

a. Equal to or less than \$1,000.00 – Purchase Order/Service Requisition

Purchases of goods and/or services equal to or less than \$1,000.00 are subject to first obtaining and documenting a minimum of two quotations by telephone, in person or in writing, with a written confirmation from the selected supplier. The selected supplier will be determined by a comparison in price, quality and features according to GOPAC's requirements for the goods and/or services.

A purchase order/service requisition must be prepared and approved by the authorized delegate in accordance with the above section on Delegation of Authority. The signed purchase order and/or service requisition along with the quotes and invoice must be kept on file.

The payment of invoices for goods received or services rendered should only be processed once the goods are received or that portion of the service is completed.

b. \$1,000.01 to \$25,000.00 – Purchase Order/Service Requisition

Purchases of goods and/or services between \$1,000.01 and \$10,000.00 are subject to first obtaining and documenting a minimum of three quotations in writing. The selected supplier will be determined by a comparison in price, quality and features according to GOPAC's requirements for the goods and/or services.

A purchase order/service requisition must be prepared and approved by the authorized delegate in accordance with the above section on Delegation of Authority. The signed purchase order and/or service requisition along with the quotes and invoice must be kept on file.

The payment of invoices for goods received or services rendered should only be processed once the goods are received or that portion of the service is completed.

c. Equal to or more than \$25,000.01 – Request for Proposal (RFP)

A formal Request for Proposal process to solicit quotations in response to written terms of reference for the purchase of goods and/or services valued equal to or greater than \$25,000.01. The RFP must be sent to a minimum of four suppliers. A rationale must be provided if there are less than four suppliers receiving a RFP.

The RFP will include the following sections:

- General information regarding GOPAC;
- Terms and conditions of the RFP;
- Format of the proposal and criteria for the evaluation of proposals;
- Payment terms;
- Specifications of the good and/or service required (deliverables); and

- Requirement for an authorized signature that binds the supplier to the terms of the RFP.

A scoring matrix is to be developed prior to releasing any of the RFPs to prospective bidders. It is based upon the specifications and supplier criteria that are deemed to be important and should be out of 100 with more weight being given to those specifications having a higher importance. The highest scored RFP will be the one that is accepted. However, the highest scored response may not necessarily be the lowest price as the evaluation (both qualitative criteria and price) will be weighted according to the requirements of the project.

A purchase order (for goods) and/or service requisition (for services) must be prepared and approved by the authorized delegate as indicated in the above section on Delegation of Authority, after their review of all received proposals and corresponding evaluations. The signed purchase order and/or service requisition along with all the received proposals, scoring matrix, evaluations and invoice must be kept on file.

Blanket Purchase Orders and Service Requisitions

A blanket purchase order and/or service requisition is appropriate when:

- The same goods and/or services are to be provided on a weekly or monthly basis and the actual demand (quantity and delivery date) is known in advance or GOPAC repetitively orders the same range of goods and/or services from the same supplier and the actual demand (quantity and delivery date) is not known in advance;
- A pricing basis or prearranged prices and terms and conditions can be established at the outset and there is no need or intention to negotiate at the time of call-up; and
- The goods and/or services are readily available and are ordered as-and-when the requirement arises or are to be delivered regularly on a weekly or monthly basis.

A blanket purchase order and/or service requisition will not exceed a period of 12 months and will expire at the end of the fiscal year, where a new one can be created for the following fiscal year. An individual purchase order and/or service requisition will be required for all transactions over \$1,000.

A blanket purchase order and/or service requisition will include the following information:

- Period to be covered;
- Maximum quantities (if applicable);
- Goods and/or services; and
- Prices and/or pricing arrangement.

A blanket purchase order and/or blanket service requisition will be prepared and approved by the authorized delegate in accordance with the above section on Delegation of Authority.

A blanket purchase order or blanket service requisition will be considered for the following recurring purchases:

- Rent
- Telephone, Fax and Internet
- Photocopier
- Translation services
- IT services
- Office supplies
- Shipping services

Long-term Service Providers

For all services required by GOPAC on a long-term basis the process for Request for Proposal will be followed and repeated every two (2) years.

Sole Source

A purchase of goods and/or services can be sole sourced only in the most exceptional circumstances when only one individual or corporation is capable of performing the project. A detailed rationale for sole sourcing must be prepared and filed with the purchase order/service requisition or standing offer. The rationale must include why the chosen supplier is the best or only candidate and what efforts were made to locate other suppliers of the goods and/or service across Canada.

Emergency Purchases

Emergency purchases can bypass the limits established in section 6 and can only be made in very exceptional circumstances. For each emergency good or service required either a purchase order/service requisition must be prepared and approved by the Management Committee.

An emergency purchase can be made in emergency situations at the Management Committee's discretion.

Contract Splitting

Procurement of goods and/or services must not be split for the purpose of avoiding the Requirements of Purchase of Goods and Services listed in this policy.

Intellectual Property

Procurement of goods and/or services must make clear to potential suppliers the ownership of any intellectual property rights as determined by GOPAC.

Method of Payment

All purchases and services other than those related to petty cash and travel will be paid by corporate credit card or invoiced to GOPAC. Employees will not pay for these purchases or services from their own pocket and submit personal expense claims. Exception to this rule may occur due to special circumstances and must be approved in writing by the authorized delegate in accordance with the above section on Delegation of Authority.

Forms

1. Purchase Order/Service Requisition
2. Blanket Purchase Order/Service Requisition
3. Request for Proposal

Political Intervention

GOPAC is a non-partisan organization open to all parties, all faiths, and both genders and encourages youth and disadvantaged groups to participate at the political level. It does not, directly or indirectly, participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Lobbying

GOPAC will comply with the Canadian Lobbying Act and other legislation where applicable.

Charging of Costs to Awards

Overview

GOPAC charges costs that are reasonable, allowable, and allocable to awards directly or indirectly. All unallowable costs will be appropriately segregated from allowable costs in the general ledger in order to ensure that unallowable costs are not charged to awards.

Segregating Unallowable from Allowable Costs

The following steps will be taken to identify and segregate costs that are allowable and unallowable with respect to each award:

1. The budget for each award will be reviewed as needed by the Program Manager, Executive Director and Financial Officer, for costs specifically allowable or unallowable.
2. Program Managers and the Financial Officer will be familiar with the allowability of costs provisions of each award as follows:
 - a. The list of specifically unallowable costs such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from award funders in order to be allowable equipment purchases, etc.
3. No costs will be charged directly to any award until the cost has been determined to be allowable under the terms of the award.
4. For each award, an appropriate set of general ledger accounts (or account segments) will be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed cheques, rebates, refunds, and similar items, will be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to an award or to an activity associated with an award. The reduction in expenditures will be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period will not be amended for the credit).

Criteria for Allowability

All costs must meet the following criteria from in order to be treated as allowable direct or indirect costs under an award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the performance of the award;

- b. Restraints imposed by such factors such as generally accepted sound business practices, arm’s length bargaining, federal and provincial laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with reasonable prudence in the circumstances;
 - d. Consistency with established policies and procedures of GOPAC, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allowable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for an award;
 - b. The cost benefits both the award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of GOPAC, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
 3. The cost must conform to any limitations or exclusions of the award itself.
 4. Treatment of costs must be consistent with policies and procedures that apply to the award
 5. Costs must be treated consistently over time.
 6. The cost must be determined in accordance with generally accepted accounting principles.
 7. Costs may not be included as a cost of any other award program in the current or prior periods.
 8. The cost must be adequately documented.

Direct Costs

Direct costs include those costs that are incurred specifically for one award. GOPAC identifies and charges these costs exclusively to each award or program.

Each invoice will be coded with the appropriate account number reflecting which award received direct benefit from the expenditure. Invoices are approved by the appropriate Program Manager and reviewed by the Financial Officer.

Time sheets or personnel activity reports are also submitted on a regular basis, reflecting employees' work and which award projects directly benefited from their effort. Time sheets or personnel activity reports will serve as the basis for charging salaries directly to awards and non-award functions. See the Payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on an award and reimbursed by an award funder will be accounted for as a direct cost of that award (i.e., equipment shall).

Indirect and Joint Costs

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular award. Joint costs benefit more than one, but not necessarily all, awards. Indirect costs, but not joint costs, may be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:

- Accounting
- Administration
- Board
- Examples of joint costs are:
 - Shared space
 - Vehicle insurance

Each award will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be charged to corporate or other funds that may cover indirect or joint costs after the allocation process is complete.

Indirect Cost Rate

GOPAC maintains an annual indirect cost budget. Each year a new indirect cost proposal is prepared and submitted to the Executive Director for approval. The indirect cost rate approved is used when determining the overhead applied to each award.

Examples of the types of expenditures normally included in the indirect cost pool are:

1. General administration
2. Salaries and benefits of management, accounting and administrative personnel
3. Depreciation of equipment and buildings
4. Office rent and maintenance
5. General office repairs and maintenance

At GOPAC's fiscal year-end, when the audit has been completed, the indirect cost proposal will be prepared. The total of GOPAC's costs is 1) separated for the base period either into direct or indirect, 2) divided by the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate expressed in a percentage which is used to distribute indirect costs to individual awards.

Cost Pools

Direct and joint costs may be allocated to the benefiting programs using cost pools under the following method:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.
2. As much as possible, costs will be charged directly to benefiting programs.
3. All remaining shared costs will be allocated on the most meaningful measures. The following basis will be used: Facilities and related costs will be allocated based on square footage occupied or based on the number of employees at that facility benefiting the cost.

Accounting for Specific Elements of Cost

GOPAC will utilize the following methods of charging specific elements of cost to awards as direct or indirect costs:

Salaries and Wages - Salaries and wages can be charged directly and indirectly based on the functions performed by each employee, as documented on each employee's timesheet or personnel activity sheet, as follows:

Direct costs - The majority of the employees of GOPAC charge their time directly since their work is specifically identifiable to specific awards.

Indirect costs - The following staff charge 100 percent of their salary costs indirectly:

- Accounting Staff
- Human Resources
- Administrative Staff

Mixed charges - The following employees may charge their salary costs to both direct and indirect activities:

- Executive Director
- Global Task Force Advisors
- Communications Officer

Compensated absences (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. The accounting system records salaries associated with compensated absences as a direct or indirect cost in the same manner that salary costs are recorded.

Employee Benefits - GOPAC incurs costs for the following statutory and non-statutory employee benefits:

- Canadian Pension Plan

- Employment Insurance
- Group Health Plan

The total cost of all of the preceding employee benefits will be determined by adding the costs associated with each benefit. This total employee benefit cost will then be allocated directly and indirectly in the same proportions as salaries and wages.

Since the GOPAC accounting system tracks employee benefit costs by individual employee, such benefit cost will be charged directly and indirectly in the same proportion as each individual's salary.

Occupancy Expenses - Monthly rent expense and related pass-through expenses will be allocated directly and indirectly, based on approximate square footage of space utilized, as follows:

Direct costs - The cost of space occupied by staff whose salaries are directly charged to awards is charged directly to those same awards.

Indirect costs - The costs of space occupied by staff whose salaries are indirectly charged is also charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis (directly and indirectly) will be allocated on a mixed basis in the same ratio as their salaries are allocated.

The cost of space associated with common areas, such as hallways, restrooms, and conference rooms, will be based upon the square footage occupied and charged in the same proportion as the direct costs.

Utilities - Utilities costs include heating, garbage collection expenses and water. Such utilities costs will be charged directly and indirectly in the same proportion as occupancy costs.

Supplies and Materials - To the maximum extent possible, office supplies and materials are charged directly to the award that uses the supplies or materials. All supplies and materials used by staff that are engaged in indirect activities will be charged indirectly unless costs can be directly associated with an award. For costs incurred in shared space, expenses will be charged in the same proportion as occupancy costs or in a cost pool method to the extent possible.

Postage and Shipping - To the maximum extent possible, postage and shipping costs will be charged directly to the award that benefits from the postage or shipping costs.

Photocopying and Printing - Photocopying costs include all paper and copy supplies, copier maintenance charges. Photocopying costs will be charged directly and indirectly based on the user codes input into the copier prior to making photocopies or by using copier log sheets. All printing costs are charged directly to the applicable award.

Communications - Communications costs include the costs of local telephone service and long distance telephone charges, including charges associated with telephone calls, facsimile transmissions, and Internet.

Local telephone service costs are charged directly and indirectly based upon the number of telephone units assigned to GOPAC. Each telephone unit is identified to either a direct or an indirect activity, as determined annually (or more often if major changes occur) based on an approximation of time charges of employees associated with each telephone unit. No telephone units will be charged as mixed-use units due to the immateriality of the costs involved. For example, if GOPAC has 10 telephone units and 5 of those units are assigned to employees who work directly on a particular award, 50 percent of each month's local telephone service costs will be allocated to that award.

Long-distance telephone calls are charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

Outside Services - GOPAC incurs outside service costs for its annual audit, legal fees, and for staff development and training. Outside service costs will be charged as follows:

Audit fees - Cost of the General Audit and preparation of the Audited Financial Statements will be charged as an indirect cost.

Legal fees - Legal fees will be charged as an indirect cost.

Staff Development - Costs associated with staff development as an indirect cost.

Insurance - To the extent that insurance premiums are associated with insurance coverage for specific awards, those premium costs will be charged directly. All insurance costs that are not identifiable with specific awards such as GOPAC's Board Liability Insurance, will be charged as an indirect cost.

Other Allocations - Pro-rated to programs on a ratio basis at the time of usage.

Credits - The applicable portion of any credits resulting from cash discounts, volume discounts, refunds, write-off of stale outstanding cheques, trade-ins, scrap sales or similar credits will be credited directly or indirectly in the same manner as the purchase that resulted in the credit to the extent possible.

Accounts Payable Management

Overview

GOPAC strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and cheque reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by the Financial Officer who is not responsible for ordering and receiving.
- The amounts recorded are based on the vendor invoice for the related goods or services.
- The vendor invoice will be supported by an approved purchase order or an approved Travel Authority and Advance Form (TAA) for all travel related expenses. These expenses will be reviewed and approved by the Executive Director prior to being processed for payment.
- Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, will be recorded as accounts payable in a timely manner.

Accounts payable are processed twice a month on the 15th and last business day of each month. All travel claims will be processed within five business days of receipt. Information is entered into the system from approved invoices and disbursements with appropriate documentation attached.

Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. No vendor statements will be processed for payment.

Accounts Payable Cut-Off

For purposes of the preparation of GOPAC's monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the tenth day of the following month will be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services incurred by month-end. Invoices received past the tenth will be recorded in the month they are received. At GOPAC's fiscal year-end, the accounts payable cut-off will be extended to allow for expenses to be recorded in the proper year. The length of the extension will be at the

discretion of the Executive Director and in some cases may involve consultation with the funding sources.

Establishment of Control Devices

The Financial Officer establishes control of invoices as soon as they are received. Vendors will be instructed to mail all invoices to the attention of the Financial Officer.

Upon receipt, each invoice will be “date received” stamped by the person opening GOPAC’s mail and distributed to the Financial Officer.

Preparation of a Voucher Package

Prior to any accounts payable being submitted for payment, a package called a “voucher package” will be assembled. Each voucher package will contain the following documents:

1. Vendor invoice or Travel Expense Claim Form (TEC)
2. Packing slip (where appropriate)
3. Purchase order/Service requisition or Travel Authority and Advance Form (TAA)
4. Any other supporting documentation deemed appropriate

Processing of Voucher Packages

The following procedures will be applied to each voucher package by the Financial Officer.

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order/request and packing slip.
3. Document the general ledger distribution, using GOPAC’s current chart of accounts.
4. Send the Voucher Package to the Executive Director for approval.

The approval by the Executive Director will indicate satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account coding, and agreement to pay vendor in full. Approvals will be documented with initials or signature of the approving individual. In the event of an extended absence that would result in a delay of payment, the Management Team will assign a designee for signature approval.

The Financial Officer will periodically check expense reports against timesheets to ensure agreement of dates and activities.

Reconciliation of Accounts Payable Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors will be reconciled with the accounts payable general ledger account. All differences are investigated and adjustments are made

as necessary. The reconciliation and the results of the investigation of differences are reviewed by the Financial Officer and approved by the Executive Director.

Also on a monthly basis, the Financial Officer will perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the purchase order file for open purchase orders more than 60 days old and follow up.

Management of Accounts Payable Vendor Master File

Upon the receipt of an invoice from a new vendor that is not already in GOPAC's Accounts Payable Vendor Master File, the Financial Officer will request the vendor's full name and address. This information should already be obtained prior in the purchasing process by other staff members.

For vendors that will be paid a total of \$50,000 or less during GOPAC's fiscal year, the vendor file data may be limited to the vendor name and address. However, for vendors to be paid more than \$50,000 during a fiscal year, the file will include all of the following data:

1. Vendor's legal name
2. Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
3. Telephone number
4. Fax number (if available)
5. Contact name
6. Complete banking information if payment is made via transfer

Payments will not be made to any vendor whose file does not comply with the preceding requirements.

Related Forms:

1. Wire Transfer Form
2. Travel Expense Claim Form (TEC)
3. Purchase Order/Service Requisition
4. Travel Authority and Advance (TAA)

Travel Policy

Objective

- To ensure that all staff travel is consistent with the objectives of GOPAC.
- To ensure uniformity and accountability by defining procedures for authorized business travel and guidelines for expense reimbursement.

Authorization

The Chair has the responsibility to authorize and determine when business travel is necessary. The Executive Director, in accordance with the above policy on Delegation of Authority, has the responsibility to authorize the financial expense and to ensure that all travel arrangements are consistent with the provisions of this policy. All travel by the Chair of the Management Committee must be approved by the GOPAC Chair. All travel by the Executive Director must be approved by the Chair of the Management Committee. All travel by the GOPAC Chair requires advance notice of dates and the estimated cost to the Management Committee, and must be within the travel budget assigned to the GOPAC Chair by the Executive Committee. All travel by the GOPAC Chair also requires the post-travel submission of a report to the Executive Committee.

The determination of travel arrangements shall best accommodate the traveler's needs and interests and GOPAC's operational requirements.

All GOPAC covered travel shall be authorized in advance in writing by the appropriate delegate.

Authorized Expenses

a. Flight/Train (Receipts required)

The traveller shall travel via the most direct route and using the mode of transportation that is most cost-effective. The cost of transportation may not exceed the cost of a full fare economy ticket. If the traveller wishes to upgrade, he/she will do so at his/her own cost.

b. Accommodation (Receipts required)

Travellers shall choose accommodations within reasonable market rates. When attending an event taking place at a hotel, accommodation shall normally be reserved within that same hotel.

GOPAC shall only cover the cost of a standard room. If the traveller wishes to upgrade, he/she will do so at his/her own cost.

c. Meals and Incidentals

Daily meal and incidental allowances will be calculated according to the Government of Canada Treasury Board Travel Directive as per Appendix C – Canada & US rates and Appendix D – International rates, in Annex 1.

d. Visa, Entry/Exit Fees and Immunization (Receipts required)

All required visa, entry/exit fees and immunization expenses will be covered by GOPAC. It is the traveller's responsibility to be informed of visa, entry/exit fees and immunization requirements.

e. Car Rentals (Receipts required)

GOPAC shall only cover car rentals in exceptional circumstances when it is more cost-effective than other means of transportation. Travelers shall only rent mid-size or smaller vehicles.

f. Kilometric Rates

GOPAC shall only provide compensation per kilometer for short distances or where the use of a personal or rented vehicle is more cost-effective than other means of transportation.

Kilometric rates for travel within Canada will be calculated according to the Government of Canada's Treasury Board Travel Directive, which can be found in Appendix B – Kilometric rates, in Annex 1.

Kilometric rates for travel outside of Canada will be calculated at a rate of 52 cents per km.

g. Other Incidentals (Receipts required)

GOPAC shall cover all other reasonable travel related expenses such as parking, shuttles, tolls, Internet fees, and public transit and taxi fares with the provision of receipts.

h. Travel Insurance (Receipts required)

GOPAC shall cover the cost of travel insurance, including health and trip cancellation insurance, for employees only. Travel insurance shall be purchased on a per trip basis. Annual travel insurance may be purchased for any GOPAC employee expected to travel more than twice per year.

It is the responsibility of all other travellers to ensure that they have the proper coverage before travelling.

i. Conference/Workshop Fees (Receipts required)

GOPAC shall cover all conference/workshop fees for travelers attending a conference/workshop on behalf of GOPAC.

Travel Advances

GOPAC shall only provide travel advances in such cases where the cost of meals and incidentals are the only items to be reimbursed by GOPAC and/or the traveler is from a region where cheques and wire transfers are not possible. Travel advances shall not exceed a total of \$500 CAD per traveler.

Personal Travel

At the discretion of the appropriate delegate (see Authorization section above), GOPAC shall allow the combination of personal travel with business travel before or after the business has been conducted. The traveler shall be responsible for all costs related to personal travel, including any increase in cost of all flights.

Emergencies, Illnesses, Injuries and Death While on Business Travel

Payment for the use of a suitable conveyance, such as an ambulance or taxi, shall be authorized where an employee becomes ill or is injured when, in the opinion of GOPAC, the employee, or the attending medical practitioner, the nature of the illness or injury requires that the employee be transported to a medical treatment facility, the workplace, the travel-related accommodation, or home.

In the case where a receipt is lost or missing, the traveller will complete a Declaration of Lost/Missing Receipt and attach it to his/her TEC.

An employee shall be reimbursed the necessary expenses incurred as a result of illness or accident occurring while in travel status, to the extent that GOPAC is satisfied the expenses were additional to those which might have been incurred had the employee not been absent from home, and which were not otherwise payable to the employee under an insurance policy or other authority.

An employee may be authorized to return earlier than scheduled as a result of personal illness or accident or in the event of emergency situations at home (e.g. serious illness in the opinion of a physician, fire, flood, ice storm).

Approval Process

All travel is to be requested by completing a Travel Authority and Advance (TAA) form using estimated amounts. Requests for travel advances must also be indicated on the TAA. All TAA forms must be approved by the appropriate delegate (see Authorization section above) prior to charging any travel expenses to GOPAC.

Travel Arrangements

Unless otherwise approved by the appropriate delegate (see Authorization section above), GOPAC shall be responsible for the reservation of all travel arrangements in accordance with the authorized expenses in section 3, Authorized Expenses, and the amounts approved on the TAA.

All international flights will be purchased through a recognized Travel Agency.

Reimbursement Process

Upon return from travelling on behalf of GOPAC, the traveller shall complete a Travel Expense Claim (TEC) form by entering all actual expenses paid by GOPAC or chargeable to GOPAC, including meals and

incidentals allowances. The exchange rates for all purchases calculated as indicated in section 3, Authorized Expenses. Boarding passes and receipts for all expenses other than meals and kilometric allowances must be attached to the TEC along with a Business Trip Report.

Should the total amount claimed be higher than the total amount approved on the Travel Authority Advance Form, a detailed rationalization will have to be submitted and approved by the appropriate delegate (see Authorization section above) before the traveler is reimbursed.

The TEC shall be processed by the Financial Officer and all reimbursements shall be issued to the traveller by cheque or bank transfer.

All foreign currency expenses (excluding charges to a Canadian credit card) on the TEC shall be in national currency and shown converted to Canadian dollars using the average Bank of Canada currency exchange rate at the time of reporting. In cases where the Bank of Canada does not provide an exchange rate, an alternate bank rate from an established institution, as determined by GOPAC, shall be used.

Funding Requirements

GOPAC shall follow funders' guidelines for travel if required by the funding organisation.

Related Forms

1. Travel Authority and Advance (TAA)
2. Travel Expense Claim (TEC)
3. Business Trip Report Template
4. Declaration of Lost/Missing Receipt

Hospitality Policy

Objective

This policy outlines the requirement for:

- Employees claiming hospitality expenses
- GOPAC providing hospitality at an event

Definition

Function: all forms of hospitality sponsored by GOPAC associated with a reception or special event.

Hospitality: the conduct of business over a meal or the provision of a function for guests of GOPAC either outside the Headquarters area or within the Headquarters area.

Authorization

All hospitality expenses must be approved by the Executive Director prior to the event, by completing a Hospitality Request form.

Authorized Expenses

1. The food and beverage costs for functions should be carried out at the minimal cost consistent with the following:
 - a. The status or rank of the guests;
 - b. The number of persons attending; and
 - c. The circumstances.
2. The maximum per person cost limits for any function may only be exceeded in unusual and non-recurring circumstances and must have the prior, written approval of the Executive Director.
3. It may be necessary for an employee, either outside the Headquarters area or within the Headquarters area to conduct business over a meal. In these instances, where appropriate, the employee may pay for the guest's bill and claim a reasonable amount, supported by a receipt and not greater than the maximum per person cost set out in Table 1. Hospitality on any other basis is not acceptable for reimbursement.
4. Hospitality in private residences or less formal settings must have the prior, written approval of the Executive Director.
5. The cost of alcoholic beverages can only be covered by GOPAC with the prior, written approval of the Executive Director.

Table 1 – Hospitality Allowances per Person

Form of Hospitality	Maximum food and beverage per person cost
Breakfast	1.5 x Breakfast per diem*
Lunch	1.5 x Lunch per diem*
Dinner	1.5 x Dinner per diem*
Functions	\$75 CAD per person

* For current meal per diems, see Annex 1 Travel Allowances.

Approval Process

All hospitality is to be requested by completing a Hospitality Request form and must be approved by the Executive Director prior to charging any hospitality expenses to GOPAC.

Reimbursement Process

In order to obtain a reimbursement for hospitality expenses incurred by an employee, the employee must complete a Hospitality Claim form and attach a receipt. In the case where a receipt is lost or missing, the traveller will complete a Declaration of Lost/Missing Receipt and attach it to his/her TEC.

Should the total amount claimed be higher than the total amount approved on the Hospitality Request form, a detailed rationalization will have to be submitted and approved by the Executive Director before the employee is reimbursed.

The Hospitality Claim shall be processed by the Financial Officer and all reimbursements shall be issued to the employee by cheque, in Canadian dollars.

Hospitality cannot be claimed through petty cash.

Related Forms

1. Hospitality Request
2. Hospitality Claim
3. Declaration of Lost/Missing Receipt

Cash Disbursements (Cheque-Writing Policy)

Cheque Preparation

GOPAC prints vendor cheques and expense reimbursement cheques twice per month. All necessary documentation for all cheques to be issued must be provided to the Financial Officer by noon on the preceding day. Cheques will be prepared by the Financial Officer who does not have payment or cheque signing authority.

All vendor and expense reimbursement cheques will be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel and business entertainment policies described in this manual.
2. Timing of disbursements will generally be made to take advantage of all early-payment discounts.
3. Generally, all vendors will be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services unless other terms or contracts exist.
4. Total cash requirements associated with each cheque run is monitored in conjunction with available cash balances in the bank prior to the release of any cheques.
5. All supporting documentation is attached to the corresponding cheque prior to forwarding the entire package to an authorized cheque signer.
6. Cheques will be utilized in numerical order and unused cheques are stored in a locked location.
7. Cheques will never be made payable to “cash.”
8. Cheques will never be signed prior to being prepared.
9. Upon the preparation of a cheque, vendor invoices and other supporting documentation will immediately be marked “paid” in order to prevent subsequent reuse.
10. No cheques will be issued to vendors outside Canada.

Cheque Signing

All cheques require two signatures. No cheque will be signed prior to the cheque being completed in its entirety (no signing of blank cheques).

Cheques will be signed in person by an individual other than the one who approved the transaction for payment.

A list of authorized cheque signers is available to all and provided to the Bank.

Cheque signers will examine all original supporting documentation to ensure that each item has been properly verified prior to signing a cheque. Cheques will not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Mailing of Cheques

After signature, all cheques are returned to the Financial Officer, and are mailed immediately.

Voided Cheques and Stop Payments

Cheques may be voided due to processing errors by making proper notations in the cheque register and defacing the cheque by clearly marking it as "VOID." All voided cheques will be retained to aid in preparation of bank reconciliations. The following procedure applies:

1. The payee should notify the accounting department as soon as payment has been determined to be lost, stolen, mutilated or otherwise deemed non-negotiable. All other cheques will be reported to the Financial Officer.
2. In the event a cheque has been reported stolen or lost, the Financial Officer will immediately contact the bank and search to verify the cheque has not cleared the bank. If it has not cleared, a stop payment will be placed on the cheque. If notification occurs during non-banking hours, the "stop payment" will be requested at the next earliest opportunity.
3. When original cheques cannot be recovered, a waiting period of ten (10) calendar days from the date of the cheque must occur prior to the Financial Officer placing a "stop payment" with the bank and issuing a replacement cheque. The purpose of this waiting period is to allow adequate Postal Service mail time for delivery and/or the banking institutions processing time through clearing house procedures in the event the cheque has been inadvertently negotiated.
4. If the original cheques comes into the possession of the payee after the Financial Officer has already been notified of its missing status, the payee should immediately notify the Financial Officer for handling instructions. If stop payment has not been requested on the cheque, the Financial Officer will verbally authorize the intended use of the original cheque. If stop payment has been issued, the original cheque cannot be negotiated and the original cheque will be returned to GOPAC.
5. All stop payments must be approved by the Executive Director and submitted to the banking institution. This process may be done in conjunction with issuing a replacement cheque, but never after the replacement cheque is issued.
6. All documentation on the replacement cheque and the cheque register which reflects the original cheque must have the following comment: "Replaces cheque number ____" and a reason.
7. The entry in the cheque register for the addition back in of the original cheque should indicate the cheque was "void" or "stop payment" with the date and the amount.
8. A journal entry is made to record the stop payment and any related bank fees.

Non-Cheque Payment Preparation

GOPAC issues payments in the form of wire payments, pre-authorized payments, money orders and cash orders. All invoices that require these types of payment must have all the necessary documentation attached.

1. Wire Payments

When a wire payment is required, the vendor must complete a Wire Transfer Request form which provides the Financial Officer with all the necessary banking information to expedite this process and will be attached with all the other documentation supporting the invoice.

GOPAC shall not be responsible for any bank charges applied to the recipient's account by the recipient's bank as a result of receiving a wire transfer.

2. Pre-Authorized Payments

GOPAC will only use this mode of payment for Payroll, Corporate MasterCard and Rent payments. When deciding on this type of payment, GOPAC requests a pre-authorized payment form from the applicable vendor and has it approved by a designated GOPAC approval authority. GOPAC will maintain a copy on file and will return the signed original plus a voided cheque to the vendor.

3. Money Orders

From time to time, GOPAC is required to make payment using a money order. When this type of payment is necessary, a memo requesting this type of payment plus an approved purchase order must be submitted to the Financial Officer who will then submit it to the Executive Director for payment approval.

4. Cash Orders

There are certain instances when per diems must be issued in cash. Please see the section entitled "Travel advances" in the Travel Policy.

All types of non-cash payments have their own unique identification number. The Financial Officer keeps a log of these payments and records the following:

- Name of payee
- Type of non-cheque payment
- Amount of payment
- Individual identification number
- Date of payment

Related Forms

1. Wire Transfer Form

Credit Card

Corporate MasterCard

The purpose of the corporate MasterCard is to purchase airline tickets, to make reservations for hotels, to purchase items or services, or to make other purchases in an emergency situation. The credit card will be used only for items that are absolutely necessary. Charges on the credit card are to be related to the work and mission of GOPAC only. Upon approval from the credit card company, a card will be issued bearing the names of both the individual and GOPAC. Cardholders will be required to sign a Credit Card Guidelines Statement acknowledging that the card will be used exclusively for legitimate GOPAC related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location.

Cardholder Responsibilities

Each month the Financial Officer is provided with a MasterCard statement together with individual statements for each corporate credit card. These statements detail the expenditures that were charged to the cardholder's corporate credit card. The Financial Officer will compare purchase orders and purchase requests to the master credit card statement and indicate purchasing compliance with a cheque mark next to the each charge. If discrepancies are found, the Financial Officer will then forward the individual credit card statement to the cardholder. The cardholder will review this statement within three days for any allowable charges or inadvertent personal or unauthorized uses of the card. Cardholders must reimburse GOPAC for any inadvertent personal charges within the same three-day period.

If there are unauthorized charges or discrepancies on the credit card the individual cardholder is responsible for contacting appropriate parties to research the origin of the charge and resolve the problem. Results of research will be documented and shared with the accounting department immediately. If needed the Accounting staff will then contact the credit card provider about the documented discrepancy.

Any fraudulent charges will be immediately pointed out to the Financial Officer for further investigation with the credit card provider. Charges remaining unresolved will be forwarded to the cardholder's immediate supervisor for appropriate action. See the policy on suspected misconduct and the procedures to be followed.

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the GOPAC's disciplinary actions discussed earlier in this manual.

Upon separation or termination from GOPAC, credit cards are returned to the Financial Officer as part of the exit interview. The card number will be cancelled with the credit card company and the card will be destroyed. The cardholder remains responsible for the unbilled activity on the account up through the day the card is cancelled.

GOPAC requires the following review and approval procedures:

- Purchasing procedures were followed before purchases were made.
- Monthly statement is reviewed by the Accounting Department and cardholder, if necessary.
- Cardholder may designate use of the credit card to authorized staff on a purchase by purchase basis, but the cardholder will remain solely responsible for making sure proper purchasing procedures are followed.

Cardholders will report the loss or theft of a corporate credit card immediately by notifying the credit card company.

Revocation of Corporate Credit Cards

Failure to comply with any of these policies associated with the use of GOPAC's corporate credit cards will be subject to revocation of credit card privileges. The Executive Director will determine whether credit cards are to be revoked.

Related Forms:

1. Credit Card Guidelines Statement

Payroll and Related Policies

Classification of Workers as Independent Contractors or Employees

GOPAC considers all relevant facts and circumstances regarding the relationship between the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between GOPAC and the individual, as specified below:

Employee:

1. Behavioral control
 - a. Works in a GOPAC office.
 - b. Uses GOPAC supplies, tools and equipment.
 - c. Receives training from GOPAC.
2. Financial control
 - a. Has a guaranteed salary.
3. Type of relationship
 - a. Has a signed employment agreement.
 - b. Receives employee-type benefits such as insurance, paid leave, etc.

Independent Contractor:

1. Behavioral control
 - a. May work in or outside a GOPAC office.
 - b. May use GOPAC or his/her own supplies, tools and equipment.
 - c. May receive training from GOPAC or provide his/her own training.
2. Financial control
 - a. Receives a fee for services.
3. Type of Relationship
 - a. Has a signed contract describing the service to be performed and fees to be paid.
 - b. Does not receive employee-type benefits such as insurance, paid leave, etc.

If an individual qualifies for independent contractor status, the individual will be required to sign a consultancy agreement. Total compensation plus applicable HST (if required) will be paid to the consultant when the services required under the agreement have been done.

If an individual qualifies as an employee, the individual will be required to sign an employment agreement. A personnel file will be created for that individual and all documentation required by GOPAC personnel policies will be obtained. The policies described in the remainder of this section will apply to all workers classified as employees.

Payroll Administration

GOPAC operates on a semi-monthly payroll (24 pay periods) and uses the services of Ceridian Payroll Canada to process the payroll. A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in GOPAC's Personnel Manual.

The following forms, documents and information will be obtained and included in the personnel files of all new employees:

1. GOPAC Employment Application (and resume, if applicable)
2. Employee Job description
3. Completed TD1-Federal and a TD1-Provincial
4. Job Title and starting salary
5. Authorization for direct deposit of paycheque, along with a voided cheque indicating bank routing and account numbers.

Changes in Payroll Data

The following payroll procedures will be followed to the greatest extent possible.

1. Changes to payroll master file data (rates of pay, adding employees, deleting employees, etc.) are to be performed by someone other than the person who processes the payroll.
2. Changes will be documented in writing.
3. Review of all changes to master payroll data by the Executive Director.
4. Payroll is processed by an individual who does not have the ability to make journal entries in the general ledger.
5. Timely review of payroll by someone independent from payroll processing and employee master file data input (Financial Officer).

All of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates will be authorized in writing by the Executive Director.

Voluntary payroll deductions and changes in income tax withholding status will be authorized in writing by the individual employee. Those changes must follow the above monthly schedule.

The individual employee should check his or her payroll payments to verify such deductions have been implemented and if the deductions have not they should immediately notify the individual processing the Payroll.

Periodically, adjustments need to be made to an employee's payroll for various reasons (salary and /or position changes during a pay period, employees starting or terminating in the middle of the pay period, etc.) Appropriate adjustments will be made by the Financial Officer.

Documentation of all changes in payroll data will be maintained in each employee's personnel file kept in the Financial Officer's office.

If an employee terminates during the pay period, they may be entitled to receive any accrued annual leave in addition to any salary due. This is computed by multiplying any accrued annual leave by the individual's hourly rate (divide yearly salary by 260 days divided by 7.50 hours) to determine the hourly rate for salaried employees.)

Source Deductions

Ceridian Payroll Canada is responsible for ensuring all source deductions are remitted to Revenue Canada and that yearly T4 forms are produced and sent to Revenue Canada and GOPAC by December 31st.

Personnel Activity Reports

GOPAC will follow the guidelines of the applicable award funder when billable hours are covered. Therefore, salaries and wages charged to Awards will be supported as follows:

1. Charges will be based on documented payrolls approved by responsible officials of GOPAC
2. Every staff member, whose compensation is charged, in whole or in part, directly or indirectly to awards, will complete activity reports that account for the total activity for which the employee is compensated.
3. The reports will reflect an after-the-fact determination of the actual activity of each employee. Budget estimates will not be used as support for charges to awards.
4. The reports must be signed by the individual employee or by a responsible supervisor who has first-hand knowledge of the activities performed by the employee.
5. The reports will be prepared on the same basis as the pay periods.
6. Salaries and wages of employees used in meeting cost sharing or matching (in-kind) are supported in the same manner as salaries and wages charged to awards.

Preparation of Timesheets

All GOPAC employees must submit to the Financial Officer a signed and approved timesheet or activity report no later than end of day on the last business day of each month.

Timesheets will be prepared in accordance with the following guidelines:

1. Each timesheet will reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not.
2. Timesheets will be prepared electronically.
3. Employees will identify and record hours worked based on the nature of the work performed;
4. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
5. Timesheets will be signed in ink by the employee prior to submission.

After preparation, the Executive Director will approve timesheets for all staff prior to submission to the Financial Officer.

A GOPAC employee who is on leave, traveling, or is ill on the day that timesheets are due must sign a timesheet submitted in this manner immediately upon his/her return to the office.

Review of Payroll

Upon production of all payroll reports and cheques, the Financial Officer reviews payroll prior to its distribution to employees. The Financial Officer shall sign the payroll register, indicating approval of the payroll.

Distribution of Payroll

Payroll pay stubs will be distributed by the Financial Officer.

Policies Pertaining to Specific Asset Accounts

Cash and Cash Management

Cash Accounts

GOPAC has three separate bank accounts.

Canadian Checking Account (operating account):

This is the primary operating account that provides for all business cheque disbursements. Generally, all award cash receipts are deposited to this account, however, certain awards stipulate that a separate, interest bearing, bank account be set up either because of the accounting software needs or because of the nature of the award. The Canadian Checking Account is a Treasury Account and the interest is calculated based on the bank's prime rate less 2% on any balance over \$100,000.00.

Investment redemptions are made on an as needed basis to cover disbursements. Excess funds in this account may be transferred into short-term investments or higher interest-bearing cash equivalents. See Investment Policy for further information.

USD Bank Account:

This account is used for the purposes of receiving US dollar awards and when the exchange rate to Canadian dollars is favourable, the monies will be transferred to the Canadian Checking Account.

Authorized Signers

The following GOPAC personnel are authorized to sign cheques drawn on GOPAC accounts:

Chair

Executive Director

GTF Advisor

Financial Officer

The Financial Officer will promptly notify GOPAC's financial institution of changes in authorized signatures upon the departure of any authorized signer. Refer to the section titled "Cheque Signing" for procedures.

Local Bank Accounts

Opening new accounts will require the approval of the Executive Director in the form of a resolution from the bank. A copy of all resolutions will be kept in the Financial Officer's office.

Bank Reconciliations

Bank account statements are received at the end of each month unopened with a “date stamp” indicating the date received. The Financial Officer will open the statement and review its contents for unusual or unexplained items, such as unusual endorsements on cheques, indications of alterations to cheques or cheque images, etc. Unusual or unexplained items will be reported immediately to the Executive Director.

After this review is complete, reconciliation between the bank balance and general ledger balance is prepared by the Financial Officer. The bank reconciliation process should be completed within 10 days of receipt of each bank statement.

The reconciliation process will involve an inspection of the fronts and backs of cancelled cheques returned with the bank statement. The purpose of this inspection is to identify signs of forgery, altered or substitute cheques, unusual endorsements, or other signs of fraudulent activity. If GOPAC’s financial institution does not return original cancelled cheques or paper copies thereof, the Financial Officer will view electronic copies of cancelled cheques provided by the financial institution.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed by the Executive Director on a monthly basis.

Bank reconciliations, cancelled cheques, and copies of resulting journal entries are filed in the current year’s accounting files. Bank statements are filed by like accounts together in a file in the Financial Officer’s office.

Cash Flow Management

The Financial Officer monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

GOPAC adheres to the requirements of its awards which may prohibit loaning funds between programs, therefore cash management and reporting is performed at the program level as well as for GOPAC as a whole.

GOPAC will have collateral security from the financial institution for the amount on deposit in excess of the threshold.

Stale Cheques

GOPAC will write off cheques of \$100.00 or less that are more than 6 months old that have not cleared GOPAC’s bank account. For uncashed cheques that are more than 6 months old and that exceed \$100.00, contact will be made with the payee to resolve the issue.

All stale cheques that are written off within the same fiscal year as they were written will be credited to

the same expense or asset account that was debited when the cheque was written, or the expenditure incurred. All stale cheques written off in fiscal years subsequent to the year in which the cheque was written will be credited to miscellaneous income.

Petty Cash Fund

Purpose

The purpose of a petty cash fund is to create a more efficient and cost effective way in which to operate business at GOPAC. Petty cash will be used to pay for small purchases and to reimburse employees for small expenses of a minor nature that are incurred in connection with official GOPAC business. ***Petty cash is not intended to be used for advances or loans to employees. Such use is strictly prohibited and will be considered a misappropriation of GOPAC funds.***

Procedures for the Creation and Use of a Petty Cash Fund

A petty cash fund can be requested by submitting a Request to Establish a Petty Cash Fund Form for the approval of the Executive Director.

In order for an employee to be reimbursed with petty cash, a Petty Cash Request Voucher must be completed by the employee, with an attached receipt, and approved by the Executive Director. If a receipt is lost or unavailable, the employee must sign a Declaration of Lost/Missing Receipt and attach it to the voucher in place of the receipt.

To replenish the petty cash fund, the custodian will complete a Petty Cash Reconciliation and Replenishment Form for the approval of the Executive Director.

Custodian

The custodian for each established petty cash fund will be appointed by the Executive Director. The appointee will be responsible for the physical security for the petty cash fund, however, the Executive Director are ultimately responsible for the security and proper use and maintenance of the account. To the degree possible, the custodian shall not be the person who processes invoices for payment, signs cheques, or performs general accounting. The custodian of the funds will take the appropriate steps to insure that the petty cash fund is kept in a safe and secure location. Whenever responsibility for the petty cash fund is transferred, the fund amount will be reconciled by the two parties involved.

Limits

A petty cash fund cannot exceed \$300 CAD.

Petty cash reimbursements cannot exceed \$60 per item claimed.

Related Forms:

1. Request to Establish a Petty Cash Fund Form
2. Petty Cash Reconciliation and Replenishment Form
3. Petty Cash Request Vouchers
4. Declaration of Lost/Missing Receipt

Prepaid Expenses

Accounting Treatment

GOPAC treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and will amortize these items over the corresponding time period. For purposes of this policy, payments of less than \$1,000 will be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements will be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date will be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming vendor invoices will be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment will be coded to a prepaid expense account code.

The Financial Officer will maintain a schedule of all prepaid expenses. The schedule will indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly/annual amortization amounts. This schedule will be part of the monthly reconciliation of the general ledger accounts.

Investment Policy

Scope

This policy applies to the investment of all operating funds of GOPAC.

Responsibility for Management of Funds

All funds of GOPAC shall be managed by the Secretariat with oversight review by the Executive Committee.

Pooling of Funds

Except for certain restricted and special funds as required by particular donors, GOPAC will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest-rate risk.

a. Credit Risk

GOPAC will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by pre-qualifying the financial institutions with which GOPAC will do business

b. Interest-Rate Risk

GOPAC will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale

markets. A portion of the portfolio also may be placed in bank deposits that offer same-day liquidity for short-term funds. Some of the funds shall be placed in a Strategic Reserve

a. Strategic Reserve

The strategic reserve is money that is set aside to cover any unintended funding shortfall if GOPAC should fail to secure additional funding on any given year. The amount of the Strategic Reserve will be set annually by the Board for the following year.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

Standards of Care

1. Prudence

The standard of care to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The Secretariat acting in accordance with written procedures and this investment policy, and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

2. Ethics and Conflicts of Interest

Directors and agents involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Directors and agents shall disclose any material interests in financial institutions with which GOPAC conducts or might conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3. Delegation of Authority

Responsibility for the operation of the investment program is hereby delegated to the Management Committee, which shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping and investment accounting. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by GOPAC. The Management Committee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Suitable and Authorized Investments

1. Investment Types

The following list represents the entire range of investments that GOPAC will consider and which shall be authorized for the investments of funds by GOPAC.

- a. Government of Canada Treasury Bills. (T-Bills) Obligations of the Canadian Government for which the full faith and credit of Canada are pledged for the payment of principal and interest.
- b. Triple A rated bonds.
- c. Guaranteed Investment Certificates (GICs) of Major Canadian Chartered Banks.
- d. Guaranteed Investment Certificates of Canadian Credit Unions which are fully guaranteed by the full faith of the Provincial Government in which they operate.

2. Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of GOPAC's funds, the investment portfolio will be subject to the following restrictions:

- a. Borrowing for investment purposes ("leverage") is prohibited.
- b. Investment in any instrument not specifically allowed.

Investment Parameters

1. Diversification

The investments shall have limited diversification.

2. Maximum Maturities

To the extent possible, GOPAC shall attempt to match its investments with anticipated cash flow requirements. Investments in T-Bills shall mature and become payable not more than three hundred

and sixty-five days (365) from the date of purchase. All other investments shall mature and become payable not more than two (2) years from the date of purchase.

Reporting

The Secretariat shall prepare an annual investment report for the executive, including a management summary that provides an analysis of the status of the investment portfolio and transactions made over the last year. This management summary will be prepared in a manner that will allow the executive to ascertain whether investment activities during the reporting period have conformed to the investment policy.

Property and Equipment

Capitalization Policy

Physical assets acquired with unit costs in excess of \$1,000 are capitalized as property and equipment on GOPAC's financial statements. Items with unit costs below this threshold will be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, GOPAC will adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions are accounted for at their historical cost or estimated fair market value if donated.

However for grants, capitalized assets will be reported as expensed in the grant year if they were so budgeted in the grant application or prior approval has been obtained from the funding source before purchasing and depreciation will not apply.

Contributed Assets

Assets with fair market values in excess of \$1,000 per unit that are contributed to GOPAC will be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold will be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized property and equipment will be recorded in a property log. This log will include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number or other identification number)
4. Source of the equipment
5. Location of asset
6. Depreciation method
7. Estimated useful life

A physical inventory of all assets capitalized with a threshold exceeding \$5,000 will be taken at least once every two years by GOPAC. This physical inventory will be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Executive Director.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture will be examined for obvious physical damage. If an asset appears damaged or is not in working order, it will be returned to the vendor immediately. It is the responsibility of the employee ordering the equipment or furniture to resolve matters with the vendor before payment is approved.

Depreciation and Useful Lives

All capitalized assets are maintained in the special furniture and equipment account group and are not included as an operating expense. Equipment is depreciated over its estimated useful life using the double declining method. Furniture is depreciated over its estimated useful life using the straight line method and leasehold improvements are depreciated over the remaining lease term.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month will have eight full months of depreciation (eight-twelfths of one year) recorded for that year.)

The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 yrs.
General office equipment	5 yrs.
Computer hardware	3 yrs.
Major computer software	2-3 yrs.
Leased assets	Life of lease
Leasehold Improvements	Remaining lease term

For accounting and interim financial reporting purposes, depreciation expense will be recorded once a year.

Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life will be made. All such changes in estimated useful lives of capitalized assets must be approved by the Executive Director.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change will be reflected as depreciation change in GOPAC's statement of activities.

Repairs of Furniture and Equipment

Expenditures to repair capitalized assets will be expensed as incurred if the repairs do not materially add to the value of the asset or materially prolong the estimated useful life of the asset.

Expenditures to repair capitalized assets will be capitalized if the repairs increase the value of asset, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs will be depreciated over the remaining estimated useful life of the asset. If the repairs significantly extend the estimated useful life of the asset, the original cost of the asset will also be depreciated over its new, extended useful life.

Dispositions of Property and Equipment

If equipment is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value). All fixed asset dispositions are to be approved by the Executive Director and sold at arm's length and at fair market value.

Write-Offs of Property and Equipment

The Executive Director approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. An asset that is discovered to be missing or stolen will be reported immediately to the Executive Director. If not located, this asset will be written off the books with the proper notation specifying the reason.

Leases

GOPAC will lease office space as required for a period no longer than 5 years duration (with potential renewal clauses). GOPAC may lease office equipment if it is determined to be beneficial to the organization, for a period no longer than that of the current lease (with potential renewal clauses).

Accounting for Leases

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, GOPAC shall record a capitalized asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments).

GOPAC will also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.

Software Acquisition and Development Costs

Software Acquisition

Any software for which GOPAC is eligible to purchase at a discounted rate from Techsoup Canada (<http://www.techsoupcanada.ca/>) must be purchased from Techsoup Canada unless it may be obtained at a lower cost elsewhere.

Costs to be Capitalized

Certain costs incurred in connection with the acquisition or development of internal-use software by an outside vendor (non-employee) will be capitalized and reported as an asset of GOPAC. Those costs that will be capitalized are those that are in excess of GOPAC's capitalization threshold (explained earlier) and that meet any one of the following criteria:

1. External direct costs (i.e., amounts paid to vendors) of materials and services for developing or obtaining internal-use software ("developing" to include design, coding, installation and testing);
2. Interest costs incurred in developing software; and
3. Costs associated with upgrades and enhancements when it is probable that these expenditure will result in additional functionality.

Costs that are capitalized in connection with the preceding policy will be included as assets on GOPAC's furniture and equipment listing, and will be amortized over an estimated useful life in accordance with the previously stated policies on depreciation and amortization.

Costs to be Expensed as Incurred

Many costs associated with acquiring or developing internal-use software are to be expensed as incurred, rather than capitalized, including:

1. Research and development costs;
2. General and administrative costs;
3. Data conversion;
4. Training costs; and
5. Internal maintenance costs.

Website Costs

Costs to Be Capitalized

Certain costs incurred in connection with the development of GOPAC’s web site by an outside vendor (non-employee) will be capitalized and reported as an asset of the organisation. Those costs that will be capitalized are those that are in excess of GOPAC’s capitalization threshold (explained earlier) and that meet any of the following criteria:

1. Certain application and infrastructure development costs, including:
 - a. Development or acquisition of any software necessary to develop or operate the web site (e.g. HTML editor software, graphics software, etc.)
 - b. Development or acquisition and customization of code for web applications (e.g. search engines, order processing systems, etc.)
 - c. Development or acquisition and customization of database software needed to integrate applications
 - d. Development of HTML web pages or development of templates and writing of code to automatically create HTML pages
 - e. Obtaining and registering an Internet domain name
 - f. Installation of developed applications on the server(s)
 - g. Creation of initial hypertext links to other web sites or to destinations within the Agency’s site
 - h. Testing the site applications
2. Graphics and content development costs, including the initial creation of graphics to be used on the site, the design or lay out of each page, color images, and the overall look and feel and usability of the site (e.g. buttons, borders, etc.), but NOT including the initial loading of content into the site, the costs of which are to be expensed as incurred.

Costs that are capitalized in connection with the preceding policy will be included as assets on GOPAC’s furniture and equipment listing, and will be amortized over an estimated useful life in accordance with the previously stated policies on depreciation and amortization.

Costs to Be Expensed As Incurred

Many costs associated with GOPAC’s web site are to be expensed as incurred, rather than capitalized, including the loading of content into the designed pages, as well as:

1. Planning stage costs, such as:
 - a. Development of a project or business plan
 - b. Determining functionalities or specifications of the site
 - c. Determining hardware and technology requirements
 - d. Conceptual formulation of graphics and content
 - e. Evaluation and selection of vendors

- f. Addressing legal considerations, such as copyright and trademark issues
- 2. Operating costs, such as:
 - a. Training employees involved in support of the site
 - b. Registering the site with search engines
 - c. User administration activities
 - d. Updating site graphics
 - e. Performing backups
 - f. Creating new links
 - g. Verifying that links are functioning properly
 - h. Adding new functionalities or features (however, see below)
 - i. Performing routine security reviews
 - j. Performing routine analysis

Certain upgrades and enhancements to the site will be capitalized and amortized over an estimated useful life. Upgrades or enhancements that result in additional functionality shall be capitalized.

Policies Pertaining to Liability and Net Asset Accounts

Accrued Liabilities

Identification of Liabilities

The Financial Officer will record in the general ledger expenses that may have to be accrued at the end of an accounting period. Some of the expenses that will be accrued by GOPAC at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Vacation pay (see policy below)

In addition, GOPAC will record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual.

Accrued Leave

Personnel policies permit employees to accrue one week of unused leave from year to year. See Employee Handbook for specifics.

Leave that does not “vest” with employees such as sick leave and personal leave will not be accrued as a liability.

Net Assets

Classification of Net Assets

Net assets of GOPAC will be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of GOPAC and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the GOPAC permanently maintain certain contributed assets. Generally, donors of such assets permit GOPAC to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the GOPAC'S actions.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of GOPAC has earmarked for specific uses, will be segregated in the accounting records as "corporate" funds within the unrestricted category of net assets.

Reclassifications from Restricted to Unrestricted Net Assets

GOPAC will report in its statement of activities a reclassification from restricted to unrestricted net assets if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g. spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Withdrawal by the donor (or by a court) of a time or purpose restriction

If a donor stipulates multiple restrictions (such as a purpose and a time restriction), reclassifications from temporarily restricted to unrestricted net assets will be reported only upon the satisfaction of the final remaining restriction.

Reclassifications from Unrestricted to Restricted Net Assets

If GOPAC receives a restricted contribution from a donor who further stipulates that GOPAC set aside a portion of its unrestricted net assets for that same purpose, GOPAC will report in its statement of activities a reclassification of net assets from unrestricted to temporarily or permanently restricted, based on the specific nature of the restriction.

Policies Associated with Financial and Tax Reporting

Financial Statements

Standard Financial Statements of GOPAC

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to GOPAC. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements that are maintained on a GOPAC-wide basis will include:

1. Statement of Financial Position - reflects assets, liabilities, and net assets of GOPAC and classifies assets and liabilities as current or non-current/long-term.
2. Statement of Activities - presents support, revenues, expenses, and other changes in net assets of GOPAC, by category of net asset (unrestricted, temporarily restricted and permanently restricted), including reclassifications between categories of net assets.
3. Statement of Functional Expenses - presents the expenses of GOPAC in a natural or objective format and by function (i.e., which program or supporting service was served).

Frequency of Preparation

The objective of the Financial Officer is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies will apply:

A standard set of financial statements described in the preceding section will be produced on a monthly basis, by the 15th of each month. A monthly Board report will be prepared with comparisons of actual year-to-date expenses with year-to-date budgeted amounts.

The monthly set of financial statements shall be prepared on the accrual method of accounting, including all receivables, accounts payable received by the 10th of the month when possible.

Review and Distribution

All financial statements and supporting schedules will be reviewed and approved by the Executive Director prior to being issued to the Board.

After approval by the Executive Director, monthly financial statements will be distributed to the following individuals:

- Treasurer and all members of the Executive Committee
- Executive Director

- Program Managers and any other employee with budget-monitoring responsibilities

Financial statements may include an additional supplemental schedule prepared or compiled by the Financial Officer. The purpose of this schedule is to provide any known explanations for material budget variances in accordance with GOPAC’s budget monitoring policies described later in this manual (under the “Financial Management Policies” section).

Budget Variance Analysis and Projections

On a quarterly basis, financial statements distributed to Program Managers with budgetary responsibilities shall be accompanied by a request for variance analysis and projections. Each Program Manager will prepare a report explaining the reasons for year-to-date variances from budget in excess of the greater of \$1,000 or ten percent for each line item. In addition to explaining the reasons for such variances, Program Managers will also provide a projection of the annual variance from budget or the steps that will be taken to avoid budget variances by year-end.

Budget variance reports prepared by Program Managers will be submitted to the Executive Director no later than 30 days after the end of each quarter for review.

Program Managers will inform the Executive Director as soon as they become aware of variances in future periods that will exceed the budget amount by ten percent.

Annual Financial Statements

A formal presentation of GOPAC’s annual financial statements will be provided by the Independent Auditor to the Board.

Trend Analysis

On an annual basis, the Financial Officer may prepare a five-year revenue and expense report in order to facilitate the analysis of financial trends experienced by GOPAC. This report may also include a five-year comparison of certain key operating ratios, based on the GOPAC’s annual financial statements. This report shall be submitted to the Executive Director, the Executive Committee and the Audit Committee no later than two months following the final audit.

Government Returns

Overview

To legitimately conduct business, GOPAC must be aware of its tax and information return filing obligations and comply with all such requirements of federal, provincial and municipal jurisdictions. Filing requirements of GOPAC include, but are not limited to, filing annual HST returns, and income tax returns as a not-for-profit organization with Revenue Canada.

Filing of Returns

The Independent Audit Company will be responsible for identifying all filing requirements and assuring that GOPAC is in compliance with all such requirements.

Financial Management Policies

Budgeting

Overview

Budgeting is an integral part of managing GOPAC's goals and objectives. The budget will be designed and prepared to direct the most efficient and prudent use of GOPAC's financial and human resources. A budget is a management commitment of a plan for present and future GOPAC activities that will ensure success. It provides an opportunity to examine the composition and viability of GOPAC's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources and each Program Manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. GOPAC will document and follow all such requirements.

Preparation and Adoption

The Management Committee with support from the Program Managers will prepare an annual budget. The Financial Officer gathers all of the proposed budget information and prepares the first draft of the budget. Budgets proposed and submitted should be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of GOPAC's budget by the Financial Officer, a draft of the budget, as well as individual program budgets, is presented to the Executive Director for discussion, revision, and initial approval.

The revised draft is then submitted to the Executive Committee, and finally to the entire Board for adoption.

It is the policy of GOPAC to adopt a final budget at the Board Meeting before the beginning of the fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Financial Officer to input the budget into the accounting system and establish appropriate accounting and reporting procedures including any necessary modifications to the chart of accounts to ensure proper classification of activities and comparison of budget versus actual once the year begins.

Budgets for programs that are not in GOPAC's fiscal year will be prepared in accordance with awarding funder requirements.

Monitoring Performance

GOPAC monitors its financial performance by comparing and analyzing actual results with budgeted results. This function will be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts will be produced by the Financial Officer and distributed to each employee with budgetary responsibilities. These individuals will be responsible for responding with a written explanation of all budget variances in excess of ten percent on a quarterly basis.

In addition, Program Managers will submit monthly performance (non-financial) reports to the Executive Director.

Budget Modifications

After a budget has been approved by the Board and adopted by GOPAC, reclassifications of budgeted expense amounts of less than five percent of the total budget, within a single department, may be made by the Program Manager, with approval from the Executive Director. Reclassifications of budgeted expense amounts across departments of more than five percent of the total budget may be made only with approval of the Executive Director.

Annual Audit

Role of the Independent Auditor

An annual audit of GOPAC’s financial statements will be conducted by an independent accounting firm. The independent accounting firm selected by the Executive Committee will be required to communicate directly with GOPAC’s Audit Committee upon the completion of their audit. In addition, members of the Audit and Executive Committees are authorized to communicate directly with the independent accounting firm.

At the completion of the audit, the independent accounting firm meets with the Executive Director to discuss the results. Audited financial statements, including the auditor's opinion thereon, will then be submitted and presented to the Board by the independent accounting firm at GOPAC’s Board Meeting within six months of the end of the GOPAC’s fiscal year.

How Often to Review the Selection of the Auditor

GOPAC will review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 5 years to ensure competitive pricing and a high quality of service. It is not a requirement to change auditors every five years; simply to re-evaluate the selection.

Selecting an Auditor

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors will be considered by GOPAC in selecting an accounting firm:

1. The firm’s reputation in the non-profit community
2. The depth of the firm’s understanding of and experience with not-for-profit Organizations and the Federal reporting requirements under the Canadian Income Tax Act
3. The firm’s demonstrated ability to provide the services requested in a timely manner
4. The ability of the firm’s personnel to communicate with GOPAC’s personnel in a professional and congenial manner

If GOPAC decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information may be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board meetings
5. Chart of account information

6. Financial information about GOPAC's (list of major awards)
7. Copy of prior year reports (financial statements, management letters, etc.)
8. Identification of need to perform audit in accordance generally accepted accounting principals
9. Other information considered appropriate
10. Description of proposal and format requirements
11. Due date of proposals
12. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
13. Identification of criteria for selection

Minimum Proposal Requirements from prospective CA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve GOPAC
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available with the firm
8. Expected timing and completion of the audit
9. Expected delivery of reports
10. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

An Executive Committee meeting will be held to select the audit firm from the proposals submitted. The Executive Committee will make the final recommendation to the Board of Directors.

Preparation for the Annual Audit

GOPAC will be actively involved in planning for and assisting the independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Financial Officer will provide assistance to the independent auditors in the following areas:

Planning - The Executive Director is responsible for delegating the assignments and responsibilities to the Financial Officer in preparation for the audit. Assignments will be based on the list of requested information provided by the independent accounting firm.

Involvement - The Financial Officer will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Interim Procedures - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to GOPAC’s year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced.

The Financial Officer will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, GOPAC will make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the audited financial statements of GOPAC from its independent auditor, the Executive Director and the Financial Officer will perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of GOPAC
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review will be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Executive Director.

It will also be the responsibility of the Executive Director to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

Audit Committee Responsibilities

In accordance with GOPAC’s by-laws, an Audit Committee will be formed by the Board. Please see the Board Governance section for more information.

Insurance

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of GOPAC.

GOPAC maintains adequate insurance against general liability, as well as coverage for tenant, contents, computers, equipment and other items of value. Personal property owned by the employee or volunteer is not covered by GOPAC insurance.

Coverage Guidelines

GOPAC will have following types and levels of insurance as a minimum:

Type of Coverage	Amount of Coverage
Comprehensive Liability	\$1,000,000
Fidelity Bonding	\$1,000,000
Fire and Water Damage	Coverage for all items with acquisition cost greater than \$1,000
Directors and Officers	\$1,000,000 (with an appropriate deductible level)
Employee Dishonesty	\$500,000

GOPAC will maintain a detailed listing or binder of all insurance policies in effect for reference. This listing or binder shall be kept by the Financial Officer and shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and cheque numbers

Insurance Definitions

Comprehensive General Liability

This coverage includes general liability insurance for injuries on site for the two offices that GOPAC occupies and sexual or physical abuse or molestation liability. Staff, participants, volunteers, parents, siblings of students injured at these offices need to report any incidents to management after first following emergency procedures. The employee responsible for reporting such incidents should immediately write a report and send it to their supervisor and the Financial Officer for insurance filing that includes the following information:

1. Date and time of incident
2. Name, address and phone number of those involved
3. What happened
4. Where it happened
5. If injuries are involved and to what extent

Fire, Damage, Theft

Coverage for GOPAC's contents and computers. After emergency procedures are followed, submit a written narrative report including the following information:

1. Date and time
2. Location
3. Who was involved
4. Witnesses
5. Exact description of damage or item stolen
6. An estimate of number of item or items and value of loss involved

Send this report and a copy of the police report immediately to the Financial Officer and a copy to the Executive Director. Submission to the insurance company will not be possible without these reports.

Fidelity Bond

For all personnel handling cash, preparing or signing cheques, GOPAC shall obtain insurance that provides coverage in a blanket fidelity bond.

Directors and Officers Liability

This coverage includes any past, present or future directors, officers, trustees, employees, volunteers or staff members of GOPAC, including any Board and Executive Committee members, whether salaried or not.

Record Retention

GOPAC retains records as required by law and destroys them when appropriate. The destruction of records must be approved by the Executive Director. The formal records retention policy of GOPAC is as follows:

Record Type	Retention Period
Accident reports/claims (settled cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Audit reports	Permanently
Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanently
Cancelled Cheques	7 Years
Contracts, mortgages, notes and leases: Expired	7 Years
Still in effect	Permanently
Correspondence: General	2 Years
Correspondence: Legal and important matters	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 Years
Employment applications	3 Years
Expense analyses/expense distribution schedule	7 Years
Financial statements	Permanently
Garnishments	7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 Years
Internal reports	3 Years
Inventories of products, materials and supplies	7 Years
Invoices (to customers, from vendors)	7 Years
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Petty cash vouchers	3 Years
Program participant files	See individual contract requirements
Property records (incl. depreciation schedules)	Permanently
Purchase orders / Service requisitions	7 Years
Retirement and pension records	Permanently
Sales records	7 Years
Subsidiary ledgers	7 Years
Tax returns and worksheets, examination reports and other	Permanently

documents relating to determination of income tax liability	
Time sheets	7 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Withholding tax statements	7 Years

Board Governance

For additional information, please see the Board of Directors Policy Manual.

Board of Directors Structure

Please see GOPAC's Constitution.

Audit Committee

Purpose

The primary responsibility for GOPAC's financial reporting and internal controls rests with senior operating management, as overseen by the GOPAC's Board. The purpose of the Audit Committee (the "Committee") is to assist the Board in fulfilling this responsibility by providing oversight of the GOPAC's annual audit as well as significant cases of conflict of interest, misconduct, fraud and abuse investigations.

Authority

The Audit Committee has authority to:

- Consult with GOPAC's external auditors when appropriate.
- Investigate any matter brought to its attention with complete and unrestricted access to all books, records, documents, facilities, and personnel of GOPAC.
- Retain outside counsel, auditors, investigators, or other experts in the fulfillment of its responsibilities, including the sole authority to approve the firms' fees and other retention terms.

The Committee will be provided with the resources necessary to discharge its responsibilities.

Membership

The Audit Committee will be a standing committee of the Board, comprised of not less than two members. Members of the Committee shall:

1. Have no relationship to GOPAC that may interfere with the exercise of their independence from management and GOPAC.
2. Not be members of GOPAC's Executive Committee, a separate committee of the Board;
3. Be financially literate regarding the specialized matters of GOPAC or shall acquire such financial literacy within a reasonable time period after appointment to the Committee.

In addition, at least one member of the Committee should be a financial expert possessing the following characteristics:

1. An understanding of generally accepted accounting principles applicable to GOPAC and a strong understanding of financial statements;

2. The ability to assess the application of generally accepted accounting principles in connection with accounting for estimates, accruals, and reserves of GOPAC.
3. Experience preparing, auditing, analyzing, or evaluating financial statements of comparable complexity to those of GOPAC.
4. Understanding of internal controls and procedures for financial reporting; and
5. Understanding of Audit Committee functions.

Responsibilities

The Committee's role is one of oversight, recognizing that GOPAC's Management Committee is responsible for preparing the financial statements and that the external auditors are responsible for auditing those financial statements. The Committee recognizes that GOPAC's internal financial Management Committee, as well as the external auditors, have more time and detailed information about GOPAC than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee is not providing expert advice or any assurances as to GOPAC's financial statements or any professional certification as to the external auditor's services.

The Committee shall have certain responsibilities in the areas of financial reporting, internal control, and GOPAC governance.

In the areas of financial reporting and internal control, the Committee shall:

- Oversee the external audit process, including consultation with the external audit firm on GOPAC's audit results;
- Review accounting policies;
- Review GOPAC's audited financial statements and other reports requiring approval by the Board of Directors.
- Receive and review any other communications from the external auditors that the external auditors are required to submit to the Board or Committee under currently applicable professional auditing standards;
- Review and discuss with management the findings and recommendations communicated by the external auditor;
- Inquire about the existence and nature of significant audit adjustments proposed by the external auditors and significant estimates made by management;
- Meet privately with the external auditors to discuss the quality of management, accounting and information technology personnel, and to determine whether any restrictions have been placed by management on the scope of their external audit or if there are any other matters that should be discussed with the Committee;
- Prepare a report, signed by the Chair of the Committee, for presentation to the full Board, describing the activities and responsibilities of the Committee; and
- Direct special investigations into significant matters brought to its attention within the scope of its duties.

In the area of GOPAC governance, the Committee shall:

- Review GOPAC policies regarding compliance with laws and regulations, ethics, employee conduct, conflicts of interest, and the investigation of misconduct or fraud;
- Review current and pending litigation or regulatory proceedings impacting governance in which GOPAC is a party;
- Establish and monitor GOPAC procedures for receiving and handling significant complaints about accounting and auditing matters;
- Review significant cases of employee or director conflict of interest, misconduct or fraud;
- Discuss with the external audit firm the reliability of GOPAC’s information technology system and any specific security measures in protecting GOPAC against fraud and abuse; and,
- Meet with GOPAC’s general counsel to discuss legal matters that may have a significant impact on GOPAC.

The Committee shall meet on a regular basis and call special meetings as deemed necessary in fulfilling the responsibilities.