

Administrative Procedure 510

FINANCIAL SYSTEMS AND AUDITS

Background

Accounting, financial reporting and management control systems must be designed and maintained to ensure accurate, reliable and relevant data and ease of audit.

Such systems shall conform to the high standards of care and discipline required by generally accepted accounting principles. The systems must also enable the Board to be provided regular and emergent reports on the financial affairs of the District.

Procedures

1. Financial System
 - 1.1 In order to provide an effective accounting system, the Finance and Management Services Branch shall establish and maintain a "chart of accounts" consistent with the Ministry Accounting and Reporting Guidelines.
 - 1.2 All revenue and expenditures shall be recorded in the General Ledger which contains the accounts in summary and detail to reflect the financial position, the results of financial operations and the changes in equity of each fund.
 - 1.3 The fiscal year budgets as approved by the Board and Ministry shall be recorded in the General Ledger for daily control of revenue and expenditure.
 - 1.4 Each entry to the General Ledger shall be evidenced by an authorized document to provide a complete record of the transaction.
 - 1.4.1 In addition each entry shall be controlled by a cheque, journal voucher or receipt number or budget transfer.
 - 1.5 Finance and Management Services Branch shall maintain a complete audit trail of all financial transactions.
 - 1.5.1 The records will be available for inspection by appropriate personnel.
 - 1.6 The Payroll department for the District must meet the following objectives and checks before finalization of a payroll:
 - 1.6.1 All employees will be approved and entered in the Employee Master File by the Human Resources department;
 - 1.6.2 The Payroll department will calculate exceptions/pay adjustments and/or timesheets and process payrolls for predetermined pay dates;
 - 1.6.3 Payroll reports will be produced as audit trail for the processed transactions.
 - 1.6.4 A payroll register will be produced to verify each payroll.

- 1.6.5 A one-pay-period listing showing amounts paid out to each employee shall be presented to the Human Resources Director or designate for review at least quarterly.
 - 1.7 Bank reconciliations and other balance sheet reconciliations shall be prepared monthly.
 - 1.8 Finance and Management Services monitor all the District's funds on a continual basis to prevent over expenditures.
 - 1.9 Where there are indications of significant overrun an "Ad Hoc" report shall be forwarded to the Superintendent or designate.
2. Audits
- 2.1 An auditor will be appointed by the Board to audit the accounts and transactions of the District.
 - 2.2 Requests for information on auditing services will be solicited from the major accounting firms at least every six (6) years.
 - 2.3 The initial engagement will be for a maximum of three (3) years.
 - 2.3.1 In each year subsequent to the initial appointment, the Superintendent or designate, with the approval of the Board, may extend the appointment for one (1) additional year.
 - 2.4 The maximum term of appointment shall be six (6) years.
 - 2.5 The auditing firm appointed by the Board will conduct an interim audit visit in May and a year-end audit in August.
 - 2.6 In addition to the responsibilities listed in the School Act, the auditors will make recommendations on improvements which could be made to accounting records, procedures and controls.
 - 2.7 The audited financial statements shall be made available to the public immediately after their receipt and approval by the Board and the Ministry of Education.
 - 2.8 The Finance and Management Services Branch of the District will be responsible for conducting any internal audits requested by the Ministry, the Board or Superintendent.

Reference: Sections 22, 23, 65, 81, 85, 106.3, 106.4, 110, 111, 112, 112.1, 113, 114, 115, 117, 118, 156, 157, 157.1 School Act
Financial Information Act