
TITLE:	Financial Policy
PROCEDURE NO:	Finance 2018-01
CONTACT:	Financial Officer
EFFECTIVE DATE:	2018-09-01
REVISION DATE:	2019-09-01
APPROVED BY:	General Assembly



FINANCIAL POLICY

PURPOSE AND PREAMBLE

The purpose of this document is to establish policy and procedures regarding the financial operations of the Residence Society Inc. (ResSoc). ResSoc is committed to ensuring strong financial controls and maintaining an emphasis on fiscal responsibility.

INTENDED AUDIENCE

The intended audience for this document are ResSoc Staff, ResSoc's Independent Auditors, and External Agencies to whom ResSoc is accountable. ResSoc Financial Procedures in conjunction with proper training are critical to ensuring the understanding and success of this Financial Policy. It is the obligation of every officer and staff member to be aware of these policies.

MISSION STATEMENT

The financial role of General Assembly is to ensure the fiscal responsibility and strive to deliver value exceeding the sum of the fees collected. This mission applies to all ResSoc staff, and in particular to staff members responsible for the administration of ResSoc's treasury.

BACKGROUND

To be fiscally responsible means ensuring that the fees collected from the membership are used appropriately to further ResSoc's mission and objectives. Being accountable means ensuring the transparent administration of funds and regular reporting on ResSoc finances and operations.

Accountability refers to the obligation a person, group, or organization assumes for the execution of authority and/or the fulfillment of responsibility. This obligation includes providing an explanation or justification for the execution of authority, reporting on the results of that execution and/or fulfillment, and assuming liability for those results.

As outlined in the Bylaws of the Society, accountability is owed to many stakeholders and ultimately to Society members. The policies and procedures outlined in this document are the building-blocks of a responsible and transparent system of management and administration of the funds in our custody. Together, they form the foundation of how ResSoc does business.

1. FINANCIAL OVERVIEW

1.1. Fundamental Information

- a. Ensuring compliance with the policies composed herein are the responsibilities of:
 - i. The President
 - ii. The Chief Financial Officer (CFO)
- b. The fiscal year of ResSoc shall be from May 1st to April 30th

1.2. President Duties

- a. Ensure the timely completion of the duties listed in 1.3. Chief Financial Officer Duties
- b. Act as Chief Financial Officer in the event the incumbent is unable to fulfill their duties

1.3. Chief Financial Officer Duties

- a. Comply with the Constitution, Bylaws, Policies, and Procedures
- b. Ensure Financial Policy and all Financial Procedures are kept current
- c. Create the society budget through an open and transparent process
- d. Be responsible for creating and maintaining the ResSoc budget
- e. Prepare the budget in accordance with Canadian GAAP
- f. Publish periodic financial statements that reflect the Society's:
 - i. Financial position
 - ii. Results of operations
 - iii. Changes in net assets
 - iv. Cash flows for the fiscal year
- g. Ensure the execution of an independent audit to:
 - i. Timely verify finances
 - ii. Take corrective action on audit findings
- h. Maintain internal controls that provide reasonable assurance that the Society is managing student funds in compliance with the all applicable laws and governing documents
- i. Deliver a mandatory finance training to ResSoc Staff which includes:
 - i. Financial Policies
 - ii. Financial Procedures
 - iii. Financial Auditing
 - iv. Other material in "Financial Procedures"
- j. Coordinate additional mandatory training sessions during the academic year as required

1.4. Revenue Collection

- a. Cheques, debit, and credit cards are the only forms of payment accepted by ResSoc for:
 - a. e-commerce sales
 - b. in-person sales
- b. Online e-commerce sales are the main payment collection type
- c. In-person debit and credit sales are optional an executive member is required to set them up
- d. All deposits (cheques) received from vendors must be delivered to the CFO immediately
- e. All signing officers must
 - a. View all collected deposits
 - b. Know why the deposits were collected
 - c. Meet promptly to make the deposit to the bank
 - d. Ensure that all deposits are delivered to the bank
- f. The CFO will recognize the successful deposit in the accounting software

2. BUDGETS

2.1. ResSoc Budget

- a. The CFO will hold an open budget meeting by the third Monday in September of each year
- b. At least one full week prior to the date of the meeting:
 - i. The CFO will notify and advertise the budget meeting to the membership
 - ii. The CFO will post notices at the entrances to all residences
- c. At the meeting:
 - i. The CFO will present the Society budget prepared over the summer to gather feedback
 - ii. A question period will be held to voice feedback and concerns by the membership
 - iii. The CFO will ensure all questions and concerns are recorded
- d. After the Meeting
 - i. The CFO will make any necessary amendments to the budget
 - ii. The CFO will present the amended budget to the Executive Board by the third week of September
 - iii. The CFO will present the budget to General Council for ratification by the first week of October
- e. General Council members can propose further budget amendments prior to the ratification vote
 - i. The CFO retains the right to veto amendment propositions
 - ii. In the event of a veto, a final vote will be held at the next General Council after the CFO has made a report on the reason for the veto
- f. The CFO in conjunction with the President may alter the above timeline

2.2. House Budgets

- a. The house budgets serve as operational guidelines and key performance indicators of the effectiveness of the governance of each of the houses
- b. The House President will direct the spending of the House Council subject to:
 - i. ResSoc Bylaws
 - ii. Financial Policy
 - iii. Financial Procedures
- c. House Budgets must reflect the respective house's spending priorities
- d. The House President is responsible for creating and maintaining their house's budget
- e. The House President will present their budget to their House Council at a meeting no later than the second week of September
- f. At least one full week prior to the date of the meeting:
 - i. The House President will notify and advertise the budget meeting to their House
 - ii. The House President will post notices at the entrances to their residence
 - iii. The House President will notify the Vice President of Residence Affairs
- g. At the meeting:
 - i. The House President will present the House budget to House Council
 - ii. A question period will be held to voice feedback and concerns by House Council
 - iii. The House President will ensure all questions and concerns are recorded
 - iv. A vote by House Council requiring simple majority will be held to approve the budget
- h. After the meeting:
 - i. The House President will make any necessary amendments to the budget
 - ii. The House President will submit the House budget to the CFO by the end of the second week of September
 - iii. The CFO will review the budget to ensure consistency with the mission and objectives of ResSoc
- i. If the house budget is approved by the CFO:
 - i. Half the total house allocation will be made available for immediate use
 - ii. The House President will be notified by email
- j. If the house budget is not approved by the CFO:

- i. The CFO will promptly provide recommendations to obtain approval
 - ii. If required the CFO, President, and House President will meet
 - iii. The President has final authority on decisions
- k. Once approved, the budgets shall not be changed except to reflect significant changes (those which are greater than twenty percent) in projected revenue as may arise.
- l. The CFO or Vice President of Residential Affairs in conjunction with the President may alter the above timeline

8. INCOME AND REVENUE

3. 8.01 SAFE CASH HANDLING

8.02.01 The society does not accept any forms of payment except for debit and credit. This may be collected via the society's e-commerce capabilities, or through in-person debit/credit sales if the system has been set up by the executive team.

8.02.02 The society is required to set up a method of payment using the society's online e-commerce capabilities for every service/good it offers. It does not need to offer in person debit/credit collections.

9. PURCHASES AND EXPENDITURES

4. 9.01 OVERVIEW

9.01.01 To reimburse Staff for purchases, TD's EFT service is used to directly deposit money into bank accounts. Staff will submit proof of payments on Expensify, where they will be approved by the required officer(s). Vendors will be paid via a cheque system. Prior to sending out payment to vendors using a cheque, the invoice will need to be delivered to the Chief Financial Officer on Expensify, who will approve it (along with the President/General Assembly if required)

9.01.02 Prior to making expenditures which are over their authorization limit, all staff should have expenditure plans approved by a staff person with the appropriate authorization level.

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

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

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

9.01.06 The CFO will never approve his or her own expenses – all CFO expenses must be approved by the President (up to \$2000 limit). If the CFO's expenditure exceeds \$2000, the expenditure must be approved by the Finance and Audit Committee (up to \$5000) or General Assembly (beyond \$5000).

9.01.07 The President will not approve his or her own expenses. The CFO will approve the President's expense up to \$500. Expenses exceeds \$500 by the President must be approved by FAC (up to \$5000) or General Assembly (beyond \$5000).

9.02 General Expenditure Guidelines

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

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

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

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

5. 9.03 SIGNING OFFICERS OF THE SOCIETY

9.03.01 The following shall be bank authorized signing officers:

- i President
- ii Chief Financial Officer

9.03.02 For cheques under \$500, the Chief Financial Officer or the President can sign.

9.03.03 For cheques over \$500, the Chief Financial Officer and the President must sign.

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

6. 9.04 SIGNING LIMITS (SOCIETY OFFICERS)

Level One: Maximum \$500
The Chief Financial Officer

Level Two: Maximum \$2,000
The President

Level Three: Maximum \$5,000
The Finance and Audit Committee has a level three authorization limit (by formal resolution). The Chair of the Finance and Audit Committee signs the cheque requisition on behalf of the Committee. For all expenses approved by The Finance and Audit Committee, the minutes must be attached to the proof of payment.

Level Four: Unlimited
The General Assembly has a level four authorization limit (by formal resolution). For all expenses approved by General Assembly, the minutes must be attached to the proof of payment.

9.05 Responsibility of Authorized Officers

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

9.06 Signature Cards

9.06.01 All authorized officers of the Society must have a completed Signature Card on file in the ResSoc office prior to signing any financial forms. 9.06.02 All other staff members must complete a signature card during training week

7. 9.7 TRAVEL EXPENSES

9.7.01 The Residence Society has adopted the Queen's University Finance Group Policy on Travel & Subsistence. See http://www.queensu.ca/fins/policies/travel_sub.html for details.

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

9..8 SECURITY OF DOCUMENTS

9.8.01 All non-negotiable financial documents must remain locked at all times under the custody of the Chief Financial Officer and/or President, ResSoc.

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

10. HOUSE FINANCIAL REVIEWS

8. 10.01 AUTHORITY OF THE EXECUTIVE BOARD

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

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

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

House Council or official is:

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

10.01.04 If the Chief Financial Officer finds substantial irregularities or discrepancies, he or she will notify the Chair of the Finance and Audit Committee who will schedule a hearing. The House President will be called to testify before the Finance and Audit Committee to explain the irregularities or discrepancies. At the hearing, which will be open to the public, the Vice President

will present his or her report, and the representatives from the House will be given an opportunity to respond.

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

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

10.02 Duty of Regular Budget Analysis and House Review

10.02.01 The Chief Financial Officer acts on behalf of the Executive Board to ensure fiscal responsibility throughout the Society.

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

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

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

11. INTERNAL PROCEDURES AND CONTROLS

9. 11.01 AS NEEDED BASIS OPERATIONS

On an as needed basis (dictated by invoice due dates for invoices, and in consultation with the President for reimbursements, but no less than once every two weeks), the Chief Financial Officer will complete the following activities:

- i. Issuance of cheques for invoices or direct deposit for reimbursements, providing that:

a. Expensify procedure has been completed fully and accurately, has been signed as appropriate and approved by an authorized officer.

10. 11.02 MONTHLY OPERATIONS

At month end, the Chief Financial Officer will complete the following month-end activities:

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

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

11.02.02 The Chief Financial Officer will circulate to the Society membership, no less frequently than once every two months, a budget report, which includes simple outlines of expenditures to date, as well as an outline of what portion of student fees have gone to which expenditure, and an overview of what expenditures are to come. Society budget reports will be made available on the Internet and in the Society newsletter.

11.03 Semi Annual Operations

The Chief Financial Officer will before the last day of January conduct a semi-annual review which will involve:

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

11. 11.04 YEAR END OPERATIONS

The Chief Financial Officer will conduct a year end review which will involve:

- i i. Preparation of a Year end Society Budget Report (similar to the monthly report)
- ii ii. Generation of a year end income statement.
- iii iii. Preparation of a year end balance sheet.
- iv iv. Conduct an audit of all Houses' finances and compare actual House spending to budgeted House spending in all of the Houses.
- v Closing the books in preparation for audit
- vi Completion of the audit file, which must include:
 - a. A listing of accounts receivable as at April 30 of the fiscal year, noting on the listing those accounts for which the collectibility is doubtful.
 - b. A listing of all accounts payable as at April 30 of the fiscal year.
 - c. Bank statements and cancelled cheques for the year.

- d. Copies of minutes from meetings of the General Assembly held during the year.
- e. Paid invoices during the year.
- f. A copy of that period's budget.
- g. Documentation to support the purchase of capital assets during the year.
- h. Documentation to support any grants/funding received during the year.
- i. Details of any new operating leases.
- j. Documentation of all bank deposits, requisitions, financial anomalies, and cash advances.
- k. A copy of this policy and procedures manual.
- l. A year-end transition report which outlines, in operational detail, how to go about executing the procedures in the Society Financial Policy and Procedures.

12. REMUNERATION

12. 12.01 OVERVIEW

The Society fee is collected in two components: activity and salary. The salary component is remitted directly to the ResSoc's payroll provider for distribution directly to ResSoc staff. This total salary amount, plus the sum of the year's contributions from Queen's University Residences, is initially recorded in the ledger as a revenue and asset at the beginning of the year and expensed to salary expense evenly throughout the year as salaries are paid.

13. 12.02 ADMINISTRATION OF REMUNERATION

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

14. 12.03 SALARY ADVANCES

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

13. AUDIT

15. 13.01 REQUIREMENT FOR EXTERNAL AUDIT

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

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

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

16. 13.02 DUTIES OF THE EXTERNAL AUDITOR

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

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

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

17. 13.03 DUTIES OF THE RESSOC

13.03.01 The ResSoc is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the ResSoc shall prepare a corrective action plan for current year audit findings which assigns responsibility to specific individuals or positions for the corrective actions and provide expected dates of completion. The corrective action plan shall include any reference numbers the auditor assigns to audit findings and shall be presented to the Finance and Audit Committee no later than one month after the audit findings are released. The outgoing Chief Financial Officer and the outgoing President of the Residence Society shall be responsible for the collection of all relevant audit information and submit this information to the incoming executives. It will be the responsibility of the incoming executives to submit the material to the external auditors in the summer.

18. 13.04 SCOPE OF AUDIT

13.04.01 The audit shall be conducted in accordance with GAAS.

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

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

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

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

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

14 SUMMER OPERATIONS

19. 14.04 OVERVIEW

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

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

14.05 Expenditure Approvals

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

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

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

14.05.04 Such approvals as described in 14.05.03 may be made by teleconference as described in the Bylaws of the Society

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

14.05.06 For expenditures that are necessary for the society that are due in the summer (i.e. insurance) that above the President/CFOs approval limits, the President, can at his/her discretion, approve the expenditures and have them approved at the first General Assembly of the year.

14.06 Internal Summer Audit

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

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

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

15 AMENDMENTS

20. 15.01 GENERAL

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

16 COMMENCEMENT OF POLICY

21. 16.01 EFFECTIVE DATE

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