



Develop Nova Scotia

Finance Policies

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Introduction

Policies provide framework and structure to an organization. They provide guidance for decision making, streamline internal control processes, and ensure consistency within the organization.

Through the implementation and use of policies, the Board of Directors and management, seek to provide reasonable assurance regarding the achievement of the organization's goals and objectives. The effectiveness of these policies should provide for the following:

- A culture of awareness, where policies are followed and fully supported by management
- The design, implementation, and maintenance of effective internal controls and procedures, that provide for the safeguarding of organizations assets as well as the integrity of financial information
- An effective communication of information
- Risk assessment and mitigation
- Accountability

Cash Management

Purpose

To ensure that funds received are accounted for and deposited into our bank account on a timely basis, to avoid exposure.

Policy Directives

- It is the general policy to have all customers / tenants pay by credit card, pre-authorized debit, or cheque. Cash payments are discouraged.
- If cash payment is unavoidable, a prenumbered receipt is to be issued by administration.
- Cheques / cash received are logged and verified when deposited. They are kept in a secure locked area until deposited.
- Not more than \$500.00 cash will be kept on the premises. Not more than \$20,000.00 in cheques will be kept on the premises (excluding post-dated cheques).
- Deposits will be made at least once weekly.
- For internal control purposes, staff who are responsible for the management / collection of Accounts Receivable must not handle or be responsible for the processing of receipts.
- Operating grants will be requested at least quarterly.

- Capital grants will be requested monthly.

Debt Management

Refer to Debt Management Policy last updated October 2018.

Petty Cash Fund

Purpose

To cover incidental office expenses and purchases that require cash.

Policy Directives

- A petty cash fund of \$200.00 is maintained, and only accessible by administration staff.
- It is kept in a locked drawer and replenished from time to time as needed.
- Petty cash is not to be used to cover travel expenses except reimbursement of taxi fares.
- Each expenditure is to be initialed by the purchaser with a description of the expense.

Banking

Purpose

To ensure that banking efficiencies, cash efficiencies, and security are maximized.

Policy Directives

- All cheques require two signatures.
- All Electronic File Transfers require two approvals.
- Signers / approvers must be listed on our Master Client Agreement with RBC.
- Signers / approvers with a title of Director or Senior Controller are authorized to sign/ approve amounts up to \$49,999.99.
- The Chief Operations Officer / Vice President, Finance is authorized to sign for amounts up to \$99,999.99.
- The President & CEO and a member of the Board having signing authority (Chair, Vice Chair, Chair of the Finance, Audit & Risk Management Committee; Chair of the Governance & Human Resources Committee; and Chair of the Planning Committee) are authorized to sign / approve amounts of \$100,000.00 or more.
- Pre-authorized payments require two signatures and are set up for utility payments only.

- On-line bill payments require two authorized approvals.
- EFT (Electronic Fund Transfers) deposits to Develop Nova Scotia accounts require email notification of deposit by the tenant/customer.
- PAD (pre-authorized debit) agreements with tenants / customers are verified and approved by accounting before processing.
- Bank reconciliations are reviewed and approved by the Vice President, Finance & Administration.
- New users of on-line banking are to be pre-approved by the President & CEO.
- The establishment of new bank accounts is to be pre-approved by the Board.
- Banking terms will be reviewed annually, with an RFP being advertised every five years (last RFP June 2017).

Accounts Receivable Management

Purpose

To ensure accounts receivable are managed in an efficient, effective, timely and consistent manner resulting in improved recovery rates.

Policy Directives

- Invoices will be prepared on a timely basis to ensure appropriate recording of revenue and to meet customer expectations.
- The accounts receivable aging list is reviewed periodically (at least monthly) and follow-up is the responsibility of the Senior Controller, either directly or through the appropriate manager / director as indicated by the original invoice.
- Documentation is included with the Finance, Audit & Risk Management Committee package.
- Returned cheques or PAD payments should be communicated to the customer on a timely basis, to ensure appropriate follow-up. A \$45.00 processing fee is added to the customer account.

Collection:

- Lease / License Agreements - we require post-dated cheques or pre-authorized debit forms for all tenants. Some tenants pay by EFT and, if timely, is also an acceptable method of payment.
- We do not accept credit card payments for rent without express approval of the Senior Controller.
- Rent includes base rent and additional rent (% of sales, recoveries).
- Rents not paid as due will be followed up by the Property Manager.

- Notices will be communicated to the tenant - email or calling.
- Dunning letters will be sent to tenants after 30 days indicating a breach in contract.
- Contracts will be terminated if the account is not paid in full after every reasonable effort has been made to collect.

PCI (Payment Card Industry) Compliance

Purpose

To ensure that our practices, as they relate to handling of credit card payments, reflect the standards of PCI compliance.

Refer also to 2015 WDCL PCI Policy Guide

Policy Directives

- All of our credit card transactions are processed under the banner of Moneris or Square - online portal or Point of Sales device - and are, therefore, considered PCI compliant.
- Staff training will be conducted annually to ensure that our practices adhere to the standards of PCI compliance.

Customer Master

Policy

To maintain an accurate database of customer files to avoid duplication and inaccuracies.

Policy Directives

- New customers are approved by the Senior Controller before being entered into the accounting system.

Bad Debts Expense & Write-Off Policy

Purpose

To maintain an accurate accounting of receivables by recording accounts that are deemed uncollectable.

Policy Directives

- Bad debts are expensed at year-end based on a review of the account receivable aging list.
- Bad debts expense is based on specific accounts
- Bad debts will be written off at year end with the approval of the Finance, Audit & Risk Management Committee.

Revenue Recognition

Purpose

To ensure accuracy of revenue, on an accrual basis, based on Generally Accepted Accounting Principles (GAAP).

Policy Directives

- Revenue is recorded in the month to which it pertains.
- If a month is closed, revenue is recorded in the last open month.
- Revenue accruals will be recognized at year-end, as appropriate.

Payroll

Purpose

To ensure the accuracy and timeliness of payroll records and payments.

Policy Directives

- Management and staff will ensure that the payroll administrator has the appropriate information regarding new hires, pay changes, or adjustments (sick days, vacation days, bereavement, etc.).
- The Chief Operations Officer / Vice President, Finance will review and audit payroll records on a timely basis.

Purchasing Policy

Purpose

To ensure that appropriate approvals are sought when purchasing that reflect accountability as well as budgetary control and approved funding and to ensure those who sign contracts on behalf of Develop Nova Scotia have the authority to do so.

Policy Directives

- Employees entering into contracts on behalf of Develop Nova Scotia must have the authority to do so. Authority levels are stated within the purchasing limits below. The value of the contract will dictate the authority level required. Only those with the required authority level are able to sign contracts on behalf of Develop Nova Scotia.
- All purchases over \$2,500.00 (net of HST) require a completed purchase order requisition (Appendix A)
- All purchases must adhere to budgetary constraints.
- Approval levels:
 - Purchase Order Requisitions <\$10,000.00 require the signature of the appropriate Manager
 - Purchase Order Requisitions >\$10,000.00 and <\$50,000.00 require the signature of the Director
 - Purchase Order Requisitions >\$50,000.00 and <\$100,000.00 require the signature of the Director and Chief Operations Officer / Vice President, Finance or President & CEO
 - Purchases >\$100,000.00 require the signature of the President & CEO and one member of the Board having signing authority (Chair, Vice Chair, Chair of the Finance, Audit & Risk Management Committee; Chair of the Governance & Human Resources Committee; and Chair of the Planning Committee).
- All purchasing will follow the Province of Nova Scotia Procurement Protocols as they relate to Crown Corporations. Please reference Appendix D for thresholds (subject to change from the Province of Nova Scotia guidelines).
- When using an alternative procurement method, the following documentation is required:
 - Written documentation that provides details on the applicable reason as referenced from the Nova Scotia Procurement Protocols, Section 6.
 - A purchase requisition form signed by the Director and Chief Operations Officer / Vice President, Finance, if under \$10,000.00.
 - A purchase requisition form signed by the Chief Operations Officer / Vice President, Finance and the President & CEO, if above \$10,000.00.
 - Generally high value purchasing does not use this method of procurement.
- Documentation required for issuance of a purchase order:

- Copies of all quotes received.
- Signed agreement.
- Written justification as to why that vendor has been chosen, if alternative quotes are of lesser value.
- Completed purchase requisition form including applicable budget code and approvals.
- Workers Compensation Board clearance verified.
- Standing offers provide better pricing and should be used whenever possible.
- If a Purchase Order has not been approved, prior to goods/services being provided, a Purchase Order Exception must be completed (Appendix B).

Employee Expense Policy

Purpose

To ensure the appropriate use and reporting of expenses paid by employees on behalf of Develop Nova Scotia.

Policy Directives

- All purchases must be supported by an invoice (or itemized receipt) and proof of payment receipt.
- In general, expenses paid by employees should be limited to travel. Where possible, a credit account should be set up rather than employees incurring the expense.
- Appropriate mileage rate, as set in our Travel Policy, is to be used.
- Appropriate per diem rates, as set in our Travel Policy, is to be used.
- Copies of approved out of province travel forms must be included with the expense claim for any expenses related to out of province travel.
- A summary of employee expenses, together with documentation and approval signature of manager, is to be submitted to accounting within five (5) business days of month's end.

Credit Card Purchasing

Purpose

To ensure the appropriate use and reporting of expenses paid by credit card. The use of Develop Nova Scotia credit cards is for business purposes only.

Policy Directives

- All purchases must be supported by an invoice (or itemized receipt) and credit card payment receipt.
- In general, credit cards are used for travel and hospitality (see Travel Policy).
- Use of credit card for operating expenses is discouraged as appropriate signatories are circumvented and vendor history cannot be maintained. Where possible, we should set up a credit account with the vendor.
- A summary of credit card expenses, together with documentation and approval signature of manager, is to be submitted to accounting within five (5) business days of statement end date.
- The credit card statement must also be signed by the manager.

Credit Card Management

Purpose

To provide guidelines for managing credit limits and new card requests.

Policy Directives

- The credit card used is Royal Bank Visa.
- The Senior Controller is the program administrator for commercial credit cards.
- Issuance of new cards is approved by the manager and Chief Operations Officer / Vice President, Finance or the President & CEO.
- Standard credit limits are set at \$2,000.00, unless otherwise authorized.
- Additional credit limits may be increased, on a temporary basis, with authorization as above.
- Cardholders will sign a "Commercial Credit Card Application" form (Appendix C) acknowledging receipt of the card, their credit limit, and understanding of the Credit Card Purchasing Policy.

Accounts Payable Management

Purpose

To ensure standards for accounts payable management that reflect efficiency, consistency and timeliness of payments, as well as accuracy of financial reporting.

Policy Directives

- Each person/department must ensure that their purchasing results in all documentation being forwarded to accounting on a timely basis - mail, email (accounting@developns.ca), or hand delivered.
- Transaction coding is the responsibility of the budget holder and is verified by accounting.
- In general, interest on overdue accounts will not be paid.
- All invoices must have appropriate authorization signatures, and supporting documentation, before being submitted for payment.

Vendor Master and Credit Apps

Purpose

To maintain an accurate database of vendor files so as to avoid duplication and inaccuracies.

Policy Directives

- New vendors are approved by the Senior Controller before being entered into the accounting system.
- Credit applications, for new vendors, must be approved by the Senior Controller and/or Director.

Payments Policy

Purpose

To ensure timeliness and consistency of payments, that fulfill obligations to vendors.

Policy Directives

- Payments are processed with a view to adhering to the credit terms of the vendor.
- If a payment has been processed, but not received by the vendor, a replacement cheque may be issued after verifying that the cheque has not cleared and after processing a stop payment at the bank.
- Cheques will be cancelled as they become stale-dated (> six (6) months after date of issue).
- Stale-dated cheques may be reissued if appropriate.

Expense Recognition

Purpose

To ensure accuracy of expense, on an accrual basis, based on Generally Accepted Accounting Principles (GAAP).

Policy Directives

- Expenses are recorded in the month to which they pertain.
- If a month is closed, expenses are recorded in the last open month.
- Expense accruals will be recognized at year-end as appropriate.

Statutory Obligations

Purpose

To ensure that all statutory obligations such as HST, payroll deductions, pension contributions, etc. are dealt with as required.

Policy Directives

All statutory obligations will be remitted for payment when due.

Statutory, and other obligations, filings for Develop Nova Scotia are as follows:

- Group Life, Health and Dental Plan premiums - payable to the Province.
- Pension Plan contributions - payable to the Nova Scotia Pension Agency.
- Payroll remittances (processed through the payroll provider) - CPP, EI, Income Tax - payable to Canada Revenue Agency.
- Long Term Disability Plan premiums - payable to the Nova Scotia Public Service Long Term Disability Plan - Trust Fund.
- HST report filing to Canada Revenue Agency - filed quarterly to Canada Revenue Agency.
- Annual Income Tax return - filed annually by Grant Thornton.
- T-4 and T-4A filings - processed by payroll provider for all staff and Board members.
- Statistics Canada periodic reporting templates, surveys, etc.

Tangible Capital Asset Policy

Refer to Tangible Capital Asset Policy – last updated January 2017.

Travel and Hospitality Policy

Refer to Travel and Hospitality Policy – last updated May 2017.

Gifts of Appreciation

Employees will not accept gifts from any customer, tenant, or vendor. Edible / perishable gifts are shared amongst all staff. Other gifts are kept in a secure area.

Reporting and Forecasting

Purpose

To ensure the completeness and accuracy of financial information in accordance with Generally Accepted Accounting Principles (GAAP).

Policy Directives

- Budget holders will review their budgets and actual expenses, on a monthly basis, to ensure accuracy and forecasting adjustments as needed.
- Forecasts and variance analysis to be completed by the dates specified by the Department of Finance.
- Travel and hospitality costs, of senior managers, are reported on Develop Nova Scotia's website on a timely basis.
- Review month end checklists to ensure accruals and timely action on outstanding issues.

Appendix C

Develop Nova Scotia Limited Commercial Credit Card Application



All applications to be signed by applicant's manager
Credit Limits will be set at \$2000, unless otherwise approved

Please complete the following form:

Name: _____

Title: _____

Manager's Name: _____

Credit Limit: \$ _____

Applicant's Signature _____

Approval Signature _____

The above applicant agrees to the following:

1. Credit cards are primarily used for travel and hospitality (See Travel Policy);
2. All purchases must be supported by an invoice or itemized receipt and the credit card payment receipt;
3. Corporate credit cards are not to be used for personal expenses; and
4. The cardholder agrees to supply a summary of expenses, along with appropriate documentation and approval of manager, within 5 business days of the statement end date.

When card arrives:

I acknowledge that I have received a Develop Nova Scotia commercial credit card in my name:

Recipient's Signature

Date

Controller's Signature

Date

Appendix D

Develop Nova Scotia Procurement Thresholds						
Commodity	Value	Quote(s)	Purchase Requisition	Purchase Order	Recommended By	Approved By
Goods	Under \$2,500	No Quote	No	No	Delegated Staff	Respective Manager
Services	Under \$2,500	No Quote	No	No	Delegated Staff	Respective Manager
Construction	Under \$2,500	No Quote	No	No	Delegated Staff	Respective Manager
Goods	\$2,500 to \$9,999	Three Quotes	Yes	Yes	Delegated Staff	Respective Manager
Services	\$2,500 to \$9,999	Three Quotes	Yes	Yes	Delegated Staff	Respective Manager
Construction	\$2,500 to \$9,999	Three Quotes	Yes	Yes	Delegated Staff	Respective Manager
Goods	\$10,000 to \$24,999	Three Quotes	Yes	Yes	Delegated Mgr	Respective Director
Services	\$10,000 to \$24,999	Three Quotes	Yes	Yes	Delegated Mgr	Respective Director
Construction	\$10,000 to \$24,999	Three Quotes	Yes	Yes	Delegated Mgr	Respective Director
Goods	\$25,000 to \$49,999	Open Comp	Yes	Yes	Delegated Mgr	Respective Director
Services	\$25,000 to \$49,999	Three Quotes	Yes	Yes	Delegated Mgr	Respective Director
Construction	\$25,000 to \$49,999	Three Quotes	Yes	Yes	Delegated Mgr	Respective Director
Goods	\$50,000 to \$99,999	Open Comp	Yes	Yes	Appropriate Director	VP F&A or CEO
Services	\$50,000 to \$99,999	Open Comp	Yes	Yes	Appropriate Director	VP F&A or CEO
Construction	\$50,000 to \$99,999	Three Quotes	Yes	Yes	Appropriate Director	VP F&A or CEO
Goods	\$100,000 and above	Open Comp	Yes	Yes	CEO	Exec Comm or Board Mbr
Services	\$100,000 and above	Open Comp	Yes	Yes	CEO	Exec Comm or Board Mbr
Construction	\$100,000 and above	Open Comp	Yes	Yes	CEO	Exec Comm or Board Mbr
Develop Nova Scotia Alternative Procurement (ALTP) Thresholds						
ALTP Spend Amount		Recommended By		Approved By		
Less than \$10,000		Appropriate Director		VP F&A		
\$10,000 and Above		VP F&A		CEO		
Develop Nova Scotia Purchase Order Exceptions						
PO Exception Value		Requested By		Recommended By		Approved By
ALL Regardless of Value		Appropriate Director		VP F&A		CEO