

OPERATIONAL POLICY and PROCEDURE STATEMENT			
Manual:	Finance	SPP No.	FN 7.03
Section:	Accounting and Reporting	Issued:	Oct. 6, 2010
Subject:	ACCOUNTING PROCEDURES	Effective:	April 14, 2021
Issue to:	Finance Department	Page:	1 of 3
		Replaces:	June 7,2010
Issued by:	Director of Corporate Services	Dated:	

1 POLICY

- 1.01 Accounting records will be accurate, properly authorized, and analysed and reconciled as required to ensure accuracy.

2 PURPOSE

- 2.01 This Statement of Policy and Procedure provides guidance to Finance Department employees on maintaining general ledger and other accounting records. The specific control objectives addressed by this policy are:
- Reconciling accounting records to ensure their accuracy
 - Ensuring that transactions are recorded in the correct accounting period.

3 SCOPE

- 3.01 This policy applies to the Finance Department.

4 RESPONSIBILITY

- 4.01 The Finance Department is responsible to ensure that controls over accounting processes are clearly defined, documented and complied with as stipulated.

5 DEFINITIONS

- 5.01 “**Journal Entries**” refer to entries made directly to the general ledger, rather than as a result of the posting of sales, expense, payroll or similar transactions through their respective accounting subsystems. The term also includes all entries that are not in the course of normal operating activity, including adjusting entries that are made to finalize year-end financial statements.
- 5.02 “**Adjusting Entries**” refer to journal entries that are made to finalize financial statements at year-end.

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6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- FN 2.01 – Expense Authorization
- FN 2.10 – Recognition of Costs
- FN 7.01 – Use of Generally Accepted Accounting Principles
- FN 7.04 – Management and Financial Reporting
- FN 7.05 – Financial Disclosure and Notes
- FN 7.02 – Accounting Controls

7 PROCEDURES

7.01 Preparation and Approval of Journal Entries

- (a) A record of all general journal entries, including all adjusting entries, shall be maintained that indicates:
 - (i) The accounts debited and credited
 - (ii) The reason for the entry
 - (iii) The date the journal entry is prepared, and the date it relates to (if the two are not the same)
 - (iv) The identity of the preparer
 - (v) The authorization of the reviewer
 - (vi) The identity of the processor
- (b) A record shall be kept of the posting of all general journal entries to the computerized accounting system.
- (c) Any support required for the journal entry shall be retained on file.

7.02 General ledger accounts

- (a) New general ledger accounts must be approved by the **Director of Corporate Services** before being opened. The new general ledger accounts will be given account numbers consistent with the existing structure of general ledger accounts. The **Accounting Manager** will ensure that appropriate changes are made to standard and customized reports that may be required as a result of the additional accounts.

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- (b) From time to time, and at least annually, the **Accounting Manager** will review the mapping of all accounts to the financial reporting system and ensure that it is accurate.

7.03 Monthly processing and review

- (a) Each month, the **Accounting Manager** will prepare a reconciliation of general ledger asset, liability and equity accounts. The reconciliation must indicate the items included in the balance and not simply show a continuity of the account. A continuity may also be prepared if it is helpful to understanding the transactions in the account. Where there is a subledger that indicates the items that comprise the balance (normally, accounts receivable, accounts payable, and, where applicable, inventory), the subledger will be reconciled to the general ledger account.
- (b) The reconciliations shall be reviewed by the **Director of Director of Corporate Services** and initialled as evidence of review.
- (c) The **Accounting Manager** will review sales invoices and shipments dated within two business days of the month-end to ensure that all transactions have been recorded in the correct monthly period.
- (d) The **Accounting Manager** will review all subledgers and examine them for reasonability and for inappropriate balances (for example, debits in the accounts payable subledger or credits in the accounts receivable subledger), and take appropriate corrective measures.
- (e) The monthly financial reporting package will be approved by the **Director of Corporate Services** before general release. This will include a comparison of actual results to budget and an explanation of material variances greater than 10%. (Variances that are very small in absolute dollar terms need not be commented upon.) See **FN 7.04 – Management and Financial Reporting**, paragraphs 7.01 and 7.02.

8 ATTACHMENTS

None