OPERATIONAL POLICY and PROCEDURE STATEMENT			
Manual:	Finance and Accounting	SPP No.	**FN 7.03**
Section:	Accounting and Reporting	Issued:	Oct. 6, 2010
Subject:	**ACCOUNTING PROCEDURES**	Effective:	Jun. 7, 2010
Issue to:	Finance Department	Page:	1 of 3
		Replaces:	
Issued by:	Director of Finance and Administration	Dated:	Jun.23, 2014

1 POLICY

1.01 Accounting records will be accurate, properly authorized, and analyzed 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 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.

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 monthly, quarterly or year-end financial statements.

5.02 **"Adjusting Entries"** refer to journal entries that are made to finalize financial statements monthly, quarterly or at the year-end

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

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

(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 Finance Department will prepare a reconciliation of every general ledger asset, liability and equity account. 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 Finance and Administration** and initialled as evidence of review.

(c) The **Accounting Manager** will review sales invoices, shipments, and accruals dated within two business days of the month-end and 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 Finance and Administration** before general release. This will include a comparison of actual results to budget and an explanation of 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