



Administrative Procedure: Grant and Non-Grant Revenues

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1.0 Grant and Non-Grant Revenues

- 1.1 Grants represent a significant source, the primary source, of funding for school boards. It is essential that controls exist to ensure that:
 - 1.1.1 Financial resources (grants and non-grant revenue) are being utilized effectively and efficiently.
 - 1.1.2 Assets and resources purchased or developed with grants are being safeguarded.
 - 1.1.3 Financial reporting required by these grants is accurate and timely.
 - 1.1.4 Grant resources are being utilized in compliance with appropriate laws and regulations.
- 1.2 The five essential components of a comprehensive framework of internal controls are:
 - 1.2.1 Control Environment
 - 1.2.2 Risk Assessment

1.2.3 Control Activities

1.2.4 Information and Communication

1.2.5 Monitoring

1.3 Control Environment:

1.3.1 Ensure that each area of the grant and revenue process (authorization, budgeting, accounting, reporting, etc.) is managed by competent staff who are knowledgeable in their areas of responsibility.

1.3.2 Give staff authority and responsibility for their tasks associated with the grant or revenue.

1.3.4 Hold staff accountable for their tasks.

1.3.5 Create cross-functional teams to manage the entire grant process.

1.4 Risk Assessment:

1.4.1 Consider the level of program risk when establishing control activities.

1.4.2 Perform a cost/benefit analysis prior to installing a new control activity.

1.4.3 Consider the possibility and likelihood of fraud in the grant management process.

1.4.4 Identify and assess changes in the regulatory, technology, personnel and operating environments under which the grants are managed.

1.5 Control Activities:

1.5.1 Develop a timeline and process for updating procedures as changes occur.

- 1.5.2 Become knowledgeable of and adhere to laws, regulations and grant funding documents.
- 1.5.3 Utilize financial management systems to support compliance with grant-related legal and regulatory requirements.

1.6 Information and Communication:

- 1.6.1 Document in a format accessible to stakeholders the purpose and government's responsibilities for each of its grants.
- 1.6.2 Identify the time periods required by the grants.
- 1.6.3 Identify grant reporting requirements.
- 1.6.4 Ensure that grant information is available to internal stakeholders.

1.7 Monitoring

- 1.7.1 Develop a regular process of ongoing and periodic control activities that ensure compliance with laws and regulations.
- 1.7.2 Ensure that program deficiencies are communicated to all responsible parties.
- 1.7.3 Ensure that corrective action plans are taking place, addressing the control deficiencies and responding to the deficiencies in a timely manner.

2.0 Separation of Duties and Responsibilities

2.1 Deposits

- 2.1.1 Mail is retrieved and opened by an employee with no other responsibility within the revenue cycle. Any cheques received are promptly stamped "For Deposit Only" and are stored in a locked cabinet. Finance is advised

when significant cheques are received. Any miscellaneous revenue received as cash is also maintained with the cheques in the locked cabinet. Cash received is very minimal and infrequent.

2.1.2 When significant cheques are received, and on a regular basis, the Financial Services Supervisor will prepare the duplicate deposit slip and deposits into the bank. He or she will then prepare a deposit distribution summary noting appropriate account codes and enters into the accounting system. The deposit distribution summary is sequentially numbered and has "POSTED" applied to avoid duplicate entry. He or she initials the deposit distribution summary; the Supervising Manager of Finance reviews this summary and initials for approval. Any changes to coding are reviewed with the Financial Services Supervisor.

2.1.3 Cheques received subsequent to the year-end are reviewed to determine if the revenue relates to the prior year-end. If so, a journal entry is prepared by the Financial Services Supervisor to record the revenue in the prior year. The cheque is coded to the appropriate accounts receivable account.

2.2 Journal Entries

2.2.1 Financial Services Supervisor enters all journal entries. The Supervising Manager of Finance reviews all journal entries and initials for approval.

2.3 Bank Reconciliation

2.3.1 Financial Services Supervisor prepares the bank reconciliation on a monthly basis. The Supervising Manager of Finance reviews the bank reconciliation and related journal entry and initials both for approval.

2.4 Purchasing

2.4.1 The Board's Purchasing policy ensures expenses are appropriately supported, approved, properly coded in accordance with grant regulations, and recorded in the proper accounting period.

2.5 Grants

- 2.5.1 When grants are announced a copy of the funding document is provided to finance and to the appropriate member of Executive Council. Funding documents are reviewed to fully understand terms and conditions. A distinct account code is assigned and shared with Executive Council. Binders are maintained with this funding documentation, regular financial reports, and a sign-off log to indicate regular review of the financial reports. At regular meetings, Executive Council reviews a summary of EPO/GSN/Board Budgets which indicates current expenses compared to the approved funding.
- 2.5.2 A shared on-line document sorts the deadlines of all grants. These are reviewed regularly and highlighted to the appropriate member(s) of Executive Council when deadlines are upcoming.
- 2.5.3 When reporting deadlines are upcoming, Finance will provide an updated financial report to the appropriate member of Executive Council. The report will be completed collaboratively, any necessary signatures obtained, and submitted to the funding agency.

2.6 Invoices

- 2.6.1 Any revenue requiring submission of invoices (eg. First Nation tuition fees) is scheduled into the calendar of the Financial Services Supervisor to be prepared the month following the official count date. He will prepare an invoice and record it on an invoice log listing. The Supervising Manager of Finance will review the duplicate copy of the invoice and initial for approval. After approved, the original invoice will then be submitted to the funding organization (mailed, e-mailed, or faxed). If the invoice is being rendered to a First Nation, an updated Statement of Account will accompany the invoice. The approved duplicate copy of the invoice will be filed in the invoice log listing binder. The date of subsequent receipt of funds will also be noted on the invoice log listing.
- 2.6.2 The Supervising Manager of Finance will regularly review the invoice log listing for invoices that remain unpaid beyond their due date. For receivables past due, another copy of the invoice, marked "Past Due" will be re-sent to the funding organization. Receivables outstanding for more

than 60 days beyond their due date will be discussed with Executive Council to determine next steps. If determined by Executive Council to be uncollectible, the Financial Services Supervisor will record an allowance for doubtful accounts to offset the uncollectible receivable. Discussion with the Audit Committee and external auditors will follow for significant outstanding accounts receivable.

- 2.6.3 The Financial Services Supervisor enters the invoices into the accounting system on a regular basis. This establishes the revenue and accounts receivable.

2.7 Financial Reporting

- 2.7.1 The Supervising Manager of Finance provides regular financial reports to the Audit Committee and the Board of Trustees for their review. Significant variances are highlighted and explanations provided.

2.8 Supporting Documentation

- 2.8.1 The deposit distribution summary has each item supported by a copy of the remittance advice, copy of the actual cheque, or other relevant funding documentation.
- 2.8.2 The deposit distribution summary is retained for a minimum period of seven (7) years in compliance with board retention rules.