

STATEMENT OF POLICY AND PROCEDURE

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SECTION 3 – 1.B

Financial Matters

Accounting Principles:

The Northern Lights Library System (NLLS) follows these accounting principles:

1. All financial accounts shall be kept in accordance with Generally Accepted Accounting Principles (GAAP) and follow Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).
2. Distinct and regular accounts of its receipts, payments, credits, assets, and liabilities shall be kept and audited by an independent public accountant at the end of each fiscal year.
3. All Managers and the Executive Director are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to their injury. Measures to limit opportunities for fraud will include, but are not limited to:
 - Keeping all assets and liabilities of NLLS recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established or maintained for any purpose.
 - Ensuring that no false or artificial entry or entry that obscures the purposes of an underlying financial transaction be made in the books and records for any reason.
 - Ensuring that no payment of any nature using NLLS funds or assets that is in violation of any applicable law or regulation is made.
 - Prohibiting unauthorized removal of materials, property or monies belonging to the NLLS.
 - Prohibiting falsification of an application, time sheet, work schedule or other financial or legal records.

Accounting Records

4. NLLS's fiscal year is January 1 – December 31, inclusive.
5. All accounts and records shall be retained for a minimum of seven (7) years.

Audit

6. The financial records of NLLS shall be audited no later than February 1 of the year following the year under audit. The audited financial statement appears with the Annual Report of the Northern Lights Library System.
7. Upon acceptance of the annual audited financial statement by the Board, the recommendations of the auditor will be reviewed and implemented where appropriate.
8. The Executive Committee may, from time to time, ask for bids on the Northern Lights Library System audit and may appoint a new auditor for NLLS.
9. The Board shall appoint the auditor annually at the Annual General Meeting.

BANKING

10. The Executive Committee shall review the banking services every three (3) years, or more frequently at its discretion.
11. A change in banking services shall be made by a motion of the Executive Committee.

BORROWING

12. The Board may approve a loan, a line of credit, or overdraft protection to cover an operating shortfall, in accordance with the Libraries Act.

INVESTMENTS

13. Investment activities pursued by NLLS seek to balance maximizing potential earnings while minimizing exposure and risk.
14. The Northern Lights Library Board recognizes the need for sound and prudent investment practices.
15. The Board authorizes the Executive Director and the Finance Officer to invest capital and operating funds not required for immediate disbursement according to the options outlined-below, and to dispose of any investment when necessary to meet expenditures, or as prudent from an investment management point of view.
 - a. In debentures or securities issued and/or guaranteed by the Government of Canada or of any province of Canada,
 - b. In debentures or securities issued or guaranteed by any Schedule 1 chartered bank operating in Canada, treasury branch, and/or credit union.
 - c. In banker's acceptances of a corporation incorporated in Canada, with background bank support of a Schedule 1 chartered bank.
 - d. All investments shall be with issuers that are "A" rated or better, as rated by the Dominion Bond Rating Service/Canadian Bond Rating Service.
 - e. Investments shall be awarded to the financial institution with the most competitive offering after taking into consideration the administrative costs involved and all the financial needs of the System.