

BYLAW 05/20

501 UTILITY AUTHORITY, INC.

FINANCIAL CONTROL POLICY

A BYLAW implemented by the Board of Directors to provide for processes, procedures, guidelines and limitations that foster fiscal due diligence, accountability and efficacy of the 501 Utility Authority Inc.

BOARD OF DIRECTORS:

1. The Board has authority and control of all issues and policies on behalf of the 501 Utility Authority, Inc.
2. The Board prepares and approves an annual budget. The budget sets out the required operating and/or capital reserves that the 501 Utility must retain and how the Board may use surpluses that might be earned over and above the reserve requirements. Alternatively, the Board acts prudently and in a timely manner to manage any operating shortfalls as necessary.
3. The budget becomes the financial control instrument for the Board, which then decides what responsibilities will be carried out and what reports or other financial instruments the Board may require to manage the operations of the 501 Utility Authority, Inc.
4. The Board must also decide what duties the accountant, auditor or other financial services providers should undertake on behalf of the Board and Utility to effectively monitor the performance of the Utility and whether other additional reporting may be required.

SIGNING OFFICERS:

The budget is the document that all contracts and payables must relate to. The Chair and Vice Chair and an approved alternate are the 501 Utility Authority, Inc. signatories and must approve any payments or contracts that are specified within the annual approved budget. i.e. Sign and/or initial invoices and contracts.

Any expenditures or contracts not covered within the annual approved budget must be presented to the board for approval prior to execution by the signing officers.

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CONTRACTS

- The Board authorizes the 501 Utility Authority Inc. Board Chair (or administrator, if applicable), and up to two permanent directors designated by the Board to be approved as signing officers.
- This is the authority to sign and seal all contracts for services approved by resolution of the Board of Directors. All contracts require two signatures and one signature must be an elected or appointed signing officer and the other must be the 501 Utility Authority Inc. Chair or Vice-chair of the Board
- The Board Chair (or administrator, if applicable), of the 501 Utility must be conversant with the details and obligations of the Utility and maintain records of all contractual commitments made by the Utility.
- The Board requires the Utility Board Chair (or administrator, if applicable), to report on all contracts that are not otherwise included in the approved Annual Operating Budget.
- All contracts require the approval of the Board before signing unless they have been approved as a part of the annual budget approval process.

PAYABLES

1. The Utility accountant, financial services provider, (or administrator, if applicable), is responsible to the Board for the financial control and monitoring of the budget and actual performance (variance).
2. The Board Chair (or administrator, if applicable) and up to two permanent members approved by the Board will be signing officers for the Utility. Elected signing officers include the Board Chair and Vice Chair. Two signatures are required on all cheques.
3. The Board must approve the payables report before payments are issued unless the payables in question were approved as a regular and recurring part of the annual operating budget or by other resolution of the Board of Directors.
4. The Board Chair of the 501 Utility Authority and up to two permanent members designated by the Board are authorized to sign cheques. One of either the Board Chair or Vice-chair must be a signatory on all cheques.
5. The Utility accountant, financial services provider, (or Administrator, if applicable), will prepare a report, in a format agreed to by the Board of Directors, on a monthly basis or as necessary, indicating the budget to actual progress, (Variance report) and an estimate of actual to year-end projections status.
6. The reports will be filed at the Board meetings and also with the 501 Utility's accountant or financial services provider. The monthly report will outline any situation that may have impact on projections within the budget.
7. The Utility Board Chair and/or administrator must inform the Board of any financial matter that will impact the 501 Utility adversely or cause a change or significant variance to the budget projections.
8. Bank deposits are to be made as soon as the funds or cheques are received or within a reasonable time after being received.

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WEB BANKING & CREDIT CARDS

1. Two signatures are required on all transactions. Any two signing officers are authorized to sign web transactions if approved as an option for Utility transactions.
2. Credit cards may be issued to the signing officers or contract staff if approved by the Board with an accompanying policy regarding their use. The credit limit is to be established by the Board and reviewed as necessary. The Chair and Vice-chair must monitor the use of any approved credit cards at least once monthly.
3. Any or all credit cards can be recalled at any time by the Board Chair, Vice-chair or Board.

COMPUTER AND EQUIPMENT AMORTIZATION

1. Where and if applicable, as recommended by the auditors, the Utility will amortize all computers as well as all furniture and equipment using current Public Sector Accounting Board guidelines (PSAB 3150).
2. Any equipment purchased at a value of \$500.00 or less will not be set up as an asset, but an internal inventory control will be established and maintained under the direction of the Chair, Vice-chair and/or the board
3. A detailed asset amortization schedule will be acquired and used by the Utility's accountant for establishing depreciation amounts to be used for the establishment of the Tangible Capital Asset Reserves.

MONITORING:

ACCOUNTING/ANNUAL AUDITS

- The accountant, auditor and/or financial advisor will monitor the monthly reports required by the Board to assure proper reporting consistent with PSAB requirements.
- The accountant, auditor and/or financial advisor and/or Board Chair (or administrator, if applicable), will review the annual audited statements and present the statements for approval by the Board.
- That the Board Chair and accountant of the 501 Utility Authority, Inc. will be responsible to coordinate and administer the audit process and fully co-operate with the auditors.
- The draft financial statements must be approved by the Board of Directors, the Treasurer and/or financial advisor.
- The Board Chair (or administrator, if applicable), must report to the Board of Directors any changes or discrepancies between the Utility's financial records and the audited statements, usually as reported by the auditors in a variance report.
- Comments and qualifications of the auditor will be reviewed with the Board of Directors by the Board Chair, auditor (or administrator, if applicable). The Board must take all reasonable steps necessary to address all the qualifications of the auditor's report in a timely manner.

Board Chair

Bonnie Mudgey

Approved by the Board March, 2020

Vice-Chair

Mal Kishik