

Governing Policy Internal Control System Policy

Issue date: DRAFT
Approved by: Council

Review date: Jan 31, 2007
Review responsibility: Director-
Administrative Services & Treasurer

Policy Statement	PEO's internal control system is a set of policies, processes, and procedures to maximize utilization of financial resources by controlling expenditures and financial commitments. It is designed to ensure that all of PEO's financial transactions are auditable and within limits of authorization, and to ensure that financial information related to PEO's operations is complete, reliable, and relevant.
Internal Control System Scope	<p>The internal control system is based on the following policies:</p> <ul style="list-style-type: none"> ◆ Banking policy ◆ Expenditure Approval Policy ◆ Extraordinary Expenditure Policy ◆ Expense Reimbursement Policy ◆ Corporate Credit Card policy ◆ Procurement Policy ◆ Investment Policy
Executive Leadership Team	<p>The Executive Leadership Team refers to the President, President-Elect, the Past-President and the CEO/Registrar.</p> <p>The volunteer members of the Executive Leadership Team are the President, President-Elect, and the Past President.</p>
Internal Audit	The internal control system contains (i) an audit process, independent of the external audit but under the direction of the Audit Committee, that will examine and evaluate the adequacy and effectiveness of the system of internal controls, (ii) procedures for compliance monitoring and reporting, and (iii) a certification process.
Scope of Internal Audit	<p>Financial Audits to check that assets and liabilities are properly recorded on the balance sheet, and, all profits and losses are properly assessed.</p> <p>Operational Audits to conduct a thorough review of a PEO's operating procedures and internal controls.</p> <p>Compliance Audits to ensure that business conducts are in compliance with the established policies, procedures, rules and regulations.</p> <p>Follow-up to address and assess weaknesses as raised by external auditors.</p>

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Responsibility and Accountability for the Internal Control System	<p>The CEO / Registrar shall be responsible and accountable to Council for maintenance of and adherence to the internal control system .</p>
Administration of Internal Control System	<p>The Director - Administrative Services & Treasurer in his capacity as comptroller of the association shall be responsible for administration of the internal control system.</p> <p>The Director - Administrative Services & Treasurer shall ensure the policies and procedures for internal control are operated consistently and followed by staff by inspecting documents and reports, monitoring the control system, and assessing the effectiveness for application of internal control principles.</p>
Reporting Procedure	<ul style="list-style-type: none"> ◆ An annual internal control assessment report shall be certified by the CEO / Registrar and Treasurer and be published with PEO's annual report. ◆ An annual report for the internal control audit results shall be issued to the Audit Committee by the Director – Administrative Services & Treasurer.
Communications of Policies	<ul style="list-style-type: none"> ◆ Training shall be provided for staff to communicate the scope and intent of the policies. ◆ Communications articles shall be published in Dimensions to inform key stakeholders of PEO's initiatives and progress on internal control system development and enhancement.
Review & Approval Procedure	<ul style="list-style-type: none"> ◆ Policies and their effectiveness shall be reviewed jointly by the Audit Committee and Finance Committee by December 2006. ◆ Amendment to the policies shall be recommended to the Council for final approval.