New Fiscal Relationship Grant Policy on Financial Administration for Indigenous Not-for-Profit Organizations (NPOs)

**Citation**

1. This Policy may be cited as the [name used to refer to the NPO per the NPO's bylaws] Financial Administration Policy, YYYY.

**Applicability**

1. This policy applies if[name used to refer to the NPO per the NPO's bylaws] has entered into a New Fiscal Relationship Grant agreement. The [name used to refer to the NPO per the NPO's bylaws] must not repeal this policy during the term of the New Fiscal Relationship Grant agreement. If [name used to refer to the NPO per the NPO's bylaws] does not enter into a New Fiscal Relationship Grant agreement, or withdraws from the New Fiscal Relationship Grant, this policy will not apply.

**Coming into Force**

1. (1) This section and the operative portions of sections [yellow provisions] come into force on the effective day of New Fiscal Relationship Grant Agreement.
2. The operative portions of sections [green Provisions] come into force on January 1, 202x.
3. The remaining sections of this policy come into force on such date established by resolution of the [governing body of NPO].

**Definition**

1. Unless the context indicates the contrary, in this policy:

**“annual financial statements”** means the annual financial statements of an NPO along with supporting note disclosure prepared in accordance with GAAP

**“audit committee”** meansthe audit committee establish under Section 26;

**“auditor”** means the independent auditor of the NPO appointed by the governing body;

**“budget”** means the annual budget of the NPO that has been approved by the governing body;

**"by-law"** means a bylaw respecting financial administration adopted by an NPO in accordance with the requirements of the law under which the NPO was established;

**“[Executive Director]”** means the senior administrative officer responsible for the day-to-day management or administration of the NPO’s administrative system;

**"emergency expenditures”** expenditures for an urgent purpose which was not anticipated in the budget but which is not expressly prohibited by or under this policy or another NPO’s by-law;

**“[Finance Director]”** means the senior financial manager or controller responsible for the day to- day management or administration of the NPO’s financial administration system;

**“financial management”** includes financial administration, financial performance and accountability;

**“fiscal year”** means the twelve (12) month period used for accounting and financial reporting purposes;

**“GAAP” or "Generally Accepted Accounting Principles"** means generally accepted accounting principles of the Chartered Professional Accountants of Canada, as amended or replaced from time to time;

**“governing body”** means the board of directors or other body responsible for the overall management and supervision of the activities and affairs of an NPO;

**“life-cycle management program”** means the program of inspection, planning, maintenance, replacement and oversight for NPO’s tangible capital assets as described in Section 50;

**“multi-year financial plan”** means the plan referred to in Section 31;

**"NPO”** means[name used to refer to the NPO per the NPO's bylaws];

**“NPO members”** means the persons or entities who have been admitted into membership of an NPO in accordance with the conditions set out in the by- laws or articles of incorporation of the NPO;

**“officer”** means the [Executive Director], [Finance Director] and any other employee of the NPO designated by the governing body as an officer;

**“policy”** means a document stating the overall intentions and directions of the governing body respecting specified subject matter;

**“procedure”** means a document setting out the specified method by which a policy, activity or a process of the NPO is to be carried out;

**“tangible capital assets”** means all non-financial assets of the NPO having physical substance that

1. are held for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets,
2. have useful economic lives extending beyond an accounting period,
3. are to be used on a continuing basis, and
4. are not for sale in the ordinary course of operations;

**“tangible capital asset project”** means the acquisition, construction, repair or replacement of a NPO tangible capital asset, but does not include routine maintenance.

**“they”** includes male and female persons, non-binary and other gender-neutral terms, as well as corporations;

**“record”** means anything on which information is recorded or stored by any means whether graphic, electronic, mechanical or otherwise; and

**“strategic plan”** means the plan referred to in Section 29.

**Rules of interpretation**

1. (1) In these standards, the following rules of interpretation apply
2. words in the singular include the plural, and words in the plural include the singular,
3. if a word or expression is defined, other parts of speech and grammatical forms of the same word or expression have corresponding meanings,
4. a reference to a by-law means an NPO’s by-law,
5. a reference to a standard means the standard as amended or replaced from time to time,
6. headings, subheadings and notes are inserted for convenience of reference only, do not form part of these standards and in no way define, limit, alter or enlarge the scope or meaning of any standard.

**Calculation of time**

1. (1) In this Policy, time must be calculated in accordance with the following rules:
2. where the time limited for taking an action ends or falls on a holiday, the action may be taken on the next day that is not a holiday;
3. where there is a reference to a number of days, not expressed as “clear days”, between two events, in calculating that number of days the day on which the first event happens is excluded and the day on which the second event happens is included;
4. where a time is expressed to begin or end at, on or within a specified day, or to continue to or until a specified day, the time includes that day;
5. where a time is expressed to begin after or to be from a specified day, the time does not include that day; and
6. where anything is to be done within a time after, from, of or before a specified day, the time does not include that day

**Conflicts**

1. (1) If there is a conflict between this policy and the legislation under which the NPO is incorporated, the legislation prevails to the extent of the conflict.
2. If there is a conflict between this policy and another approved policy of the NPO, or the bylaws of the NPO, the higher standard must be applied.

**Division 1: Organizational Policies and Procedures**

**Responsibilities of the [Governing body of NPO]**

1. (1) The [governing body of NPO] must establish policies and procedures necessary to effectively manage and control the financial management system of the organization.
2. [governing body of NPO] must approve all policies and procedures by Resolution unless the approval of procedures has been delegated to the [Executive Director]. Where approval of procedures has been delegated to the [Executive Director], the [Executive Director] must approve all procedures in accordance with the policies and procedures of the NPO.
3. The [Executive Director] must communicate all approved policies and procedures and ensure they are accessible to the affected departments and persons whether on the NPO’s server, website, or a location to which all those affected have access.

**Records and Information**

1. (1) The [governing body of NPO] must establish policies and procedures respecting records and information management to support compliance by the NPO with its legal obligations, and ensure effective operation and control of the NPO’s financial management system including the following matters:
   1. the preparation, identification, maintenance, security, storage, retention, access to, disposal of and confidentiality of the records of the NPO,
   2. the maintenance of all records related to the financial management system of the NPO and the need for those records to be legible, readily identifiable and readily retrievable,
   3. a process to receive and manage requests made for information related to the NPO’s financial management system, and
   4. the definition of information the NPO is permitted or required to release and information the NPO is required to retain as confidential.

**Information Technology Security**

1. (1) The [governing body of NPO] must establish policies and procedures necessary to ensure security over its information technology and organizational data.

**Business Continuity and Disaster Recovery Plan**

1. (1) The [governing body of NPO] must establish policies and procedures for the preparation and maintenance of a business continuity plan, including a disaster recovery plan.

**Risk Management Strategy and Risk Assessment**

1. (1) The [governing body of NPO] must establish policies and procedures for the creation of a risk management strategy including developing a risk register and performing an annual risk assessment.

**Insurance**

1. (1) The [governing body of NPO] must establish policies and procedures necessary for insuring liability, property and other risks to which the NPO is exposed. The policies and procedures must include procurement and maintenance of insurance coverage that is appropriate and commensurate with the risks identified in Section 12 and any other risks associated with any assets, properties or resources under the NPO’s care or control.

**Conduct of [Governing Body of NPO]**

1. (1) When exercising a power duty, or responsibility relating to the financial management of the NPO, members of the [governing body of NPO] must:
2. act honestly, in good faith and in the best interests of the NPO,
3. exercise the care and diligence and skill that a reasonably prudent individual would exercise in comparable circumstances,
4. act in accordance with the approved policies and procedures, by-laws, and any legislation applicable to the NPO, and
5. avoid and mitigate conflicts of interests and comply with policies and procedures referred to in Section 16.

**Conduct of officers, employees, contractors, etc.**

1. (1) If a person is exercising a power, duty or responsibility relating to the financial administration of the [name used to refer to the NPO per the NPO's bylaws] that person must:
2. behave in an ethical and transparent manner,
3. comply with all applicable legal requirements, and
4. avoid conflicts of interest and comply with applicable requirements of the policies and procedures referred to in Section 16.
5. every employee, committee member and contractor to sign a declaration on an annual basis indicating they understand and agree to comply with the applicable conduct.
6. the applicable conduct expectations as set out in the by-laws or in policies and procedures to be included in the terms of any applicable employment contracts, appointments to the audit committee, and contracts for service with consultants and contractors.

(2) If a person contravenes a provision of this subsection, the following actions may be taken:

1. an officer or employee may be disciplined, including dismissal;
2. a contractor’s contract may be terminated;
3. the appointment of a member of a committee may be revoked;
4. the appointment of an agent may be revoked; or
5. the council may use any legal means available to it to remedy the situation.

**Conflict of Interest**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the avoidance and mitigation of any conflicts of interest including the following:
2. defining the private interests of members of the [governing body of NPO], officers, employees, committee members, contractors and agents that could result in a conflict of interest,
3. specifying restrictions on the acceptance of gifts and benefits by any person referred to in paragraph a. that might reasonable be seen to have been offered to influence the making of a decision by that person,
4. prohibiting any person referred to in paragraph a. who has a conflict of interest from attempting to influence a decision or from participating in the making of a decision respecting a matter in which the person has a conflict of interest,
5. specifying how any undisclosed or any alleged but not admitted conflicts of interest of any person referred to in paragraph a. are to be addressed,
6. requiring the maintenance of records of annual conflict of interest disclosure forms made by any person referred to in paragraph a., and
7. specifying that if any person referred to in paragraph a believes they have a conflict of interest, they must disclose the circumstances in writing as soon as practicable.
8. Annually, members of the [governing body of NPO] must file with the [Executive Director] a written disclosure of their private interests which could result in a conflict of interest.
9. If a member of the [governing body of NPO] believes another member has a conflict of interest, the member must disclose the circumstance to the [governing body of NPO] in writing as soon as practicable.

**Reports of Breaches and Financial Irregularities, etc.**

1. The [governing body of NPO] must establish policies and procedures for reporting any alleged misappropriation or irregularity in the financial administration of the [name used to refer to the NPO per the NPO's bylaws] and how these reports must be considered. The policies and procedures must include the following:
2. providing for confidential reporting of misconduct,
3. recording, maintaining and safeguarding reported misconduct and any records prepared during the inquiry into or investigation of the misconduct,
4. safeguarding the confidentiality of the person who reported the misconduct,
5. protecting the person who reported the misconduct from reprisals,
6. inquiring into or investigating the reported misconduct,
7. providing fair and unbiased treatment of the person against whom a report has been made,
8. providing appropriate actions to be taken by the [governing body of NPO] if misconduct has occurred and the recording of these actions, and
9. communicating the by-law, policies and procedures referred to in this section to all persons involved in the activities of the NPO, including contractors and committee members.
10. Subject to subsection (1), if any person has reason to believe that
11. an expenditure, liability or other transaction of the NPO is not authorized by Section 30, 51 and 52 of this policy or any NPO by-laws and policies,
12. there has been a theft, misappropriation or other misuse or irregularity in the funds, accounts, assets, liabilities and financial obligations of the NPO, or
13. a provision of this policy or another policy or NPO by-law has been contravened.

the person may disclose the circumstances to the chair of the Audit Committee.

1. If a member of [governing body of NPO] becomes aware of any circumstances described under subsection (1), the member of [governing body of NPO] must report them to the chair of the Audit Committee.
2. If an officer, employee, contractor or agent of the NPO becomes aware of any circumstances described under subsection (2), the officer, employee, contractor or agent, as the case may be, must report them to the executive director or the chair of the Audit Committee.

**Inquiry into Report**

1. (1) If a report is made to the executive director under Section 17 (4), the executive director must inquire into the circumstances reported and report the findings to the Audit Committee as soon as practicable.
2. If a report is made to the chair of the Audit Committee under Section 17, the chair must inquire into the circumstances reported and report the findings to the Audit Committee as soon as practicable.
3. The Audit Committee may make a further inquiry into any findings reported to it under this section but, in any event, must make a report to the [governing body of NPO] respecting any circumstances reported to the Committee under this section, including the Committee’s recommendations, if any.

**Protection of Parties**

1. (1) All reasonable steps must be taken by the executive director, the members of the Audit Committee and the [governing body of NPO] to ensure that the identity of the person who makes a report under Section 17 is kept confidential to the extent practicable in all the circumstances.
2. A person who makes a report in good faith under Section 17 must not be subjected to any form of reprisal by the NPO or by a director, officer, employee, contractor or agent of the NPO as a result of making that report.
3. The executive director and the chair of the Audit Committee must take all necessary steps to ensure that subsection (2) is not contravened and must report any contravention or suspected contravention to the [governing body of NPO].

**Organizational Structure**

1. (1) The [governing body of NPO] must approve a current organization chart established by [Executive Director] of the [name used to refer to the NPO per the NPO's bylaws].
2. The organization chart under subsection (1) must include the following information:
3. all governance, management and administrative systems of the organization and their linkages; and
4. all governance, management and administrative positions at each level of the organization of these systems including:
5. the governing body, audit committee and all other committees of the governing body and the officers and employees of the [name used to refer to the NPO per the NPO's bylaws], and
6. the principal lines of authority and responsibility between the governing body, the committees, officers and employees.

**Financial Management System Review**

1. (1)The [governing body of NPO] must establish policies and procedures respecting annual review of the financial management system of the NPO.

**Manual Journal Entries**

1. (1) The [governing body of NPO] must establish policies and procedures respecting periodic independent review of manual journal entries to determine their validity and accuracy.

**Division 2: Human Resource Management**

**Human Resources Policies**

1. (1) The [governing body of NPO] must establish policies and procedures necessary to prepare and maintain human resource management policies that comply with all applicable legislation including the following:
2. development and maintenance current job descriptions for the personnel involved in operation and management of the financial management system and all its related processes;
3. the maintenance of personnel records for officers, employees, contractors and consultants involved in the operation and management of the financial management system;
4. background checks and reference checks prior to hiring of new employees or contractors;
5. hiring process for employees and contractors involved in the operation and management of the financial management system of the NPO;
6. discipline and dismissal, with or without cause, of employees, including requirements for keeping records of corrective and disciplinary actions taken and how applicable employment laws have been complied with;
7. orientation and training requirements for employees based on their new roles and assigned responsibilities;
8. on-going training or professional development requirements for employees based on their roles and assigned responsibilities and the performance management plan;
9. employee performance management;
10. a strategy for ensuring that employees remain engaged in their work and committed to the objectives of the NPO; and
11. preparation and annual maintenance of a succession plan for key management personnel.

**[Executive Director or equivalent position]**

1. (1) The [governing body of NPO] must appoint an [Executive Director] and may set the terms and conditions of that appointment.
2. Reporting to the [governing body of NPO], the [Executive Director] is responsible for leading the planning, organization, implementation and evaluation of the overall management of all the day-to-day operations of the [name used to refer to the NPO per the NPO's bylaws], including the following duties:
3. to oversee, supervise and direct the activities of all officers and employees of the organization,
4. to oversee and administer the contracts of the organization,
5. to identify, assess, monitor and report on financial reporting risks and risk of fraud, and
6. to monitor and report on the effectiveness of mitigating controls for the risks referred to in paragraph c taking into consideration the cost of implementing hose controls.

**[Finance Director or equivalent position]**

1. (1) The [governing body of NPO] must appoint a [Finance Director] and may set the terms and conditions of that appointment.
2. Reporting to the [Executive Director], the [Finance Director] is responsible for the day-to-day management of the systems of the financial administration of the [name used to refer to the NPO per the NPO's bylaws], including the following duties:
3. to ensure the financial accounting systems, policies, procedures and internal controls are appropriately designed and operating effectively;
4. to administer and maintain all charts of accounts of the organization;
5. to prepare the annual budgets and multi-year financial plans of the organization;
6. to prepare the financial statements of the organization;
7. to prepare the financial components of reports to the governing body and financial information required by the governing body or the audit committee;
8. to actively monitor compliance with any agreements and funding arrangements entered into by the organization;
9. to administer and supervise the preparation and maintenance of financial records and the financial administration reporting systems;
10. to actively monitor compliance with the legal obligations of the organization and any policies and procedures of the organization respecting its financial administration;
11. to evaluate the financial administration systems of the organization and recommend improvements;
12. to develop and recommend procedures for the safeguarding of assets and ensure approved procedures are followed; and
13. to develop and recommend procedures for identifying and mitigating financial reporting risks and risk of fraud and to ensure approved procedures are followed.

**Division 3: Planning, Reporting & Oversight**

**Audit Committee**

1. (1) The Audit Committee of the [governing body of NPO] is established to provide the [governing body of NPO] with advice and recommendations in order to support the [governing body of NPO]'s decision-making process respecting the financial administration of the [name used to refer to the NPO per the NPO's bylaws].

(2) The [governing body of NPO] must establish policies and procedures respecting:

1. process for the appointment, removal and replacement of members of the audit committee;
2. the appointment of a specified number of members to the audit committee;
3. the eligibility requirements for members of the audit committee including requiring:
   1. a majority of the members to have financial competency, and
   2. all members to be independent;
4. the appointment of persons eligible to be members of the audit committee;
5. the appointment of a chairperson and a vice-chairperson of the audit committee;
6. the records to be retained of the appointment of the members of the audit committee and their terms of office;
7. the financial administration functions and responsibilities that the governing body considers would benefit from the audit committee’s involvement, including audit committee’s recommendation to the governing body;
8. the quorum requirements;
9. the voting rules;
10. the objectives or requested outcomes;
11. the meeting and reporting obligations;
12. permission for the audit committee to make a report or recommendation to the [governing body of NPO] on any other financial administration matter that is not otherwise specified in paragraph g; and
13. documentation of terms of reference for the audit committee.

**Audit Committee Meeting Records**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the retention of records related to meetings of the audit committee, including agendas, minutes and records of recommendations.

**Integrated Planning and Budgeting**

1. (1) The [governing body of NPO] must establish policies and procedures respecting an integrated planning and budgeting process, including the relationships between:
2. the strategic plan;
3. the annual budget;
4. the multi-year financial plan; and
5. the tangible capital asset life-cycle management plan.

**Strategic Plan**

1. (1) The [governing body of NPO] must
2. approve a strategic plan that articulates the long-term vision for the [name used to refer to the NPO per the NPO's bylaws] and its members; and
3. review the strategic plan on a regular, periodic basis and revise it as necessary.
4. The [governing body of NPO] must take the strategic plan into account when making financial decisions which will impact members of the [name used to refer to the NPO per the NPO's bylaws] or the [name used to refer to the NPO per the NPO's bylaws]’s financial assets.

**Annual budget**

1. (1) The annual operating and capital budget must encompass all the operations for which the [governing body of NPO] is responsible and must identify:
2. anticipated revenues, segregated by significant category, with estimates of the amount of revenue from each category;
3. anticipated expenditures, segregated by significant category, with estimates of the amount of expenditure for each category;
4. anticipated annual and accumulated surplus or annual and accumulated deficit and the application of year-end surplus; and
5. Management of and any limitation on budget deficit.
6. On or before the fiscal year-end of each year, the [governing body of NPO] must review and approve the operating and capital budget for the next fiscal year.
7. The [governing body of NPO] must approve any change to the budget.
8. Subject to an emergency expenditure(s), unless there is a substantial and unforeseen change in the forecasted revenues or expenses of the [name used to refer to the NPO per the NPO's bylaws] or in the expenditure priorities of the [name used to refer to the NPO per the NPO's bylaws], the [governing body of NPO] must not approve a change to the budget.

**Multi-year Financial Plan**

1. (1) The multi-year financial plan referred to in this section is to be used by the [governing body of NPO] for the purpose of informing its financial decision-making in a manner that is consistent with and supports the vision of the strategic plan.
2. The multi-year financial plan must comply with the following:
3. have a planning period of five (5) years comprised of the current fiscal year and the four (4) succeeding fiscal years;
4. be based on the projections of revenues, expenditures and transfers between accounts;
5. include all required reserves;
6. include the life-cycle management program for NPO’s tangible capital assets; and
7. include any planned capital projects;
8. No later than [fiscal year-end] of each year, the [governing body of NPO] must approve a multi-year financial plan for the next fiscal year.

**Policy for NPO member information or involvement**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the means by which members of the [name used to refer to the NPO per the NPO's bylaws] must be informed about or involved in consideration of:
2. the strategic plan;
3. the multi-year financial plan;
4. the annual operating and capital budget including any anticipated budget surplus or deficit; and
5. extraordinary expenditures.

**Quarterly Financial Statements**

1. (1) At the end of each quarter of the fiscal year, the [Finance Director] must prepare financial statements and accompanying management reports respecting the financial and operating affairs of the [governing body of NPO] in the form and with the content approved by the [governing body of NPO] on the recommendation of the Audit Committee.
2. The [Finance Director] must provide the quarterly financial statements in subsection (1) to the Audit Committee and the [governing body of NPO] not more than thirty (30) days after the end of the quarter of the fiscal year for which they were prepared.
3. The quarterly financial statements in subsection (1) must be:
4. reviewed by the Audit Committee and recommended to [governing body of NPO] for approval, and
5. considered and approved by the [governing body of NPO] not later than forty-five (45) days after the end of the quarter for which they were prepared.

**Annual Financial Statements**

1. (1) At the end of each fiscal year the [Finance Director] must prepare the annual financial statements of the NPO for that fiscal year in accordance with GAAP.
2. The annual financial statements must be prepared in a form approved by the [governing body of NPO] on the recommendation of the Audit Committee.
3. The annual financial statements must include all the financial information of the NPO for the fiscal year.
4. The [Finance Director] must provide draft annual financial statements to the Audit Committee for review within a reasonable period of time following the end of the fiscal year for which they were prepared.
5. The Audit Committee must present draft annual financial statements to the [governing body of NPO] for review within a reasonable period of time following the end of the fiscal year for which they were prepared.

**Appointment and dismissal of Auditor**

1. (1) The [governing body of NPO] must appoint an auditor for each fiscal year to hold office until the later of:
2. the end of the [governing body of NPO]’s meeting when the audited annual financial statements for that fiscal year are being considered, or
3. the date the auditor’s successor is appointed.
4. The terms and conditions of the appointment of the auditor must be set out in an engagement letter approved by the Audit Committee and must include the content required by the Canadian Auditing Standards.
5. To be eligible for appointment as the auditor of the [name used to refer to the NPO per the NPO's bylaws], an auditor must:
6. be independent of the NPO, its related bodies, [governing body of NPO] and officers and members, and
7. be a public accounting firm or public accountant

(i) in good standing with the Chartered Professional Accountants of Canada its respective counterpart in the province or territory in which the public accounting firm or public accountant is practicing, and

(ii) licensed or otherwise authorized to practice public accounting in the province or territory in which the majority of the reserve lands of the NPO are located.

1. If the auditor ceases to be independent, the auditor must as soon as practicable after becoming aware of the circumstances:
2. advise the [governing body of NPO] in in writing of the circumstances, and
3. eliminate the circumstances that resulted in loss of independence or resign as the auditor.

**Review of Audited Annual Financial Statements**

1. (1) The audited annual financial statements must be provided to the Audit Committee for its review and consideration within a reasonable period of time after the fiscal year-end for which the statements were prepared.
2. The audited annual financial statements in subsection (1) must be
3. reviewed by the Audit Committee and recommended to [governing body of NPO] for approval, and
4. considered and approved by the [governing body of NPO] not later than one-hundred and twenty (120) days after the fiscal year-end.
5. The audited annual financial statements in subsection (1) must be signed by at least one member of the [governing body of NPO].

**Review of Auditor’s management Letter**

1. (1) The [governing body of NPO] must review and evaluate any management letter or internal control recommendations provided by the [name used to refer to the NPO per the NPO's bylaws]’s auditor.
2. The [Executive Director] must review and prepare a planned response to any management letter or internal control recommendations provided by the [name used to refer to the NPO per the NPO's bylaws]’s auditor.

**Access to annual financial statements**

1. (1) The [governing body of NPO] must make the audited annual financial statements and corresponding signed Independent Auditor’s Report available to all [name used to refer to the NPO per the NPO's bylaws] members.

**Preparation of Statutory Returns**

1. (1) If applicable, the [governing body of NPO] must establish policies and procedures respecting the preparation and filing of all annual tax and information returns within applicable legislative deadlines.

**Review of Executive Director Compensation**

1. (1) The [governing body of NPO] must establish policies and procedures respecting review and approval of the annual renumeration and expenses of the executive director.

**Annual Report**

1. (1) No later than one hundred and eighty (180) days after the end of each fiscal year, the [governing body of NPO] must publish an annual report on the operations and financial performance of the [governing body of NPO] for the previous fiscal year.
2. The annual report referred to in subsection (1) must include:
3. a description of the strategy being used to achieve the purpose of the [governing body of NPO];
4. the goals and performance measures with comparison to original expectations;
5. risks and opportunities;
6. environmental, social and governance considerations;
7. financial highlights; and
8. future outlook.
9. The [governing body] must establish policies and procedures respecting an accessible process and remedy available to NPO members of the [name used to refer to the NPO per the NPO's bylaws] who has requested but have not been provided with the annual report of the [name used to refer to the NPO per the NPO's bylaws].

**Division 4: Recording, Safeguarding and Monitoring Assets**

**Physical Security**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the physical security controls and permissions over access to buildings, premises, information technology systems and moveable assets.

**Required Policies and Procedures**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the means for effectively managing and controlling all NPO funds and revenues, including internal controls for financial institution accounts, cash management, and asset management.
2. The [governing body of NPO] must establish policies and procedures respecting the identification, tracking and recording of all internal and external restrictions over the use of the NPO’s funds or assets.
3. if applicable, the [governing body of NPO] must establish policies and procedures respecting the reconciliation of donations, grants and contributions within thirty (30) days of the end of each month.

**Investment Strategy**

1. (1) The [governing body of NPO] must establish policies and procedures respecting an effective investment management strategy for NPO funds.

(2) The [governing body of NPO] must establish policies and procedures respecting the periodic review of the performance of an NPO's investments.

**Investment in Not-For-Profit and For-Profit Entities**

1. (1) Where the NPO has established a separate entity to carry out not-for-profit or for-profit activities or plans to establish a separate entity to carry out not-for-profit or for-profit activities, the [governing body of NPO] must establish policies and procedures respecting risk management for investments in not-for-profit and for-profit entities.

**Lending**

1. (1) Where the NPO has lent funds of the NPO, or plans to lend funds of the NPO, the [governing body of NPO] must establish policies and procedures respecting the effective management of the lending of NPO funds and the collection of funds loaned.

**Tangible Capital Assets**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the management and safeguarding of the NPO’s tangible capital assets.

**Tangible Capital Assets Reserve Fund**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the establishment and use of a reserve fund to help finance the future repair, rehabilitation and replacement of an NPO's tangible capital assets.

**Capital Projects**

1. (1)The [governing body of NPO] must establish policies and procedures respecting the procurement, contract and risk management and administration of tangible capital asset projects.

**Life-cycle Management Program**

1. (1)The [governing body of NPO] must establish policies and procedures respecting a documented life-cycle program that includes regular inspection, planning and oversight of tangible capital assets which include the following:
   1. the development, maintenance and updating of an asset register for the NPO’s tangible capital assets;
   2. the regular, periodic inspection of NPO’s tangible capital assets;
   3. for routine maintenance of NPO’s tangible capital assets, preparation of the following:
2. a plan for annual scheduling of required maintenance for the next fiscal year;
3. short and long-term forecasting of estimated costs;
4. a budget for required annual maintenance for the next fiscal year;
5. a report on any deferred maintenance and any resulting risks to the NPO; and
   1. for tangible capital asset projects, preparation of the following:
6. a plan for annual scheduling of projects for the next fiscal year;
7. short and long-term forecasting of estimated costs of projects;
8. a budget for projects for the next fiscal year; and
   1. the annual review by the Audit Committee of the following:
9. contributions made to, and balance of, the tangible capital asset reserve fund; and
10. proposed scheduling and budgets for routine maintenance and tangible capital asset projects.

**Division 5: Controls over Purchasing, Payables and Payments**

**Management of Expenditures**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the following matters:
   1. effective management of all NPO’s expenditures, including internal controls for financial institution accounts and the procurement of goods and services.
   2. expenditures for an emergency purpose which was not anticipated in the budget but which is not expressly prohibited by or under this policy or another NPO’s by-law or policy.
   3. Reimbursement of expenses incurred by persons acting on behalf of the NPO.
   4. Monthly reconciliation and independent review of general ledger account balances.

**Borrowing and Debt Management**

1. (1) The [governing body of NPO] must establish policies and procedures respecting the following matters:
   1. the incurring of debt by the NPO, debt management and use of borrowed funds.
   2. the granting of security, guarantees and indemnities.
   3. the monitoring and reconciliation of debt transactions.
   4. the reporting of debt transactions
   5. the recordkeeping of debt transactions.

[Please do not sign this version]

NOTE: SIGNATURE BLOCK WILL BE ENTERED BY FMB (LEGAL COUNSEL OR SENIOR RELATIONSHIP MANAGER) ONCE FINAL VERSION OF THE POLICY IS AGREED UPON BY THE NPO AND FMB. RELATIONSHIP MANAGER OR CAPACITY DEVELOPMENT MANAGER WILL THEN SEND THE FINAL VERSION OF THE POLICY TO THE NPO FOR SIGNING.