

Examination of Constituent Body Financial Records

The Institute reserves the right to examine the financial records of constituent bodies. The examination will be conducted under the direction and authority of the Institute's Chief Financial Officer. A report of the review findings and recommendations will be provided to the constituent body executive, the Regional Director or Group President and to the Institute's Finance Committee when finalized. The audit report of a branch, sub-group and group should be presented at the constituent body's AGM and the audit report of a region should be presented to the Regional Council. Any significant or material financial discrepancies uncovered during the review shall be forwarded to the Chief Operating Officer & Executive Secretary and General Counsel.

Notwithstanding the review of constituent bodies, the Institute monitors the transactions on all constituent body accounts and may request supporting documentation from time to time on payments issued by a constituent body from its annual allowance.

The scope of a review can be expanded at the discretion of the Chief Financial Officer to include additional fiscal years for the constituent body under review or financial records of other constituent bodies when supported by initial findings.

Responsibilities

The Constituent Body Executive shall:

- Comply with the Institute Policy on Constituent Body Finances
- Co-operate fully if selected for a review
- Implement recommendations outlined in the report of the review

The Chief Financial Officer shall:

- Coordinate the review of the financial records related to Institute activities of members and/or constituent bodies
- Conduct the review in a timely and fair manner
- Be consistent in the interpretation of the application of the Institute Policy on Constituent Body Finances
- Attempt to resolve any issues or questions directly with the member or the executive of the constituent body
- Prepare a full report detailing the findings and recommendations coming from the review
- Raise any significant concerns resulting from the review with the Chief Operating Officer & Executive Secretary and the General Counsel.

The Chief Operating Officer & Executive Secretary and the General Counsel shall:

- Provide guidance to the Chief Financial Officer on matters of concern uncovered during the review
- Bring matters forward for the consideration of the President or Executive Committee as deemed appropriate

The President and Executive Committee shall:

- Consider significant concerns identified during the review which are brought to their attention and take action as deemed appropriate

The Board of Directors shall:

- Consider significant concerns identified during the review which are brought to their attention and take action as deemed appropriate

The Groups and Regions shall:

- Consider significant concerns identified during the review which are brought to their attention and make recommendations to the Board of Directors as deemed appropriate, if required.

The Finance Committee shall:

- Discuss the Chief Financial Officer's report of the review conducted on finances of the constituent bodies
- Make recommendations to the Board of Directors with regards to changes to the Policy on Constituent Body Finances, if required.

Types of Examinations:

- Random examination or examination at the discretion of the Chief Financial Officer :
 - The Chief Financial Officer will select constituent bodies for review on an annual basis.
- Examination at the request of a constituent body:
 - A constituent body's Executive or Annual General Meeting may request a review of its own finances
 - A Region may request a review of the finances of its Branches
 - A Group may request a review of the finances of its Sub-Groups
- Examination at the request of the Executive Committee or Board of Directors:
 - The Executive Committee or Board of Directors may request a review of any constituent body

Three areas of review (including but not limited to):

- Internal controls, processes and the quality of work performed:
 - Are the records complete and well organized,
 - Are proper controls in place for the approval of expenses
 - Have all supporting documents been provided and have they been verified
 - Were the cheque signed by two authorized signing officers
- Reasonableness and legitimacy of the expenditures, as per Institute Policy and constituent body approval :
 - Are the expenses in accordance with Institute Policies
 - Are the expenses reasonable and respectful of the constituent body's budget or financial decisions of the constituent body's executive recorded in the minutes
 - A cross reference of expenses paid by a constituent body with expenses paid directly by the Institute (or if required with expenses paid by another constituent body)
- Accuracy and Representational Faithfulness of the Financial Reporting:
 - Is the financial information presented a fair representation of the expense incurred
 - Can the user of the financial statement rely on the financial information presented

Findings and Recommendations:

In his or her report, the Chief Financial Officer shall outline the strengths and weaknesses of the financial reporting for the period under review and make recommendations on areas for improvement. Questionable results of the examination should be reported to Chief Operating Officer & Executive Secretary and the General Counsel for further possible action.

Failure by a Constituent Body to Fully Comply with the Review:

The Institute reserves the right to withhold constituent body funding and/or to freeze a constituent body's bank account if it:

- refuses to comply with the Institute's financial policies;
- refuses to provide its financial records if selected for examination;
- refuses to provide information related to specific expenditures as requested;
- or is suspected of inappropriate use of its funds.

**Approved by the Board of Directors
January 29, 2014**