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# **PROGRAM**

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Prepared by:  
Date

Approved by:  
Date

Authorized by:  
Date

## Governance

According to the International Federation of Accountants (IFAC) Governance refers to a set of responsibilities and practices exercised by management with the goal of providing strategic direction and tactical guidance to ensure that company goals and objectives are achieved, risks are identified and managed appropriately, and resources assigned responsibly.

The Company has defined three levels of governance:

- For Market Stability and to protect investors, external — or big G—Governance originates from laws and regulatory organizations such as the SEC, Financial Accounting Standards Board (FASB) Public Company Accounting Oversight Board (PCAOB).
- Corporate—or little g—Governance is defined and initiated from the Executive Team and the Board of Directors and exercised by Internal Control over Financial Reporting (ICOFR).
- Internal or Business Governance is marked by the integration of little g governance into the internal practices and processes required to get the work done.

At all three levels of governance, governance is about providing authoritative direction and control for leadership, integrity and accountability. The Accounting and Finance Policy and Procedure Program is about satisfying little g governance at the Corporate and internal practice and process level.

Critical to communicating and implementing governance, documentation is the foundation which defines the purpose, scope, and content for the policies and procedures to be implemented.

- Using a top-down approach, documentation communicates and provides the principles, rules and behaviors of the greater employee population. Documentation is used to communicate and provide authority to employees to act within defined parameters.
- Using a bottom-up approach, documentation informs management of the steps required to process transactions, and with review and analysis, these steps indicate where and when processes need to be revisited or transformed.

At this point it is useful to differential between the Program and the product of the Program's efforts, the Accounting and Finance Policy and Procedure documents. Project Management is concerned with a defined deliverable that has a beginning and an end. The Program follows a process to ensure the consistent execution of each of the projects. The Program is made up of projects to document specific processes. However, the Program itself is a process and must be documented. The rest of this chapter concerns itself with the Program's processes and documentation.

The Program secures its mandate from the Program's Charter, Vision, Mission and Goals.

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## Program's Charter

Policies and procedures are a function of corporate governance and, as such, must be sponsored and approved by executive leadership, implemented at the business area level with responsibility and accountability for compliance held at every level.

Corporate policies are established to provide a high-level overall plan defining general goals and acceptable procedures. Corporate procedures define a particular way of accomplishing a task and include authority levels, controls, and areas of responsibility.

Business area or functional policies must be aligned and support corporate policies while applying local laws and regulations. Business area or functional procedures document the implementation of corporate procedures.

IDÆAL, LLP's policies and procedures are prepared and coordinated by the Corporate Policy and Procedure department with support and counsel of the policy and process owner and related stakeholders. Only policies and procedures issued or delegated by this organization with proper approval can be considered a company policy and as such is expected to be followed by all employees.

Selected business area representatives are invited to participate as part of the Policy and Procedure Review Committee (Committee), in the preparation, review, and approval of policies and procedures. These individuals must be appointed by the executive leadership team.

The Committee assists the Policy and Procedure department in overseeing the integrity of the Company's Policy and Procedure Program as well as the Company's outward facing statements which may be considered company policies and procedures.

## Committee Membership and Representation

The Committee will be composed of at least five members representing the executive leadership. Members of the Committee must represent Legal, Finance, International, and the business areas. The chairperson of the Committee is generally the Policy and Procedure Program Manager. Committee members shall be appointed, for a period of at least one year. It is the responsibility of the chairperson of the Committee to schedule meetings and provide the Committee with a written agenda for all meetings. Decisions will be based on group discussion and consensus.

## Meetings and Other Actions

The Committee shall meet at least quarterly and as often as it determines appropriate to carry out its obligations under this Charter. The Committee shall periodically report on its activities to the executive leadership and make such recommendations and findings as it deems appropriate.

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Meetings of the Committee may be held in person or by teleconference. Action may also be taken by the Committee without a meeting if all members consent by electronic transmission with the minutes of the proceedings of the Committee. The Committee shall document and monitor their proceedings and actions.

The Committee shall meet periodically in executive sessions with management, including the Chief Financial Officer and General Counsel, internal auditors, and others the Committee deems appropriate to discuss the general framework, strategy, and direction for policy and procedure documentation.

### **Goals, Responsibilities, and Authority**

The Committee shall have the authority, to the extent it deems necessary or appropriate, to secure the participation of subject matter experts and advisors.

The Corporation shall provide appropriate funding and resources to the Policy and Procedure department as well as to the Committee in order to execute its responsibilities.

The Committee shall review and reassess the adequacy of this charter at least annually and recommend any proposed changes to executive leadership for approval. The Committee shall review its own performance at least annually.

### **Scope and Objective**

The Policy and Procedure Program may encompass any Company activity and is responsible for the following activities:

- Review and appraise the soundness, adequacy, and application of Company and business area policies and procedures.
- Review and test the process scope and compliance with statutory, regulatory, and internal policy requirements.
- Prepare and coordinate approval and implementation for policies and procedures.

### **Program's Vision**

A vision is a forward-looking statement which when properly constructed provides direction and inspiration for the Program. For this Program, our vision is to be the Company's central source and resource for issuing Accounting and Finance Policies and Procedures.

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Imagine a company where any employee could:

- locate the policy, procedure and related forms and instructions
- ensure they are following the rules and/or enter a question or request to deviate from the rules

Imagine a company where there is a management resource center and a program to ensure Policies and Procedures are:

- approved by a cross functional team
- aligned with external reporting certifications, internal controls, audits and process management

### **Program's Mission**

The mission statement provides direction and action as to how the vision statement will be achieved. Each of the higher-level actions must be de-constructed to lower level action items which will ensure a successful implementation.

The Program's mission is to establish and maintain an Accounting and Finance Policy and Procedure Program in order to:

- A.** Consolidate existing documentation under one repository (database)
  - B.** Review the existing documentation for relevancy, timeliness, accuracy, consistency
  - C.** Align with Company goals and performance objectives
  - D.** Include rollout Communication, Education and Training
  - E.** Be led by a qualified Program Manager
- A.** Consolidate existing documentation under one repository (database) has the following individual actions:
- Eliminate redundant and "unofficial" sites (including emails, Websites and binders) where policies and procedures are retained
  - Create/acquire a Web-based application with search capabilities available to all employees–anytime, anywhere
  - Flexible enough to support: documentation hierarchy, workflow authorization, instruction, question and answer

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**B.** Review the existing documentation to address:

- Relevancy – Is the Company still in that line of business? Does the process exist the same way today?
- Timeliness – Is the documentation current?
- Accuracy – Does the documentation reflect current rules, regulations and Company direction?
- Consistency – Do all related processes and business areas follow the same process?

**C.** Align with Company goals and performance objectives by considering the following criteria:

- Reflect and comply with laws and regulations
- Reflect the Company's culture, philosophy and ethics
- Measured and tested for compliance
- Certified by the process owners and business areas
- Used to promote process effectiveness and efficiency through continuous improvement

**D.** Include rollout Communication, Education and Training where and as appropriate:

- Communicate as the documents are issued, revised or rescinded
- Provide instruction, education and training to support the policy and procedure concepts and implementation
- Provide a feedback mechanism to ensure employees have a way to provide comments, ask questions and locate support

**E.** Led by a qualified Program Manager who has:

- Qualified with Accounting and Finance technical knowledge
- Demonstrated experience within various aspects of the business and industry
- Demonstrated proficiency in process and project management
- Demonstrated proficiency in communication and relationship management skills

## Program Goals

In order for goals to be effective, they must be specific and measurable. Deciding what to measure takes careful consideration and definition. The objective is to choose a few goals which are directly related to the vision and mission.

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The goal of the Program is to implement a program that is considered “Best Practice” within our Company and across the industry externally benchmarked.

In our company, Internally, “Best Practice” considers the following criteria and has corresponding measures:

- Policies and Procedures not residing anywhere else (i.e., a metric = 0 unofficial repositories)
- Program Manager has service level agreements with each process owner and business area. Process owners and business areas are defined in accordance with the Company’s organization charts and may contain measures such as 40 process owners and 6 business areas and May include non-Accounting and Finance process owners
  - The program manager’s goals might include being responsive to internal customer needs with measured Customer Satisfaction levels such as achieving a 100% Customer Satisfaction as per a survey
  - Maintain log and resolve all unsatisfactory issues with the documentation within a defined time period, such as 30 days
  - Practicing continuous process improvement by establishing process metrics for the Program itself and to collect data and trends for
    - Efficiency i.e., cycle time to respond to inquiries, to issue documents
    - Effectiveness i.e., process-oriented defects counted as revisions within a six-month period

As agreed in the mandate, Externally, “Best Practice” means:

- Benchmark the process and approach with external companies of like size and industry
- Target two benchmark activities per year. This might include corresponding with other companies or conducting on-site exchange visits.
- Use the information collected during these exchanges for process improvements to the Program itself
- Promote our best internal practices externally via:
  - Published articles e.g., target twice (2) per year
  - Speaking / presentation engagements e.g., target three times (3) per year

In order to keep track of the Program’s progress, the Program Manager must collect data and report on the program’s goals and status of achieving the mission. The Program Manager forwards this report to the executive sponsor and other interested parties who have ownership in achieving the Program’s success and benefits.