

# Fiscal Operations Policy Manual

## INTRODUCTION

The ASSOCIATION'S Fiscal Operations Handbook has been developed as a policy to offer general guidelines about financial controls and procedures of the organization. The information in the handbook is in accordance with Executive Limitations, a policy framework established by the ASSOCIATION Board of Directors in 1993. Through those policies, the Board delegated authority and responsibility for the administration of these policies to the Executive Director. The Executive Director may, in turn, delegate authority for administering specific policies.

Employees are encouraged to consult the Executive Director for additional information regarding operation controls and procedures described in this manual.

### FINANCIAL PLANNING AND BUDGETING:

With respect to fiscal planning and budgeting, the employees responsible for financial reporting will not jeopardize the programmatic or fiscal integrity of the organization. Accordingly, she/he may not cause or allow budgeting that:

- i. Deviates from board-stated ends policies and priorities.
- ii. Contains too little detail to enable a reasonably accurate projection of revenue and expenses.
- iii. Fails to separate capital and operational items or disclose planning assumptions.
- iv. Plans the expenditure of more funds in a fiscal year than conservatively projected to be received in that period.
- v. Reduces the current cash assets to drop below a reserve amount designed by the board.

#### CONTROL 1: Annual Budget and Work Plans

ASSOCIATION center directors develop preliminary program budgets and work plans in accordance with the ASSOCIATION Strategic Plan on an annual basis.

The Executive Director and center directors develop and prepare a preliminary annual operational budget in accordance with the ASSOCIATION Strategic Plan.

The Executive Director reviews and approves the preliminary budget and work plans. She/he prepares planning assumptions and submits the preliminary budget with assumptions to the Treasurer for review in November.

The Treasurer presents the preliminary budget to the Board of Directors for comments in November. The Executive Director presents the planning assumptions.

The Treasurer reviews the proposed annual budget and justifications with the Executive Director in November and presents the proposed budget to the Board of Directors for adoption in December. The Executive Director also presents her/his fiscal year work plan to the board in December.

After the board approves the annual budget, the Executive Director manages the annual budget effective January 1 of each fiscal year. She/he receives monthly financial reports and statements from the Manager of Finance and Administration. These reports are also forwarded to the Chair and Treasurer.

**POLICY: FINANCIAL CONDITION**

With the respect to the actual, ongoing condition of the organization's financial health, the Executive Director may not cause or allow the development of fiscal jeopardy or loss of allocation integrity. Accordingly, she/he may not:

1. Allow actual allocations to deviate materially from board priorities and policies.
2. Indebt the organization in an amount greater than can be repaid by unencumbered revenue within 90 days and, in no event, beyond the fiscal year.
3. Use any long-term reserves without first seeking board approval.
4. Use any employee withholding for cash-flow purposes.
5. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within 90 days.
6. Allows cash to drop below the amount needed to settle payroll and debts in a timely manner.

## CONTROL 1: Books of Account and Other Financial Records

1. ASSOCIATION maintains the Uniform Chart of Accounts (UCOA) that is prepared by the designated individual and reviewed by the Executive Director (or his/her designee) annually.
2. ASSOCIATION also maintains a cash flow projection, general ledger, accounts receivable and payable, cash receipt and disbursements and other financial reports (e.g. statement of financial condition, revenue and expense statements) as directed by the Executive Director. These reports, which are prepared monthly by the Manager of Finance and Administration in accordance with the chart of accounts, should reflect actual income and expenses to the approved annual budget.
3. ASSOCIATION will not unnecessarily expose the organization, its board or staff to claims of liability.
4. The Executive Director does not make on her/his own authority any purchase greater than \$10,000.
5. ASSOCIATION does not receive, process, or disburse funds under controls insufficient to meet audit standards.
6. Follow the Board approved investment policy

## CONTROL 1: Bank and Other Financial Accounts

1. The Executive Director, upon approval and signature authority of designated board member, opens and closes all bank and other corporate financial accounts (e.g. credit, certificates of deposits), in Federal Deposit Insurance Corporation (FDIC) secure bank accounts.
2. The Executive Director has signature authority on all accounts. The Treasurer, Secretary, or other Board designated board members have signature authority on the operational (checking) account, as well as other financial instruments.
3. The Executive Director has the authority to withdraw and transfer funds for organizational purposes. She/he and the Manager of Finance and Administration have authority to deposit funds.

4. Bank and other corporate financial information (e.g. rules, and regulations, account numbers) are retained, maintained, and updated by the Manager of Finance and Administration.

#### CONTROL 2: Corporate Checks

1. The Manager of Finance and Administration receives and processes all check requests and invoices. This request must include an invoice, applicable receipt, or other written/financial documentation (e.g. Request for Expense Reimbursement, Request for Travel Advance). All invoices require review prior to check processing.
2. The Bookkeeper prepares the check and forwards it to the Executive Director for approval and signature.
3. Checks are processed on a weekly or bi-monthly basis, according to the due date of specific payments.
4. The Executive Director authorizes approval of payment by signing the check request or invoice and the check. In the absence of the Executive Director other board designated signatories may sign checks.
5. Checks for more than \$10,000 require two signatures. The Manager of Finance and Administration ensures the second signature is obtained in a timely manner.
6. The Manager of Finance and Administration is responsible for mailing all signed checks.
7. All processed payments and voided checks are retained with appropriate backup paperwork and are maintained by the Bookkeeper.

#### CONTROL 3: Withdrawal, Transfer, and Deposit of Funds

1. The Executive Director approves withdraws and transfers of bank funds for redeposit into other accounts. She/he prepares and signs an authorization to withdraw and transfer funds (WTF) and/or deposit funds (DF).
2. All banking transactions along with appropriate financial documentation are retained and maintained by the Bookkeeper.

#### CONTROL 4: Deposit of Funds

1. All income received by ASSOCIATION is deposited within five business days to an ASSOCIATION account.
2. The Administrative Assistant receives, date-stamps, copies checks, and forwards all funds to be deposited to the Manager of Finance and Administration. Once stamped "for deposit only", incoming checks are recorded in an incoming check log. The Executive Director prepares the bank deposit form and ensures deposit of funds. The Bookkeeper posts all deposits in the appropriate account. All checks and cash are in a locked storage cabinet until ready for deposit.
3. Once the deposit is made the deposit form, as well as copies of the deposited checks are then filed with back up financial files. Deposits are made via U.S. mail. Deposit receipts are mailed to ASSOCIATION once deposit has been posted to account.
4. The Bookkeeper occasionally reconciles the incoming check log against deposits.

#### CONTROL 5: Petty Cash

1. No petty cash is maintained by the organization.

#### CONTROL 6: Bank and Other Financial Account Reconciliation

1. The Manager of Finance and Administration receives, date-stamps, and forwards all ASSOCIATION bank account statements to the Bookkeeper.
2. Each month, the Bookkeeper reconciles all bank account statements and prepares a printed report for each account. (These reports are included in the monthly financial report)
3. All bank account statements are filed in the reconciliation file by the Bookkeeper.

#### CONTROL 7: Accounts Receivable

1. ASSOCIATION invoice terms are net 15 days. ASSOCIATION charges \$50 for all returned checks.

2. The Manager of Finance and Administration processes an invoice no later than 30 days of services rendered.
3. The Manager of Finance and Administration invoices 30 day aged accounts within 45 days. She/he issues the final invoice for 60 day-aged accounts within 90 days.
4. The Manager of Finance and Administration invoices employees for all due personal expenses not received within 30 days.
5. Personal employee expenses due are made by check payable to ASSOCIATION.
6. To complete processing of accounts receivable, the Manager of Finance and Administration and Executive Director follows the appropriate steps as stipulated under Control 4, Deposit of Funds.
7. Per the direction of the employee, the Executive Director is authorized to deduct from an employee's payroll check all benefit expenses per payroll firm's policies and the request for the deduction is kept in the employee's personnel file. (i.e., retirement deductions, etc.)
8. The Bookkeeper, with the Executive Director's written authority, discharges all accounts receivable unpaid by January 31 of the new fiscal year in consultation with the audit firm.

#### CONTROL 8: Account Payable

1. The Manager of Finance and Administration receives, reviews and processes all accounts payable in accordance with written contractual agreement within 30 days of receipt. Invoices are date-stamped when received.
2. The Executive Director, or his/her designee in accordance with written terms approved by the Executive Director and agreeable to both ASSOCIATION and the vendor settles invoices for which payment amounts are disputed.
3. To complete the accounts payable process, the Manager of Finance and Administration and Executive Director follow the appropriate steps as stipulated under Control 2, Corporate Checks.

#### CONTROL 9: Grants Receivable

1. To process grants receivable, the Manager of Finance and Administration, Executive Director, or his/her designee follow appropriate steps as stipulated under Control 4, Deposit of Funds.
2. Additionally, the Executive Director receives the donor award letter and records the amount received on a Summary of Donor Contract (SDC). The SDC and award letter are retained by the Associate Director for Communications and Outreach, while the Manager of Finance and Administration provides a copy of the letter and check to the Executive Director
3. The Associate Director for Communications and Outreach receives a copy of the donor award letter and prepares a Thank You Letter to the donor, acknowledging receipt and amount of the grant receivable. A copy of the Thank-you letter and the award letter are retained in the "Chronological" file.

#### CONTROL 10: Grants Payable

1. The Executive Director receives and reviews requests for grant payment in accordance with written contractual agreements and donor award letter stipulations.
2. The Project Director should request and/or forwards a Check Request to the Executive Director with appropriate documentation as appropriate.
3. The Manager of Finance and Administration and Executive Director follow the appropriate steps as stipulated under Control 4, Deposits of Funds.

#### CONTROL 11: Membership Dues, Contributions and Other Income

1. To complete the above process for membership dues, interest and all other income, the Manager of Finance and Administration and Executive Director, follow the appropriate steps as stipulated under Control 4, Deposit of Funds.
2. To complete the above process for membership dues, the Director of Member Services and Relations acknowledges receipt and amount of dues paid by the member. The Director of Member Services and Relations



retains the acknowledgement with other documentation (e.g. member application).

3. If the income received is a contribution, the Executive Director and the Manager of Finance and Administration follow appropriate steps as stipulated under Control 9, Grants Receivable.

#### CONTROL 12: Capital Depreciation

1. ASSOCIATION maintains a capital depreciation account for office equipment and furnishings valued above \$500. The Executive Director approves all purchases for office equipment and furnishings.
2. Property assets in excess of \$500 are depreciated over their useful lives, normally considered to be three years for office equipment and five years for office furnishings. The depreciation of property assets acquired by sale, loan or gift requires written documentation and approval by the Executive Director.
3. The Manager of Finance and Administration directs an annual inventory of office equipment and furnishings and records such on the Inventory of Equipment done before annual audit.
4. The Executive Director approves the Inventory Report.
5. The Inventory Report is maintained and updated on an ongoing basis by the Manager of Finance and Administration.
6. All employees taking equipment offsite must complete an equipment release form, which must be approved by the Manager of Finance and Administration.

#### CONTROL 13: Independent Audit, Federal, and State Reporting

1. ASSOCIATION conducts an annual independent audit.
2. Every three to five years, the Audit Committee with assistance from the Manager of Finance and Administration develops and solicits a Request for Proposals to conduct the ASSOCIATION audit for a three-year period with option for a two-year extension.
3. The Manager of Finance and Administration along with the Audit Committee and the Executive Director recommends and selects the firm

to conduct the audit and signs an engagement letter that stipulates the fee and schedule for services to be rendered over a three-year period with a possible extension for up to two years.

4. The Manager of Finance and Administration coordinates activities of the audit with the Auditor and the Audit Committee. She/he also schedules and participates in an audit exit interview with the audit firm, Executive Director and Bookkeeper, and Audit Committee.
5. The Audit Committee submits the audit, which includes a management letter to the Board of Directors at the first board meeting after the completion of the audit.
6. The Treasurer presents the audit to the Board of Directors for approval.
7. With the assistance of the Auditor, the Manager of Finance and Administration ensures the auditor's preparation, completion, and submission of other federal and state financial reports as required by law.
8. The Manager of Finance and Administration retains the audit, all background information and other federal and state reports in the appropriate files. Financial information is retained for no less than 7 years.

#### CONTROL 14: Payroll and Time Attendance Records

1. ASSOCIATION contracts with *Paychex* to issue payroll checks every 15<sup>th</sup> and last day of the month, unless the day falls on a weekend or holiday then the payday is the last work day before the 15<sup>th</sup> or the end of the month.
2. Each employee prepares and submits a Time and Attendance Report to the Manager of Finance and Administration by noon the next business day after payroll.
3. The Manager of Finance and Administration reviews all timesheets to verify inclusion of approved vacation time/sick leave and forwards to the Executive Director for further review. The Executive Director receives and approves the timesheet and forwards to the Bookkeeper for filing.
4. The Bookkeeper files and retains all payroll reports. The Manager of Finance and Administration maintains all payroll tax reports.

5. The Bookkeeper posts information for payroll in the general ledger.

CONTROL 15: Accrued Annual Leave

1. Accrued annual leave is shown on ASSOCIATION financial statements as a liability and in accordance with policies outlined in the Association Personnel Policies Handbook and other policy memoranda.
2. Each employee prepares and submits a *Leave Request Form* to the Manager of Finance and Administration for accrual approval and to the Executive Director final approval.

CONTROL 16: Travel and Expense Reimbursement

1. ASSOCIATION reimburses employees for travel and conference/meeting expenses in accordance with policies outlined in the Association Personnel Policies Handbook and other policy memoranda. These expenses are mileage or transportation, parking fees, meal cost and other charges unless otherwise approved the most economical means of travel is standard.
2. The Executive Director must pre-approve all travel by the staff. Upon approval of travel request, the Administrative Assistant will make the necessary travel arrangements for the staff.
3. If a hotel stay is required, ASSOCIATION will make a reservation using the organization's credit card.
4. All original receipts are due to the Manager of Finance and Administration ten business days after returning from the trip.
5. To receive a reimbursement on approved expenses that are over the amount of the travel advanced, the employee should fill out and submit an expense reimbursement form.
6. The Bookkeeper and Executive Director follow appropriate steps as stipulated under Control 2, Corporate Checks.
7. Staff should use the metro card provided to them by ASSOCIATION for local travel to/from meetings on the company's behalf that can be reached by Metro. If such card is not provided to the staff member they are allowed to use the ASSOCIATION metro card. The card can be obtained from the Administrative Assistant.

8. If an individual employee or Board member has approved expenditures for the organization, the individual should file a request for reimbursement form within 15 business days of expense.
9. The request for reimbursement is given to the Manager of Finance and Administration, who submits the request to the Executive Director for approval. If the Executive Director is submitting the request for reimbursement, a Board member reviews the request for approval prior to the check being written.

#### Control 17: Credit Cards

1. The ASSOCIATION has credit cards available to some staff members. Individual cards have been issued for and may be used for business-related travel expenses to be reimbursed by a sponsor, or expenses for which you have obtained prior approval.
2. Credit cards can be used for the purchase of supplies, materials, or equipment if prior approval is obtained by the Executive Director and if such purchases result in lower prices and/or timeliness of delivery.
3. As a cardholder, staff agrees to submit receipts or detailed expense reports addressing all charges incurred within five business days of making the charges or returning from out-of-town travel.
4. Staff members are required to sign the *ASSOCIATION Credit Card Release* form agreeing to use the card for business purposes only. This agreement stipulates that any charges not approved are the responsibility of the employee. ASSOCIATION prohibits the personal use of any ASSOCIATION credit card.
5. Each card is the property of ASSOCIATION and must be surrendered upon termination of employment.
6. Charges made by the Executive Director will be reviewed and approved on a quarterly basis by a current board member. If charges are not deemed reasonable and necessary expenses for the organization the Executive Director is required to reimburse the organization for such charges.

POLICY:       AUTHORITY TO ESTABLISH NEW OR REVISED POLICY CONTROLS

With the exception of the Executive Limitations policies, which the Board of Directors establishes, the Executive Director has the authority to modify, amend, and/or establish new fiscal operational controls without advance notice.