 

**FINANCIAL PROCEDURES MANUAL**

Approved by ABC’s Board of Directors on \_\_\_\_\_\_\_\_\_\_\_\_ (date)

**GENERAL**

The Board of Directors formulates financial policies, delegates administration of the financial policies to the Staff, and reviews operations and activities.

The\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) has responsibility for financial management.

Current job descriptions will be maintained for all employees, indicating financial duties and responsibilities.

Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc.

All employees involved with financial procedures shall take vacations or leaves of 5 consecutive work days each year. During such periods, back-up personnel who have been cross-trained in their duties will perform their tasks.

Blanket employee dishonesty insurance coverage in the amount of $\_\_\_\_\_\_\_\_\_ shall be maintained.

Professional financial service providers will be established annually. For \_\_\_\_ (year) these include \_\_\_\_\_\_\_\_(accounting software), \_\_\_\_\_\_\_(payroll services), \_\_\_\_\_\_ (insurance), \_\_\_\_\_\_\_\_ (banking), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (restricted investments and retirement services), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (auditors).

The \_\_\_\_\_\_\_\_\_\_\_ (staff position) will maintain a current and accurate log of the chart of accounts, job accounts and accounting classes.

These policies and procedures will be reviewed bi-annually by the Finance Committee.

**CASH RECEIPTS** (includes checks)

The \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) opens any mail addressed to ABC or without specific addressee. The receipt of checks or cash will be recorded in the accounting system. All other checks or cash will be immediately forwarded to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position).

The \_\_\_\_\_\_\_\_\_\_\_ (staff position) will endorse all checks by rubber stamp to read as follows:

PAY TO THE ORDER OF ABC Bank Account #\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FOR DEPOSIT ONLY, Organization Name and Account Number.

A report will be printed that includes the source and amount of the receipt as well as the total daily deposit amount.

The checks and cash will then be forwarded to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position), who will complete deposit slips in duplicate. Receipts and deposit slip will be placed in an envelope for \_\_\_\_\_\_\_\_\_\_ (Bank).

If no cash is present, the envelope may be sealed and sent through the US mail. If cash is present, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will verify deposited funds prior to sealing the envelope and making the deposit in person.

Documentation for all receipts (a copy of check, letter, etc.) will be attached to the duplicate slip and filed chronologically

All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will record each cash payment received in a number receipt book with a duplicate for the payer. Cash shall be locked in a secure location until taken to the bank.

The \_\_\_\_\_\_\_\_\_\_\_\_\_(staff position) will receive a copy of all deposit reports for review.

**CASH DISBURSEMENTS**

**CHECK AUTHORIZATION**

All invoices will be immediately forwarded to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) who will review all invoices for mathematical accuracy, validity, conformity to the budget (or other board authorization) and compliance with bid requirements.

Prior to payment, all invoices will be approved (indicated by initialing) by the \_\_\_\_\_\_\_\_\_\_\_\_ (staff position), who will code the invoice with an appropriate expense or other chart of accounts line item number, class and job number (where applicable).

By approving an invoice, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) indicates that it has been reviewed and payment is authorized.

The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) is responsible for timely follow-up on discrepancies and payment.

Approved invoices will be entered into the accounting system using the “Enter Bills” screen.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare checks on a weekly basis.

Authorized signers on ABC accounts include\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position), and Treasurer of the Board.

**CHECKS**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will be responsible for all blank checks.

All checks, including payroll checks (with the exception of direct deposit payroll items) will be signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) or designated members of the Board of Directors.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will generate checks for approved invoices through the accounting system using “Pay Bills” and/or “Write Checks” screens.

Voided checks will have "VOID" written boldly in ink on the face and have the signature portion of the check torn out. Voided checks will be kept on file.

In no event will invoices be paid unless approved by an authorized signer; by blank checks (checks without a date or payee designated), or by checks signed in advance.

Checks will not be made out to "cash", "bearer", "petty cash" etc.

Checks will not be prepared on verbal authorization. All payments require related documentation.

In the event it is necessary to issue a duplicate check for checks in an amount over $15, a stop payment will be ordered at the bank on the original check.

**BANK RECONCILIATIONS**

Bank statements will be received directly and opened by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff or Board position).

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will reconcile the bank statement monthly. The Treasurer of the Board will receive monthly statements of checks paid on all accounts.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_(staff position) shall verify the reconciliation of the bank accounts on at least a quarterly basis.

On all checks outstanding over 90 days, the \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will take appropriate action.

**PURCHASING**

**PURCHASES UNDER $5,000**

All purchases over $500 must be approved in advance by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(staff position).

The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) or the Project Manager is responsible to know if the item ordered is within the budget and guidelines.

If purchase is less than $150, persons authorized can make the purchase. When this is done, invoice copies are to be turned in to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position.).

**PURCHASES OVER $3,000 AND $5,000**

All purchases, including services, over $3,000 must be approved in advance by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_(staff position).

Purchases over $5,000 will be required to undergo a competitive bid procedure.

All bid requests will contain clear specifications and will not contain features, which unduly restrict competition.

The \_\_\_\_\_\_\_\_\_\_\_(staff position) will be responsible to ensure that all conditions and specifications of a contract, bid, or order have been satisfactorily fulfilled and will be responsible for timely follow-up of these purchases.

The \_\_\_\_\_\_\_\_\_\_\_(staff position) will obtain at least 3 bids wherever possible unless prior approval by the Finance or Executive Committee has been obtained.

Purchases of over $5,000 will not be fragmented or reduced to components of less than $5,000 to avoid the bid process.

**CREDIT CARDS**

The\_\_\_\_\_\_\_\_\_\_ (staff position) will be responsible for obtaining and distributing credits cards and establishing credit card usage policies and procedures, including expenditure limits.

ABC will not obtain or issue Debit Cards.

A Credit Card Register, indicating credit card holders, will be maintained by the \_\_\_\_\_\_\_\_\_\_ (staff position.)

Credit cards may be used only for authorized ABC expenses. Any amount over $250 requires prior approval by \_\_\_\_\_\_\_\_\_\_\_ (staff position.)

All ABC purchasing policies and procedures apply to credit card usage.

Receipts, with appropriate documentation, will be turned in to the \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) prior to end of each month.

**PAYROLL AND PERSONNEL**

**TIME SHEETS**

Each hourly employee will be responsible for completing a time sheet on a biweekly basis.

Completed time sheets will be dated and signed by the employee, time cards will be stapled to the back, and both will be submitted to the \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) at the end of the last working day of each pay period.

No payroll checks will be issued without a completed time sheet and time card if required.

Incomplete time sheets and cards will be returned to the employee for correction.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will verify the accuracy of the time sheets and addition.

Employees will be paid every two weeks. Deductions are itemized on each paycheck.

The \_\_\_\_\_\_\_\_\_\_ (staff position) will enter payroll, print payroll checks, make direct deposit transfers, print payroll reports and send reports to the \_\_\_\_\_\_\_\_\_\_\_\_ (staff position).

The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will review the payroll checks before they are distributed.

The \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will direct deposit or distribute the payroll checks to the employees. Checks will not be issued to any person other than the employee without written authorization from the employee.

The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) is responsible for entering payroll reports into the accounting system.

Voluntary terminations will be paid on regular pay date. Involuntary terminations will be paid on day of separation.

**PAYROLL TAXES**

The\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare and transmit the payroll tax reports, W-2 forms, and 1099 forms.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will verify payroll tax preparation on a quarterly basis.

**BENEFITS**

Payroll will be prepared in accordance with the personnel policies and benefit plan.

**CONSULTANTS AND INDEPENDENT CONTRACTORS**

Consideration will be made of internal capabilities to accomplish services before contracting for them.

Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultant and contract services. The Board President will execute all contracts.

The qualifications of the consultant and contractor and reasonableness of fees will be considered in hiring.

Consultant and contracted services will be paid for as work is performed or as delineated in the contract. The Board of Directors will approve over the amount of $5,000.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare 1099 returns at year- end.

**TRAVEL & EXPENSES**

Each employee or authorized volunteer will complete an expense voucher if any traveling is done. Voucher should include all expenses including credit card charges. Voucher will reflect reimbursement sources other than ABC.

Mileage to and from residence will not be paid by ABC.

The expense voucher will be submitted within 60 days for payment, with a total, signed by the employee or volunteer, authorized for payment by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff person).

Reimbursement will be based upon current travel policies. Receipts must be attached to the expense voucher for lodging, common carrier transportation, and receipts for meals. Incomplete expense vouchers will be returned.

Employees and volunteers board will be reimbursed for travel and other related expenses at the rate set by the Board. The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) must approve employee and volunteer travel and workshop expenditures prior to their occurrence. ABC will reimburse no more than the standard mileage rate for the business use of a car as established by the IRS. ABC will reimburse meal expenses incurred in direct connection with ABC business, or a per diem rate of $\_\_\_ per day. The mileage rate and per diem rate will be established annually by the Board, based upon IRS guidelines.

**PROPERTY**

**EQUIPMENT**

Equipment shall be defined as all items (purchased or donated) with a unit cost of $500 or more and a useful life of more than one year.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will maintain an inventory log; which shall list a description of the item, date of purchase or acquisition, price or fair market value of the item and its location.

A depreciation schedule shall be prepared at least annually for the audited financial statements.

The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will record all equipment in the accounting system. An entry must be made whenever property is disposed of or acquired.

**LEASES**

**REAL ESTATE**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will review leases prior to submission to the Board of Directors for approval.

All leases, clearly delineating terms and conditions, will be approved by the Board of Directors and signed by the Board President.

The \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will keep a copy of each lease on file.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will be notified of each lease and lease specifications, and will make proper general journal entries.

**EQUIPMENT**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will review all leases.

All leases, clearly delineating terms and conditions, will be approved and signed by the Board President.

The\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will keep a copy of each lease on file.

The \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will be notified of each lease and lease specifications, and will make proper general journal entries.

**INSURANCE**

ABC will carry appropriate insurance including Property, General Liability, Directors and Officers, Professional Liability, Worker’s Compensation, Participant/Volunteer Accident, Auto and Employee and Volunteer Dishonesty.

The\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will carefully review with the insurance carriers all policies before renewal and will maintain policies in insurance files. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare and maintain an insurance register.

**TELEPHONE**

Personal long distance or cellular phone calls made on ABC’s telephones by employees or volunteers, where charges are incurred, must be logged with the \_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position). Employees or volunteers will be billed for any costs related to these calls.

ABC business calls from phones outside the office should be billed to the ABC telephone account.

**BOOKS OF ORIGINAL ENTRY**

ABC will utilize a double entry system for accounting for all funds.

Adequate documentation will be maintained to support all general entries

At the end of each month, the \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare a Balance Sheet, Statement of Activities, and Statement of Activities by Project that will be reviewed by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position).

The Balance Sheet will include comparison to prior year.

The Statement of Activities report will include a comparison to budget and to prior year.

ABC will maintain its accounting records on the accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.

**GRANTS AND CONTRACTS**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_(staff position) will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. The \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will maintain originals of all grants and contracts in a file. The \_\_\_\_\_\_\_\_\_ (staff position) will prepare initial entries as appropriate to record each award.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare and maintain on a current basis a Grant/Contract Summary form for each grant or contract or grant awarded to ABC. This form shall include the name, address, contact person, and phone number for the funding organization; the time period applicable to expenditures; all significant covenants (such as bonding or liability insurance requirements) and restrictions on expenditures; all required financial and program report and due dates; and the chart of accounts line item number for the revenue deposited.

Payments for projects for which ABC serves as fiscal agent shall be paid out within one week.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will prepare financial reports to funding sources as required.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will review and approve all reports to funding sources.

It will be the responsibility of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) to insure that all financial reports are submitted on a timely basis.

**BUDGETS**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(staff position) will prepare, and submit to the Finance Committee, all operating and project financial budgets.

The Finance Committee will review all budgets and transmit them, with recommendations, to the Board of Directors for consideration and approval.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will ensure that budgets are on file. The Board of Directors must approve proposed changes in the budget, should they exceed $2,500 or 10% of the line item, whichever is greater.

**LOANS**

The Board of Directors will approve all terms in securing loans in ABC’s behalf.

Promissory notes will be signed by the Board Chair.

Loans or cash advances from ABC funds, other than for approved travel, may not be made to Board members, employees or volunteers. ABC may not secure or co-sign loans or cash advances to Board Members, employees or volunteers.

**OTHER**

**MINUTES OF MEETINGS**

The Secretary of the Board will prepare accurate minutes of all meetings of the Board of Directors and committees.

The \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will note all items in the minutes relating to finance and take appropriate action.

**NON-PROGRAM INCOME**

Donations of cash and non-program related income will be separately accounted for.

**IN-KIND DONATIONS AND VOLUNTEER TIME RECORDS**

In-kind donations and contributions, and volunteer hours, will be logged and recorded by the \_\_\_\_\_\_\_\_\_ (staff position.)

**ACCOUNTS RECEIVABLE**

Documentation will be maintained for accounts receivable.

Accounts receivable will be recorded in the books and collected on a timely basis.

**FINANCIAL PROCEDURES**

Financial procedures will be reviewed bi-annually by the Finance Committee. The Board of Directors must approve changes to the financial procedure manual prior to implementation.

**FORM 990**

The Board of Directors, in conjunction with the Audit Committee, will authorize preparation of Form 990. Form 990 will be signed by the Board President. Form 990 shall be located at the front desk for public inspection and/or copying.

All Board members will review the Form 990 prior to submission.

**AUDITS**

The Audit Committee will make audit recommendations annually to the Board of Directors.

If required, the Board of Directors shall annually contract with an independent auditing firm a full audit of the books, to be completed within 120-days of the end of the fiscal year.

**PERSONNEL FILES**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will maintain a personnel file for each employee and volunteer, containing appropriate documents such as signed compensation agreements, W-2 forms, I-9 immigration forms, conflict of interest statements, background checks, Board Agreements, tax withholding, benefits and deferred compensation, vacation records, volunteer records, etc.

**FISCAL AGENT STATUS**

The ABC Executive Committee must authorize all fiscal sponsorship arrangements, which are then approved by the Board.

All fiscal sponsorship arrangements will begin with a written agreement, stating the terms of the relationship and the purpose for the use of funds.

Fiscal sponsorships will be limited to projects for which the ABC Executive Committee determines that the project is charitable and consistent with the ABC mission, and that no real or perceived conflicts of interest exist with Board or Executive Committee members.

ABC will negotiate with the sponsored project rates for direct, indirect and overhead costs to cover ABC’s expenses of administering the temporarily restricted fund.

Sponsored projects will be required to submit full and complete quarterly and year-end reports to ABC by the end of ABC’s fiscal year, December 31, and must include:

* Detailed expenses using budget categories from original grant;
* Program accomplishments and activities;
* Amount of remaining funds.

Any changes in the purpose for which grant funds are spent must be approved in writing before implementation. ABC retains the right, if a sponsored project breaches the fiscal sponsorship agreement, or if a sponsored project jeopardizes ABC’s legal or tax status, to withhold, withdraw, or demand immediate return of grant funds.

The \_\_\_\_\_\_\_\_\_\_\_\_ (staff position) will submit quarterly reports to the Executive Committee, to be circulated to the entire Board, on the status of active fiscal sponsorships.

ABC will file appropriate federal and state tax forms for sponsored projects.