

SAMPLE FINANCIAL POLICIES AND PROCEDURES

Sound internal control is best achieved by a clearly defined process. This sample policy covers basic accounting functions and should be adapted to fit individual organizational structures.

CASH RECEIPTS:

1. Each day the Administrative Assistant/volunteer opens, sorts, and date-stamps all mail. Checks are endorsed at this time and given to Operations Manager (OM).
2. The OM copies the checks and posts all receipts daily into accounting software.
3. A deposit slip is made up from the daily receipts and taken to the bank within 3 working days or if the amount of receipts exceeds \$2,000, whichever comes first. A copy of the deposit is kept along with the corresponding check copies and initialed by the OM.
4. Check copies including accompanying remittance statements are delivered to the Administrative Assistant and are posted on the database.
5. A weekly Cash Receipts Journal is printed from accounting software each Friday and reconcile with the deposit slips by two different staff. Each person then initials the correct amount and keeps a copy.
6. The OM then deposits all cash and checks into the organization's operating bank account each Friday, and prior to four o'clock on the close of the last business day of each month.
7. Funds received electronically for contributions and grants must be posted in accounting software by OM within 3 days.
8. Bank reconciliations are performed monthly by the Board Treasurer (BT). Original bank statements are to be reviewed and initialed by the Executive Director (ED). ED then forwards original statements to OM for filing and sends copy of statements to BT for reconciliation. ED also needs to forward copy of monthly check register to BT. BT performs reconciliation within 5 business days of receiving bank statements and check register then sends reconciliation back to ED. BT will also ask questions regarding outstanding checks over 2 months old.
9. Petty cash on hand is kept in a locked filing cabinet in a locked cash box. Both the OM and ED have a key. Cash is disbursed only with receipt or prior approval, or for making change. Petty cash is reimbursed when necessary throughout the year and at fiscal year end. Replenishing petty cash is done through a check request form with allocations of all expenses paid and is approved by the ED. The balance in petty cash should not exceed \$200 and any single disbursement of petty cash should not exceed \$50.

PAYMENT PROCEDURES:

1. Standard monthly invoices: Monthly invoices are date-stamped by the Operations Manager (OM) when they arrive in the mail. All invoices are reviewed for due date and matched with the appropriate delivery ticket or sales order. A Check Request Form is completed with the invoice attached for the payment.
2. All checks require a Check Request Form stating the purpose, amount, and the budget code allocations. The OM receives and reviews all invoices, prepares the Check Request Form, and sends both to the Executive Director (ED) for his/her review and initials. The Check Request is returned to the OM to issue a check and to write the check number, date, and his/her initials on it. Both are sent to the ED for check signature, then back to OM to complete processing.
3. All original invoices are then stamped with the date of payment, check number, amount paid, and the OM's initials. Checks and accompanying remittance are mailed the same day. The approved Check Request and paid stamped invoice are placed in a folder and filed weekly in the vendor's file after posting.
4. Business Credit Cards: Business credit cards should only be only held by ED and OM. They are to be used for the organization's business related purchases when credit accounts with vendors are not set up or available. No personal expenses are to be charged on business credit cards including any ATM cash withdrawals. Receipts are to be kept with each purchase using credit card and then cross checked and attached to monthly credit card statement when paid by OM.
5. Office supplies: The majority of office supplies are purchased through accounts that are established by either the OM or the ED. A list of Vendor accounts will be maintained by the OM and a catalog and order list are available for all staff requiring supplies. The items requested are reviewed by the OM for cost-effectiveness and need based on supplies already in the inventory. The list is then sent to the ED to initial for approval. The supplies are ordered by the OM and all possible discounts taken. Invoices are processed as stated above.
6. Electronic Funds Transfers (EFT): Recurring payments to vendors (i.e. for rent, utilities, etc.) may be set up with bank by OM with the approval of the ED.
7. Printing: Print jobs are bid out by the OM. All bids are reviewed and the best offer is accepted. Invoices are matched with each bid, compared for accuracy, then processed by using the regular payment review procedures.
8. Large purchases: For large or one-time purchases such as office equipment, telephone system, or software, the OM researches all information available. The information is then gathered and the best options are proposed to the ED, for review and authorization. The order is then placed with invoice being the preferred method of payment.

9. Employee reimbursements expense: Reimbursements are submitted by the employee to the ED on a Travel and Expense (T&E) form (for out-of-town travel) or Expense Reimbursement
10. Request for non travel. The ED then reviews these materials for accuracy, signs the T&E or Expense Reimbursement form and forwards the form to the OM for check processing.
11. Travel & Expense rates: Mileage reimbursement for personal use of vehicles should not exceed the government rate. The mileage rate is in lieu of actual expenses for the vehicle. Meals and lodging for out-of-town travel should not exceed the federal government per diem rate. The federal per diem rates change with travel destinations. Check the government website for specific travel and per diem rates: <http://www.gsa.gov>
12. Travel & Expense documentation: Documenting travel is necessary for reimbursement. If actual expenses are used for meals, then receipts must be attached to the reimbursement form. If per diem rates are used for meals then receipts are not necessary. Receipts are necessary for lodging regardless of the federal per diem rate. Also, attach any receipts for travel expenses exceeding \$15 (taxi's, etc.).

ACCOUNTING REVIEW:

1. A monthly review of all revenues and expenses should be performed by the Executive Director (ED) in addition to reviewing the monthly bank reconciliation. A monthly detailed trial balance of all revenue and expense accounts will be generated by the Operations Manager (OM) and forwarded to the ED. The ED should compare the trial balance to the current budget and be able to explain all variances to the Board Treasurer (BT).