

Internal Control Procedures

The following is an example of financial policies and procedures:

The policies and procedures outlined here are intended to provide a starting point for developing customized fiscal guidelines. They address many issues relating to the following areas: internal controls; lines of authority and responsibility; safeguarding of assets; and ongoing record keeping. The size and complexity of your program are critical factors in determining the amount, type and variety of financial policies and procedures that you will need to adopt to fit your CASA/GAL program.

GENERAL

- The board of directors is responsible for authorizing all bank accounts and check signers.
- Separate accounts are maintained for any restricted funds if required by the funding source.
- Financial institutions where CASA/GAL program accounts are maintained are notified on an annual basis of any changes in check signers, following the transition of officers or changes in staff members who have check-signing responsibilities.
- Dual signatures are required for all checks, usually including any two of the following signatures: president, vice president, secretary, treasurer, director.
- Financial reports shall be presented to the board of directors for review on a monthly basis.
- An annual financial review or audit, depending upon the size of the budget, will be conducted by a qualified outside auditor.
- In addition to these policies and procedures, any other applicable financial and administrative guidelines relating to specific grants shall be followed.

CASH RECEIPTS

- Employees handling cash will have the necessary knowledge and skills to perform the job and will be carefully supervised.
- Incoming checks must be restrictively endorsed “for deposit only” when received.
- Cash receipts must be deposited immediately.
- Incoming cash must be counted and receipts/bank deposits developed by two or more persons authorized to perform these functions.
- Records of cash received must be totaled and initialed by authorized employees.
- Cash collection documentation totals must be compared and reconciled to bank deposit receipts on a regular basis.
- Bank deposit receipts must be compared with and attached to the original bank deposit slips.
- Adequate physical controls must be maintained over cash receipts from the time of receipt to deposit in the bank.

CASH DISBURSEMENTS

- The director must provide prior approval for all cash disbursements.
- All disbursements, including payroll, must be made by check.
- Signature stamps may never be used to sign checks.
- Supporting documentation must accompany checks when presented for signature.
- To prevent duplicate payment, invoices or other supporting documentation must be canceled at the time checks are signed through a notation by the authorized staff check signer of check number, date, and his/her initials.
- Checks must be made payable to specific payees, based upon appropriate supporting documentation, and never to cash or bearer.
- Only pre-numbered checks shall be used and always in sequence.
- Adequate controls will be maintained over blank check stock.
- Prior to preparing checks, receiving reports should be compared to vendor invoices for accuracy.
- Checks must be prepared from vendor invoices only and not from a vendor statement.
- All check numbers must be accounted for.
- Any voided/spoiled checks must be marked "VOID," mutilated with the signature portion removed, and retained in a secure place.
- Only persons authorized to prepare checks may have access to blank checks.
- Disbursements that require special approval of funding sources or the governing board must be properly documented.
- Employees must maintain and submit a detailed expense record, with supporting documentation, in order to be reimbursed for expenses.
- Expense records must be reviewed and initialed for approval by the authorized individual prior to payment.
- Signing of blank checks is strictly prohibited!

RECONCILIATION

- Bank accounts must be reconciled on a monthly basis by the person responsible for that task and reviewed by the director.
- The director must receive the bank statements (with canceled checks, etc.) unopened from the bank.
- Checks outstanding over 90 days must be periodically investigated, with payment stopped and an entry made restoring such items to cash if appropriate.