

**FINANCIAL PROCEDURES MANUAL**

**Updated June 2014**

**FINANCIAL PROCEDURES MANUAL**

**CONTENTS**

 **Page**

 I. General 2

 II. Cash Receipts (includes checks) 3

 III. Cash Disbursements 4

 IV. Purchasing 5

 V. Payroll 5

 VI. Travel and Expenses 6

 VII. Consultants 6

 VIII. Property 7

 IX. Leases 7

 X. Insurance 7

 XI. Telephone 8

 XII. Books of Original Entry 8

 XIII. Grants and Contracts 8

 XIV. Budgets 9

 XV. Loans 9

 XVI. Other 9

**FINANCIAL PROCEDURES MANUAL**

I. GENERAL

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

B. The Executive Director exercises management responsibility including financial management.

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

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

E. Professional financial service providers shall be established annually. For each FY these providers include: accounting software; fiscal agent payroll services; Insurance Agency; banking institution, and a consulting accounting professional appointed by the board of directors.

F. The Executive Director shall maintain a current chart of accounts.

G. These policies and procedures shall be reviewed bi-annually by the Board of Directors.

1. Financial records and supporting documents must be maintained following appropriate IRS guidelines.
2. A list of paid membership will be provided to the Board at each quarterly meeting.
3. A list of state conference attendees by chapter will be given to the Board one month after the conference along with any outstanding balances.
4. At the Fall meeting of the Board, the amount and paperwork of amount of the grant from the MFSO will be given to the Board along with the dates for reimbursement.
5. Quarterly statements of the savings accounts and certificates of deposits will be provided to the Board with the financial statements.
6. Any or all financial information may be reviewed at any time by the Board of directors.

II. CASH RECEIPTS (includes checks)

A. The Executive Director shall open any mail addressed to MN BPA College Division or without specific addressee. The receipt of checks or cash shall be recorded in the accounting system.

B. The Executive Director shall endorse all checks by rubber stamp that reads as follows:

For Deposit Only

Wells Fargo Bank

The endorsement stamp shall specify into which corporate account (savings, checking) the deposit will be made.

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

D. All checks and cash receipts shall be forwarded to the Executive Director who will promptly complete deposit slips in duplicate. Receipts and deposit slips shall be placed in envelopes for Wells Fargo Bank within one week

E. If no cash is present, the envelope may be sealed and sent through the U.S. Mail. If cash is present, the Executive Director shall verify deposited funds prior to sealing the envelope and making the deposit in person.

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

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

H. The Executive Director shall record each cash payment received in a numbered receipt book with a duplicate for the payer. Cash shall be locked in a secure location until taken to the bank.

I. The treasurer shall review the deposits on a monthly basis.

III. CASH DISBURSEMENTS

 A. CHECK AUTHORIZATION

1. All invoices shall be immediately forwarded to the Executive Director who will review all invoices for mathematical accuracy, validity, conformity to the budget (or other board authorization), and compliance with bid requirements.
2. Prior to payment, all invoices shall be approved (indicated by initialing) by the Executive Director, who will code the invoice with an appropriate expense or other chart of accounts line item.

a. By approving an invoice, the Executive Director indicates that it has been reviewed and authorizes a check.

b. The Executive Director shall ensure that all conditions and specifications of a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slips. The Executive Director is responsible for timely follow-up on discrepancies and payment.

 c. The Board treasurer will review disbursements on a monthly basis.

3. Approved invoices shall be entered into the accounting system.

4. The Executive Director shall prepare checks on at least a weekly basis.

5. Authorized signatures on MN BPA’s College Division accounts include the Executive Director and Treasurer of the Board.

B. CHECKS

1. The Executive Director shall be responsible for all blank checks.
2. All checks, excluding payroll checks, shall be signed by the Executive Director or designated members of the Board of Directors.
3. The Executive Director shall generate checks for approved invoices through the accounting system.
4. Voided checks shall have “VOID” written boldly in ink on the face and have the signature portion of the check torn out. Voided checks shall be kept on file.
5. In NO EVENT shall:

a. Invoices be paid unless approved by an authorized signer

b. Blank checks (checks without a date or payee designated) be signed in advance

c. Checks be made payable to “cash,” “bearer,” “petty cash,” etc.

6. In the event it becomes necessary to issue a duplicate check for checks in an amount over $15.00, a stop payment order on the original check shall be ordered at the bank.

C. BANK RECONCILIATIONS

1. Bank statements shall be received directly and opened by the Executive Director.

2. The Board treasurer shall reconcile the bank statement monthly.

3. The Board Treasurer and Chair shall receive monthly statements of checks paid on all accounts.

4. The Executive Director shall verify the reconciliation of bank accounts on at least a quarterly basis.

5. On all checks outstanding over ninety (90) days, the Executive Director shall take appropriate action.

IV. PURCHASING

A. PURCHASES UNDER $1,000

1. All purchases under $1,000 must be approved in advance by the Executive Director.
2. The Executive Director is responsible for knowing that the item ordered is within the budget and guidelines.
3. If the purchase is for less than $150, persons authorized by the Executive Director for immediate purchase and delivery may make the purchase. When this is done, invoice copies must be turned into the Executive Director.

B. PURCHASES OVER $1,000

1. All purchases, including services over $1,000 must be approved in advance by the Executive Director and the Board Treasurer or Board Chair.
2. Purchases over $1,000 shall be required to undergo a competitive bid procedure.
3. All bid requests shall contain clear specifications and shall not contain features which unduly restrict competition.
4. The Executive Director shall be responsible to ensure that all conditions and specifications of a contract, bid, or order have been satisfactorily fulfilled and shall be responsible for timely follow-up regarding these purchases.
5. The Executive Director shall obtain at least three (3) bids whenever possible unless prior approval of the Board.
6. Purchases of over $1,000 shall not be fragmented or reduced to components of less than $1,000 to avoid the bid process.

V. PAYROLL

A. PAYROLL

1. The Fiscal Agent shall enter payroll, print payroll checks, make direct deposit transfers, print payroll reports, and send reports to the Executive Director.
2. The Executive Director is responsible for entering payroll reports into the accounting system.
3. Voluntary terminations shall be paid on the regular pay date. Involuntary terminations shall be paid on the day of separation.
4. A required certificate of deposit must be maintained as a reserve to cover fiscal agent payroll responsibilities.

B. PAYROLL TAXES

1. The Fiscal Agent shall prepare and transmit the payroll tax reports, W-2 forms and 1099 forms.
2. The Fiscal Agent shall verify payroll tax preparation on a quarterly basis.

C. BENEFITS

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

VI. TRAVEL AND EXPENSES

A. Eligible members shall complete an expense voucher if any traveling is done. Voucher shall include all expenses including credit card charges.

B. The expense voucher shall be submitted within sixty (60) days for payment, including a total, signed by the member, authorized for payment by the Executive Director.

C. Reimbursement shall be based on current travel policies. Receipts must be attached to the expense voucher for lodging and common carrier transportation, and also for meals where required. No alcoholic beverages will be reimbursed.

D. Incomplete expense vouchers shall be returned.

E. Eligible members shall be reimbursed for travel and other related expenses at the rates set by the Board. The Executive Director must approve travel and workshop expenditures prior to their occurrence. The organization shall reimburse no more than the standard mileage rate, as established by the IRS, for the business use of a car. MN BPA College Division shall reimburse meal expenses incurred according to the MN BPA College Division Policies and Procedures. The mileage rate and meal allowance rate shall be established annually by the board.

F. The Board treasurer must approve and sign check for any travel expense reimbursement submitted by the Executive Director.

VII. CONSULTANTS

A. Consideration shall be made of internal capabilities to accomplish targeted services before contracting for them.

B. Written contracts clearly defining work to be performed, terms, and conditions shall be maintained for all consultant and contract services.

C. The qualifications of the consultant and reasonableness of fees shall be considered in hiring consultants.

D. Consultant services shall be paid for as work is performed or as delineated in the contract.

E. The Board of Directors shall approve audit and other significant contracts.

F. The Executive Director shall prepare 1099 returns for consultants at year-end.

VIII. PROPERTY

A. EQUIPMENT

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of $300 or more and a useful life of more than one year.
2. The Executive Director shall maintain an inventory log that lists a description of the item, date of purchase or acquisition, price or fair value of the item, and its location.
3. The Executive Director shall keep record of all equipment in the accounting system. An entry shall be made whenever property is disposed of or acquired.

IX. LEASES

A. REAL ESTATE

1. The Executive Director shall review leases prior to submission to the Board of Directors for approval.
2. All leases, clearly delineating terms and conditions, shall be approved by the Board of Directors and signed by the Board Chair.
3. The Executive Director shall keep a copy of each lease on file.
4. The Board shall be notified of each lease and lease specifications, and the Executive Director shall make proper general journal entries for same.

B. EQUIPMENT

1. The Executive Director shall review all leases.
2. All leases, clearly delineating terms and conditions, shall be approved and signed by the Executive Director.
3. The Executive Director shall keep a copy of each lease on file.
4. The Board shall be notified of each lease and its specifications, and the Executive Director shall make proper general journal entries for same.

X. INSURANCE

A. Reasonable, adequate coverage shall be maintained to safeguard the assets of the organization. Such coverage shall include property and liability, worker’s compensation, employee dishonesty and other insurance deemed necessary.

B. The Executive Director shall carefully review insurance policies with the Board before renewal.

C. The Executive Director shall maintain insurance policies in insurance files.

D. Insurance policies terms shall correspond to the calendar year whenever possible.

E. The Executive Director shall prepare and maintain an insurance register.

XI. TELEPHONE

A. The Executive Director shall maintain a log of long distance telephone calls to be billed to the MN BPA College Division.

XII. BOOKS OF ORIGINAL ENTRY

A. MN BPA College Division shall utilize a double entry system for accounting for all funds.

B. Adequate documentation shall be maintained to support all general entries.

C. At the end of each month, the Executive Director shall prepare a Balance Sheet, Statement of Activities, and Statement of Activities by Project to be reviewed by the Board Chair and Treasurer.

D. The Profit and Loss by Project report shall include a comparison to the budget.

E. MN BPA College Division shall maintain its accounting records on the modified accrual basis in a manner that facilitates the preparation of financial statements conforming to generally-accepted accounting principles.

XIII. GRANTS AND CONTRACTS

A. The Executive Director shall carefully review each award and contract to ensure compliance with all financial and programmatic provisions. The Executive Director shall maintain originals of all grants and contracts in a file.

B. The Executive Director shall prepare and maintain on a current basis a Grant/Contract Summary form for each grant or contract awarded to MN BPA College Division. 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.

C. Payments for projects for which MN BPA College Division serves as fiscal agent shall be paid out within one week.

D. The Executive Director shall prepare financial reports to funding sources as required.

E. The Executive Director shall review and the Board shall approve all reports to funding sources.

F. It will be the responsibility of the Executive Director to insure that all financial reports are submitted on a timely basis.

XIV. BUDGETS

A. The Executive Director and the Board Treasurer shall prepare the financial budget.

B. The Executive Director shall ensure that budgets are on file.

C. The Board of Directors must approve proposed budget and any changes to the budget.

XV. LOANS

A. Loans may be pursued only by the Board of Directors.

B. A promissory note shall be prepared and signed by the Board Chair and another officer of the Board before funds are borrowed.

XVI. OTHER

A. MINUTES OF MEETINGS

1. The Secretary of the Board shall prepare accurate minutes of all meetings of the Board of Directors and committees.
2. The Executive Director shall note all items in the minutes relating to finance and take appropriate action.

B. ACCOUNTS RECEIVABLE

1. Documentation shall be maintained for accounts receivable.
2. Accounts receivable shall be recorded in the books and collected on a timely basis.

C. FINANCIAL PROCEDURES

1. Financial procedures shall be reviewed bi-annually by the Board of Directors. The Board of Directors must approve any changes to the financial procedure manual prior to implementation.

D. TAX FORMS

1. The Board of Directors shall authorize preparation of all necessary tax forms
2. Tax forms shall be filed in the Executive Directors files, and copies shall be available at the Executive Director’s office for public inspection and/or copying.
	* 1. a. The Fiscal Agent will prepare all payroll reports.
		2. b. The Executive Director will prepare all necessary tax forms including, but not limited to the 990 & 1099. The 990 Form is to be reviewed by the Board treasurer.

E. INDEPENDENT EXAMINATION

1. The Board of Directors shall appoint a qualified accounting professional to perform an independent review/examination of the financial statements and tax returns on an annual basis.

F. PERSONNEL FILES

1. The Fiscal Agent shall maintain a personnel file for each employee containing appropriate documents such as the signed compensation agreement, approval of changes in compensation, an I-9 immigration form, and withholding forms for taxes, benefits, deferred compensation, and charitable contributions.

G. FISCAL AGENT STATUS

1. The MN BPA College Division’s executive committee shall authorize all fiscal sponsorship arrangements, which are then approved by the board.
2. All fiscal sponsorship arrangements shall begin with a written agreement, stating the terms of the relationship and the purpose for the use of funds.
3. Fiscal sponsorships shall be limited to projects for which the MN BPA College Division executive committee determines that the project is charitable, consistent with MN BPA College Division’s mission of strengthening the nonprofit sector, and that no real or perceived conflicts of interest exist with board or executive members.
4. The MN BPA College Division shall negotiate with the sponsored project a rate for indirect or direct costs to cover the MN BPA College Division’s expenses of administering the temporarily-restricted fund.
5. Sponsored projects shall be required to submit full and complete quarterly and year end reports to the MN BPA College Division by the end of the fiscal year, June 30, and must include:
	* Detailed expenses using budget categories for original grant;
	* Program accomplishments and activities;
	* Lobbying expenditures; and
	* Amount of remaining funds.
6. Any changes in the purpose for which grant funds are spent must be approved in writing by the MN BPA College Division before implementation. The MN BPA College Division retains the right, if sponsored project’s breaches the fiscal sponsorship agreement or if a sponsored project jeopardizes the MN BPA College Division’s legal or tax status, to withhold, withdraw, or demand immediate return of grant funds.
7. The MN BPA College Division’s Executive Director shall submit quarterly reports regarding the status of active fiscal sponsorships to the Executive Committee to be circulated to the entire board.
8. The MN BPA College Division shall file appropriate tax forms for sponsored projects, including IRS form 1099.