

IPSSA

Fiscal Policies & Procedures:



Originally Issued:

KEY: Contract Staff are referred to in this document by their appropriate titles.

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Note: In the absence of the CFO, the Assistant CFO has the authority to approve all transactions stated in this policy.

Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy:

The organization uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash.

Procedures:

- Throughout the fiscal year, expenses are accrued into the month in which they are incurred. The books are closed no later than the 15^h business day after the close of the month. Invoices received after closing the books will be counted as a current-month expense.
- At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued into the prior fiscal year, are so accrued, to ensure that year-end financial statements reflect all expenses incurred during that fiscal year. Year-end books are closed no later than 60-days after the end of the fiscal year.
- Revenue is always recorded in the month in which it was earned or pledged.

Bank Reconciliations

Policy:

All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30-days of the close of the month.

Procedures:

- All bank statements and copies of cancelled checks will be opened, reviewed, and initiated by the Executive Director upon receipt. CFO will have the right to inspect any bank statement and copies of checks upon request.
- Once reviewed, bank statements are submitted to the accountant for reconciliation.
- The Executive Director will review and approve reconciliation reports by signing and dating the report in the upper right-hand corner. (per auditor recommendation)

Monthly Close

Policy:

- Books are closed by the 15th business day of the following month.

Procedures:

- Accountant will reconcile all cash receipts and expenditures for the month.
- Adjusting journal entries will be approved by the Finance Director
- Finance Director will reconcile all Statement of Financial Position (nonprofit term for Balance Sheet) accounts.

Year-End Close

Policy:

- Books are closed after 60-days after the previous fiscal year-end.

Procedures:

- Accountant will reconcile all cash receipts and expenditures for the last fiscal month.
- Journal entries prepared by Finance Director.
- Finance Director will reconcile all SOFP accounts. Prepare schedules for year-end financials and tax reporting.
- Accounting system closed by the 60th day after the previous fiscal year.

Recordkeeping

Procedures:

- Accounting records are stored in a locked file cabinet, e-files, etc.
- Shredding of documents is completed per the Record Retention schedule. (See IPSSA Policy & Procedures)

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

Lines of Authority

Policy:

- The Board of Regional Directors (BORD) has the authority to approve fiscal policies and be required to review them bi-annually. The BORD grants the authority to the CFO to approve expenses and a review by Executive Director in accordance with the approved budget. The fiscal policies will be followed always.

Conflict of Interest

Policy:

- All contract staff and members of the BORD are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest.

- A conflict of interest occurs when the personal, professional, or business interests of an contract staff or BORD member conflict with the interests of the organization.

Procedures:

- Upon or before hire, election, or appointment of each contract staff and BORD members must provide a full written disclosure of all direct or indirect financial interests that could potentially result in a conflict of interest.
 - Examples include employer, business and other nonprofit affiliations, and those of family members or a significant other.
 - This written disclosure will be kept on file and will be updated annually and as needed.
 - Employees and Board members must disclose any interests in a proposed transaction or decision that may create a conflict of interest.
 - After disclosure, the employee or Board member will not be permitted to participate in the transaction or decision.
1. Should there be any dispute as to whether a conflict of interest exists:
 - The Executive Director shall determine whether a conflict of interest exists for contract staff and shall determine the appropriate response.
 - The BORD shall determine whether a conflict of interest exists for the Executive Director or a member of the BORD and shall determine the appropriate response.

Segregation of Duties

Policy:

- The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

Cash receipts and expenditures:

- The signer is not involved in the basic day-to-day accounting procedures, example, input invoice, issue payment and file.
- The credit card holder should not be the person (s') receiving credit card statement. CFO shall be given the credit card statement for Executive Director along with all back up, prior to payment and reconciliation. Executive Director shall be given the credit card statement for CFO along with all back up, prior to payment and reconciliation. Accounting staff should be the persons responsible for receiving and reconciling statement.
- All invoices, volunteer reimbursements (VR) and bills are approved by CFO and reviewed by Executive Director. After approval accounting staff will enter in accounting system. If bill, VR come directly to accounting staff, they are responsible for forwarding to CFO And Executive Director.

- The accounting staff shall prepare all payments. The CFO shall sign all checks. If CFO not available President shall sign checks. If paid online using BillPay by Bank, accounting staff shall forward proof of payment register by the bank along with backup within 24-hours of payment.
- The Executive Director shall open all bank and investment statements. CFO is forwarded copies of all bank and investment statements. Accounting staff performs reconciliation of all accounts.
- The person or company preparing tax report is someone other than the person that performed all the accounting work that year.

Financial Planning & Reporting

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Budgeting Process

Policy:

- The organization's annual budget is prepared and approved annually for all program areas.
- The budget is prepared by the Executive Director in conjunction with the Committee Chair and Finance Committee.
- The budget is approved by the BORD prior to the start of each fiscal year.
- The budget is revised during the year only if approved by the board of Directors.

Procedures:

- The Executive Director will work together with the CFO to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- The Finance Director will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- The CFO and Executive Director will present a draft budget to the Finance Committee at least 45 days prior to the Fall BORD meeting. The Finance Committee will approve and recommend at least 30 days prior to its submission to the full BORD.
- The BORD will review and approve the budget at its fall meeting prior to the start of the fiscal year.

Internal Financial Reports

Policy:

- The organization prepares regular financial reports monthly. All reports are finalized no later than 20-days after the close of the prior month.

Procedures:

- The Finance Director is responsible for producing the following year-to-date reports within 20-days of the end of each month: Statement of Financial Position (Balance Sheet, Statement of Activities (Profit & Loss), Budget v. Actual and prior year comparison.
- The Finance Director prepares a narrative for any variances over \$1,000 from prior year and YTD budget.
- The Executive Director approves the report before it goes to CFO/Finance Committee.
- After review by CFO/Finance Committee, Executive Director sends to the appropriate staff to include in BORD packet.
- The Executive Director prior to quarterly BORD meeting, will prepare a narrative of the latest financial report, showing trends and a dashboard.

Revenue & Accounts Receivable

Invoice Preparation

Policy:

- All membership renewal invoices are prepared each month.

Procedures:

- The association accounting staff prepares all membership renewal information.
- All invoices are sent electronically by the 30-days of the prior month billing.
- Invoices include IPSSA National and Chapter dues.
- Invoices that are set-up on ACH/Credit Card are processed electronically by the 1st of the month after card or E-Check has been processed. (Frank please verify this is so)

Revenue Recognition

Policy:

- All membership dues and non-dues revenue will be recorded in accordance with GAAP.

Procedures:

- The accounting staff is responsible for posting revenue to the general ledger to the proper revenue account in the accounting system.

Checks and Electronic Payments Received

Policy:

- Checks are received through mail.
- Electronic Payments are received from a third-party processor, that goes directly into bank account.

Procedures:

- The member services coordinator processes checks received through bank remote scanner each week.
- Bank generated deposit report is uploaded in Member Clicks for member recording of payment.
- Checks received by mail are stored in a lock cabinet until deposited.

- E-Payments are processed through third party gateway, deposited directly in bank.
- Accounting staff downloads information in Member Clicks and credits members account.

Expenses & Accounts Payable

Purchases & Procurement

Policy:

- Any expenditure in excess of \$10,000 for the purchase of a single item should have bids from three (3) suppliers if possible.
- These bids will be reviewed by the Executive Director and CFO before signing agreement.
- The Executive Director and CFO can waive this requirement if the vendor is considered a sole-source or time is of the essence.

Invoice Approval & Processing

Policy:

- All invoices and volunteer reimbursements (VR) must be approved by the CFO and reviewed by Executive Director.
- Approved invoices and VR will be paid within 30 days of receipt.

Procedures:

- Invoices and bills received by mail are opened by the member services coordinator, then scans and emails to CFO And Executive Director.
- All invoices, VR and bills received electronically are forwarded to CFO and Executive Director for review and approval.
- If they are recurring contractual expense, no forward is necessary. Example, faxing service, website hosting, email hosting, AMS subscription, IPSSAN production costs and other related standard operating expenses. (Confirmation of payment register from bank rule still applies.)
- The accounting staff enters invoice, VR or bill in accounting system.
- The Finance Director will review all invoices or bill before paid.
- Using BillPay by Bank, accounting staff shall forward proof of payment register by the bank along with backup within 24-hours of payment.
- Payment by check, CFO signature required.
- The CFO and Executive Director will be notified immediately of any unexpected or unauthorized expenses.
- Copies of all invoices paid will be filed in the finance department. After two years these documents will be archived, and they will not be destroyed. Follow record retention policy for proper destruction of documentation.

Contract Staff Retainer and Reimbursements

Policy:

- Contract staff are paid for their services and reimbursed for business expenses related to the organization.

Procedures:

- Contract staff will submit retainer and backup if seeking business expense reimbursement to CFO, no later than five days after the first of the month.
- Contract Staff bills IPSSA for the month the work is being performed and not in arrears.
- Contract Staff that work in accounting, shall not sign their own check or initiate on bank Bill Pay. CFO or Executive Director will sign check or initiate on Bill Pay.

Travel Expenses for Contract Staff

Policy:

- Contract staff must have prior authorization from CFO and Executive Director to be eligible for travel.
- Eligible travel: airfare, meals, and incidentals. Parking and ground transportation with receipt documentation.

Procedures:

- The CFO and Executive Director approves request prior to travel.
- Contract staff must fill out travel reimbursement form and attach all receipts.
- CFO approves travel reimbursement after travel is completed.
- Contract staff travel expense that reports directly to Executive Director are approved by the Executive Director.
- The accounting staff reviews travel reimbursement to ensure there is proper approval and GL coding before payment is issued.
- Accounting staff enters in accounting system.

Credit Cards

Policy:

- Organization credit cards are issued to the Executive Director and the CFO for organization related expenses. Limits vary upon position.
- CFO card only used as a backup if the Executive Director is not available when traveling. CFO card used for BORD approved travel expenditures.

Procedures:

- It is the responsibility of the credit card holder to complete a credit card expense report with description and receipts each month.
- The CFO approves all Executive Director's credit card expense reports. The Executive Director and Assistant CFO approves the CFO's credit card expense report.
- Any charge that does not have a receipt must be explained to the CFO and President.

- Accounting staff downloads credit card statement each month. Forwards statement to Executive Director and CFO. Executive Director complete expense report with description and receipts.
- The accounting staff compares CC expense report to the credit cards statement. If there are missing receipts or discrepancies, the accounting staff asks the cardholder to complete.
- The CFO approves statement and expense report after accounting staff has compiled information received.
- The credit card is paid electronically each month by the Finance Director. After submission of payment, the Finance Director will forward proof of payment to CFO and Executive Director within 24-hours.
- The credit card is reconciled by the accounting staff.

Asset Management

Cash Management and Investments

Policy:

- Organization bank and investment accounts are held at A-Rated Institutions or some type of rating that is considered “A” rated. The CFO has the fiduciary responsibility to review accounts quarterly.

Procedures:

- The CFO and Executive Director has authority to open accounts on behalf of the organization, with prior approval from BORD.
- The CFO, President, Executive Director and Finance Director have access to all accounts.
- Bank and investments statements are delivered to the CFO and Executive Director.
- The Executive Director reviews statement prior to reconciliation.
- The Finance Director and accounting staff reconciles all accounts.
- The Executive Director approves reconciliation by initialing report.
- Bank and investment statements are permanent documents of the organization and must be saved for the life of the entity. Please refer to record retention policy for instruction.