Key Elements of a Fiscal Policies and Procedures Manual

Organizations maintain policies and procedures to ensure transparency, accountability and as a training resource for their staff. Fiscal policies and procedures should protect the agencies resources from waste, fraud and inefficiencies.

High-level elements that policies and procedures manuals should have:

- Policies should be clearly documented and able to be understood by individuals outside of the particular department or agency.
- Staff members involved in processes should be listed by job title.
- Agency forms relevant to the policy should be sited.
- Relevant time frames should be indicated.
- Policies and Procedures should be "current" meaning they have been reviewed / updated within the last two years.
- Staff should be trained on the policies and procedures on a regular basis.

Internal Controls

Basics to look for:

- Process for authorizing expenditures
  - Who is allowed to authorize expenses?
  - Is that individual familiar with the expenses and does it make sense to have that individual authorizing?

- Authorized check signers
  - Check signers should not be involved in the authorization process or basic accounting procedures.

- Non- Accounting staff opening and reviewing bank statements and checks.

- Bank Reconciliation occurring in a timely manner
  - Statements should *normally* be reconciled within 30 days of receipt (some flexibility here ok but should not go beyond 2 months).
  - An Individual removed from the day-to-day accounting functions should review and approve reconciliation.

- Processes for handling cash and checks received in a secure manner
  - Are cash and checks stored in safe?
  - Are deposits made frequently - at least weekly?

- Program specific controls
  - *For example* - is organization responsible to handling client funds? If so, do they have a policy for how they do that.

Finance Reporting

Basics to look for:

- A listing of what reports are being created on a regular basis
  - Profit and loss statements or income statements, departmental or program budgets, balance sheet – etc.
- The cycle in which the reports are being produced.
  - Monthly, quarterly or annually – etc.
- Who the reports are for
  - Program directors, management and the board – etc.

Accounts Payable

Basics to look for:

- How invoices come into the organization
- Approval process
- Purchase order systems
- Credit cards usage & authorization
- Business lines of credit & access to usage

Accounts Receivable

Basics to look for:

- Procedure for invoicing clients
- Procedure for invoicing City Contracts
- Procedure for recognizing restricted funding (foundation grants)
- Handling of payments coming into the organization
  - Secure handling of funds
  - Timely deposit to bank accounts

Petty Cash

Basics to look for:

- Secure location
- Accounting for expenses and retention of receipts
- How funds are replenished

Payroll Procedure

Basics to look for:

- Processing of timesheets
- If time studies are used there should be a documented review process
- Authorization of timesheets – by who and when
- Over view of the processing process including transferring of funds if needed and payment of payroll taxes

Conflicts of Interest

Basics to look for:

- Definition of what would constitute a conflict for the organization
    - Issue between funders and board members?
    - Issues between clients and staff?
- Process for and requirements to disclose conflicts
- Consequences and remedies

Examples:

Bank Statements and the Reconciliation Process

Policy:
All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 45 days of the close of the month.

Procedure:
All bank statements and cancelled checks will be opened, reviewed and initialed by the Administrative Manager upon receipt. Once reviewed, bank statements are submitted to the finance department for the Senior Account or designee for reconciliation. Either the CFO or CEO will review and approve reconcilliations by signing and dating the reconciliation in the upper right hand corner of the document.

Authorization and Payment of Invoices

Policy:
All invoices must be approved by the department head, which the expense was incurred for. Approved invoices will be paid within 30 days of receipt.

Procedure:
Invoices and bills will be opened and reviewed by the Fiscal Manger or the Senior Fiscal Associate. A Deputy Director or the Controller will be notified of any unexpected or unauthorized expenses. Invoices are then routed to the appropriate department head for authorization prior to payment being issued. If the expense is greater than $300 and was not authorized through the purchase order system, either the Executive Director or Deputy Director must also approve the expenditure. 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.

Petty Cash

Policy:

Two Project Coordinators and the Office Manager will keep a petty cash box not to exceed $100. Petty cash will be used primarily to purchase office supplies, snacks, delivery tips etc. Petty cash will be kept in a lockbox that is locked in a cabinet. Keys to the cash box and cabinet should be kept on the custodian's person.

Procedure:

- The petty cash custodians will be given $100 to be kept in a lock box locked in their desk.
- When cash is used a record must be entered in the individuals petty cash spreadsheet
- Receipts for all purchases need to be kept in the lock box.
- When cash is low the custodian will submit a check request form signed by their supervisor with a print out of the tracking spreadsheet and all receipts.
- A check will be cut in the amount to bring petty cash back to $100. It is the custodian's responsibility to cash the check and keep track of funds in the box.