

Comprehensive Financial Policies & Procedures for Icon for Child and Adult Nurturing (I- CAN) Enterprise



Comprehensive Financial Policies & Procedures

1.0 Purpose

The policy and procedural guidelines are designed to:

- protect the assets of (ICAN)
- ensure the maintenance of accurate records of financial activities;
- provide a framework of operating standards and behavioural expectations; and,
- ensure compliance with federal, state, and local legal and reporting requirements

2.0 Roles Treasurer and Finance Committee

The Board Treasurer chairs the Finance Committee, which is composed of members designated

by the Board of Directors. The Finance Committee has whatever authority as may be designated by the Board of Directors, including:

- choosing the auditor
- performing regular, in-depth reviews of the organization's financial activity
- overseeing the development of the annual budget
- determining the allocation of investment deposits

Chief Executive Officer

The Chief Executive Officer (CEO) has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. The CEO has whatever authority as may be designated by the Board of Directors, including:

- making spending decisions within the parameters of the approved budget
- employing and terminating personnel
- determining wage levels
- creating and amending operating procedures and controls
- making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority
- entering into contractual agreements within board designated parameters

3.0 General accounting policies

The accounting system follows general accepted accounting policies (GAAP).

Financial statements are prepared using the accrual (or cash) basis of accounting.

The fiscal year is July 1 through June 30.

4.0 Administration

Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.

The staff accountant has primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated.

The accounting records are updated regularly and subject to the oversight of the executive officer or board of directors or its designate on at least a monthly basis.

A filing system accessible to the Executive officer is maintained for all financial records. This filing system may be electronic or paper, or both. Professional financial service providers are reviewed annually.

5.0 Budgets

The annual budget for the fiscal year is prepared by the Finance Committee or Executive officer working closely with the appropriate staff.

The board of Directors approves the budget annually, prior to the beginning of the fiscal year if possible. The budget is compared to the monthly financial statements in order to monitor the actual results. The budget is reviewed mid-year and adjusted as necessary to reflect changing conditions.

6.0 Financial Statements

Monthly financial statements are completed and presented to the Finance Committee within 30 days of the close of the period. A financial overview and Profit & Loss Statement through the end of the previous month are provided to the Board of Directors at each Board meeting.

7.0 Audit

An annual audit is conducted by an independent CPA after the close of each fiscal year. The audit covers the fiscal year of July 1st through June 30th. The Treasurer, the Executive Director and the Accountant are involved in the annual audit/review. Presentation to the Board of the audit is done by the auditing firm with assistance from the Treasurer and accountant. Copies of the annual audit are provided to funders in accordance with agreements in effect.

8.0 Banking

General

The Executive officer chooses a financial institution which provides the most appropriate services for the lowest cost. The location of the financial institution is taken into account.

The operating account maintains sufficient funds to meet all anticipated expenditures.

Deposits

All funds are deposited in an assigned financial institution, with the exception of petty cash. The deposit receipt is attached to the Deposit Record.

Check Signing

The Board appoints the check signers. Usually these are the Treasurer, the Executive officer, and a Program Manager. The check signer(s) must not be the person who writes checks or who does the bookkeeping. Blank checks are never signed in advance.

9.0 Petty Cash

A petty cash account is kept at the discretion of the Executive officer. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction and a receipt acquired upon payment.

10.0 Disbursements

Whenever possible, separate persons are responsible for coding, preparing, and authorizing disbursements. Invoices are paid in a timely manner, generally weekly, and before late penalty charges apply. Attempts are made to issue checks for client assistance and employee advances as soon as practical, although advance notice of at least two business days is recommended.

Two check signers are required for checks greater than \$250.

No checks may be written to "cash" or "bearer."

11.0 Reimbursements

A requisition form is prepared and approved when requesting personal reimbursement for expenses. Relevant invoices and receipts are attached.

12.0 Accounts Receivable

Invoices for grants receivable are sent out, either by email or mail, as soon as practical in accordance with the terms of the grant agreement or contract. A copy of each invoice is kept in the appropriate grant A/R file with a notation of the date it was sent. When payment is deposited, a copy of the check stub is attached to the invoice, which is then notated with the date paid and marked "POSTED."

Invoices for other accounts receivable are kept in a general A/R file. When payment is deposited, these invoices are marked "POSTED" and transferred to an A/R received file.

13.0 Account Reconciliations

Bank reconciliations are done monthly. Bank statements are reconciled by someone other than the check signer or writer.

Other balance sheet accounts are reconciled at least quarterly.

14.0 Conflict of Interest

Purchases of goods or services are not made from any employee or director of the organization. Members of the Board of Directors declare any conflict of interest with regard to financial terms. Purchase of personal items for employees or directors is not made.

15.0 Capital Expenditures

Tangible assets exceeding \$1000 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation and item locations.

A depreciation schedule is prepared annually by the auditing firm.

16.0 Donations

Donated capital assets are recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets is disclosed.

The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

17.0 Payroll

All personnel salary and wage rates are authorized by the Executive officer or the Board of Directors. All changes in employment are likewise authorized by the Executive Director or the Board of Directors.

All employees (hourly and salaried) are responsible for submitting complete time sheets on a weekly basis, with final time sheets due on each employee's last working day of the month.

All time sheets must be signed and dated by employees and their supervisors.