

SWNI Financial Management Policy and Procedures

Subject: Southwest Neighborhoods, Inc. (SWNI) Financial Management Policy and Procedures	Effective Date: May 25, 2011
	Supersedes:
Principal Authors: Marianne Fitzgerald, Jim McLaughlin, Tom Schaper, Brian Russell, Don Baack, Lee Buhler, Sylvia Bogert	Revision Date:
Approved by SWNI Board (date): May 25, 2011	Pages: 14

SWNI Financial Management Policy. Also see:

- Appendix A, SWNI Financial Management Procedures
- Appendix B, Fiscal Tracking Form and instructions
- Appendix C, Online Bill Pay instructions (to be developed)

The purpose of the Financial Management Policy is to describe and document how the financial activities of SWNI will be carried out.

General Authority

The SWNI Board of Directors is the governing body that is ultimately responsible for the policies and practices that assure compliance with federal, state, and local laws/rules/code and SWNI grants and contracts, and safeguards its assets. The Board may delegate administration of the policies and procedures to the Executive Director. The Board must periodically review financial statements as well as operations and activities to ensure SWNI is serving its mission.

The SWNI Treasurer is the primary SWNI Board Officer responsible for oversight of SWNI's financial management. The SWNI Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors. The Treasurer shall reconcile bank statements with SWNI books on a monthly basis, and oversee periodic financial reviews or audits.

The Executive Director is responsible for the day-to-day financial management of the organization, as delegated by the Board. The Board authorizes the Executive Director to supervise staff and independent professional services, prepare documentation for and make payment of bills in accordance with this policy, receive and deposit funds, and maintain bank accounts. The SWNI Executive Director may delegate duties to staff, such as an Operations Manager, but retains responsibility for fiscal management of the organization.

The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Treasurer or President within 24 hours upon the discovery of any variances and the reason for these variances.

Two signatures are required for all checks.

The Executive Director is authorized to enter into contracts for activities which have been approved by the Board.

Responsibilities

The Executive Director shall:

1. Prepare a draft operating budget jointly in cooperation with the Treasurer for preliminary review by the Executive Committee and the Board in April, and final approval in May, prior to each fiscal year.
2. Account for SWNI unrestricted funds separately from restricted funds.
3. Maintain accurate financial records.
4. Closely monitor actual expenses compared to approved budgets and report the financial results of SWNI operations to the Board on a monthly basis.
5. Prepare documentation for the payment of all obligations, and pay all obligations, in a timely manner.
6. Ensure that contributions and donations are properly acknowledged in writing in a timely manner.
7. File reports required by federal, state, and local government and SWNI grants in a timely manner.
8. Obtain competitive bids for items or services costing in excess of \$1000. Selection will be based on cost, service and other elements of the contract, and SWNI is not required to accept the lowest cost proposal.

The Board Treasurer shall:

1. Prepare a draft operating budget jointly in cooperation with the Executive Director for preliminary review by the Executive Committee and the Board in April, and final approval in May, prior to each fiscal year.
2. Maintain and oversee financial accounts and records with due diligence.
3. Periodically review check file, and financial transactions to assure documentation standards are being followed.
4. Monthly download and reconcile bank statements with SWNI accounts on Quickbooks, and develop reconciliation reports.

5. Provide oral and written reports on the organization's financial status to the Board and membership, monthly, 3 business days prior to each board meeting.
6. Review the draft annual tax filings (990's and CT-12) for completeness and accuracy and submit to the Finance Committee, Executive Committee and the Board for review in September and final approval in October, prior to the November 15 deadline. (deadlines are March and April, respectively, if the deadline is May 15).
7. Provide or arrange for adequate training of Board members to enable each member to fulfill their financial oversight role within 30 days of their appointment.
8. Schedule, secure financing for and oversee periodic financial reviews or audits of the organization's finances.

The Board of Directors shall:

1. Review financial reports prior to each Board meeting, and review annual tax filings for approval prior to their submittal.
2. Approve funds for periodic financial reviews or independent audits of SWNI's financial system.
3. Approve the Finance Committee, which is appointed by the President on an annual basis, to assist the Treasurer in preparing annual budgets, reviewing the Chart of Accounts and reconciliation of bank accounts with SWNI accounting software, and reviewing financial management policies and procedures, to ensure that SWNI is meeting its financial reporting and management obligations.
4. Review and approve insurance coverage annually.
5. Maintain oversight of the organization and our employees with care, loyalty, and integrity.
6. The Board is solely responsible for contractual commitments for bank loans, items or services, corporate credit or debit cards, or for real estate lease or purchase.

Financial Transactions

1. All SWNI committees and groups that request SWNI fiscal agent services shall obtain approval from the SWNI Board prior to applying for grants.
2. There shall be no advances of funds to employees, officers, or directors.

3. Direct and necessary approved expenses shall be reimbursed upon presentation of original receipts, including travel for meetings and other activities related to carrying out SWNI responsibilities.
4. The Executive Director and SWNI staff shall create accounts with regular vendors with intent to avoid reimbursable transactions. The Executive Director and staff will define the list of vendors and provide to the Board for annual review.
5. Travel shall be made in a cost-effective manner, consistent with the U.S. General Services Administration's per diem rates and guidelines (<http://www.gsa.gov/portal/category/21287>).
6. Expenses in excess of \$100, including those to be charged to SWNI credit cards, must be authorized in writing in advance by the Executive Director or other appropriate authorized authority via the fiscal; tracking sheet.
7. In no case shall SWNI borrow funds from any employee, officer, or director of the organization other than reimbursable pre-approved expenses.
8. SWNI shall strive to use local vendors as much as practicable.

Conflict of Interest

SWNI directors, officers, and committee chairs shall comply with the Conflict of Interest provisions of Article X of SWNI Bylaws and will sign a conflict of interest form on an annual basis. If a person does not sign a conflict of interest form within 30 days of appointment to the Board, that person cannot serve on the SWNI Board. SWNI shall maintain a file of signed forms.

Gift Acceptance

Exceptional donation opportunities such as stock or other negotiable instruments may be presented to the Executive Director and/or Financial Committee for review by the Board of Directors for further, timely study and consideration as they arise.

SWNI may accept contributions of goods or services other than cash that are related to the programs and operations of SWNI. Contributions of non-cash items valued in excess of \$500 must be reviewed and approved by the Board of Directors before acceptance.

Asset Protection

In order to assure that the assets of SWNI are adequately protected, the Executive Director shall:

1. Obtain insurance against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels that adequately protect SWNI assets.
2. Plan and carry out suitable protection and maintenance of property, building, and equipment.
3. Avoid actions that would expose SWNI, Board members, Officers or staff to claims of liability, and obtain directors and officers insurance.
4. Protect intellectual property, information, and files from unauthorized access, tempering, loss, or significant damage.
5. Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.
6. Follow SWNI Document Management Policy and Procedures, Fiscal Agent Policy and Procedures, and Timesheet Procedures.

Business Banking

The SWNI Board shall research a Business Banking Package that includes electronic bill payment services, electronic fund transfers, and corporate debit and credit cards. When SWNI obtains a business banking package that includes electronic bill payment services, electronic fund transfers, and corporate debit and credit cards, the Financial Committee shall develop procedures for use of these features.

APPENDIX A

SWNI Financial Management Procedures

The SWNI Board of Directors is responsible for the financial management of all activities. The Board Treasurer shall oversee SWNI's bank and other accounts, and oversee all organizational financial records. The Board President may perform these functions in the temporary absence of the Treasurer. The Executive Director shall support the Board in carrying out its financial duties, and shall supervise all staff that handles financial records.

Bank Account Requirements and Procedures (Paper Checks. Procedures for electronic banking, including electronic bill payments and electronic funds transfers, will be developed when these services become available)

1. SWNI shall have a different color check stock for each checking account.
2. All accounts shall utilize duplicate checks and duplicate deposit slips labeled with the appropriate account name and number.
3. Checks must have two printed signature lines, and bear a printed notation "Two Signatures Required on all Checks."
4. Two staff and two officers shall be authorized signers on SWNI bank accounts. Staff that prepare checks for payment (e.g. the Operations Manager) and officers that reconcile the bank accounts (e.g. the Treasurer) shall not be authorized signers on SWNI bank accounts.
5. SWNI shall obtain and maintain deposit/endorsement stamps for each bank account maintained by SWNI. The deposit stamp shall provide the form of restrictive endorsement required by SWNI's bank for the deposit of funds into SWNI's accounts, such as, "For deposit only to the account of Southwest Neighborhoods, Inc. Account No. xxxxx."
6. The SWNI Treasurer shall develop procedures to reconcile bank accounts with SWNI accounting software on a monthly basis and provide the Finance Committee with printouts of the checkbook registers as well as bank statements. The Treasurer and Finance Committee shall reconcile all accounts with the checkbook register and report results to the Board on a monthly basis.
7. Bank statements and images of significant checks (front and back) shall be downloaded on a monthly basis and stored electronically.

Bank Deposit Procedure

1. It is desirable—but not always achievable—to have all incoming checks and cash deposited in SWNI's bank account the same business day that the funds are

received, or by night deposit that same day. If there is less than \$100 in cash that needs to be deposited, it should be stored in a secure location (such as the locked file cabinet) until the next business day.

2. SWNI staff shall prepare a detailed deposit slip, in duplicate. Each check to be deposited shall be separately listed on the deposit slip, with the check transit number, amount, and name of payer. All cash received shall be listed separately on the deposit slip.
3. SWNI staff shall photocopy the front of each check received prior to deposit. More than one check may be copied on one sheet of paper. Check copies shall be attached to the duplicate deposit slip. Cash receipts shall be attached to the duplicate deposit slip. After depositing the cash and checks in the bank, the bank receipt for the total deposit shall be attached to the duplicate deposit slip.
4. Duplicate deposit slips, together with the bank receipt, copies of checks and copies of cash receipts, shall be filed and available for review by the Treasurer on a regular basis (i.e. weekly). Once reviewed, documents will be stored per the documentation management policy.
5. If, in preparation of a deposit slip or cash receipt, a mistake is made, SWNI staff shall mark it "VOID" and the original and all copies shall be maintained in the deposit or cash receipt book. The person voiding the deposit slip or receipt shall initial and date it.

Check Preparation and Writing Procedures

1. SWNI shall pay all of its obligations by check to the maximum extent feasible. There will be no petty cash for payment or reimbursement of expenses; the sole purpose of the petty cash box is to prepare change for people making payment by cash.
2. All SWNI disbursements, regardless of account or dollar amount, shall require preparation of a fiscal tracking sheet by SWNI staff.
3. The fiscal tracking sheet (see Appendix B) shall contain the name and address of the check payee, the date the check is requested, amount of the check, and the purpose of the check, and the appropriate account information that the expense is to be charged to. The fiscal tracking sheet shall also include a certification that the expense is consistent with the approved budget.
4. An original invoice, bill, or receipt from the vendor or person requesting reimbursement shall be attached to each tracking sheet for each disbursement. There are no exceptions to this requirement.

5. SWNI staff shall transmit the completed tracking sheet and all supporting documents to the Executive Director, who shall notify authorized check signers that checks need to be signed. Each authorized signer shall independently review the tracking sheet, supporting documentation, **and if a paper check**, and if in order, affixes the required signature to the check. The signed check shall be returned to the Executive Director. The completed tracking sheet and supporting documentation shall be filed for use in reconciling the accounts and for review by the Treasurer on a regular basis.
6. A signature log of authorized signatures shall be maintained at the SWNI office in accordance with the Document Management Policy (recommend 7 years) and updated as needed, at least annually
7. Check stock will be stored in a secure place with restricted access at the SWNI office. Each check shall be prepared from the tracking sheet and shall not be signed unless all supporting data is included with the tracking sheet.
8. Checks shall be written in numeric order. In the event a check is written incorrectly or spoiled in writing, it shall remain in the check book, be marked "VOID" on the payee line, and the signature lines torn off. The person voiding the check shall initial and date the check.
9. All disbursements shall be recorded in the respective SWNI check register, checking account balances shall be recorded in the check register, and a correct running balance be kept in the check register as well in a computerized accounting system such as QuickBooks.
10. Once reviewed, and the monthly checking account statement reconciled, completed tracking sheets and supporting documentation shall be filed and retained in accordance with the Document Management Policy.

Incoming Cash Handling Procedure

1. Receiving cash at the SWNI office or at a SWNI sponsored event is not favored and should be discouraged. The preferred form of payment to SWNI is a check payable to SWNI with the appropriate account noted in the memo line.
2. If cash is received at the SWNI office, the cash must be counted twice by the receiving staff person. For cash received at the SWNI office and as practicable, a receipt shall be issued by the receiving staff person to the person delivering the cash. If cash is received at a SWNI function such as the cleanup and a cash receipt for each transaction is not practicable, the cash shall be counted by two volunteers and transmitted to SWNI staff with the tracking sheet signed by the volunteers that counted the cash.

3. Receipts shall be issued from the SWNI receipt book. The receipt will include the date and time the cash was received, the total amount of the cash received, the name of the person delivering the cash, the name of the SWNI staff person accepting the cash, and, if the cash is for the use or benefit of a specific neighborhood association or restricted funds account, the name of the group or project. If the cash is a contribution, the receipt shall clearly indicate same.
4. The SWNI receipt book shall be of a type that produces multiple duplicate copies with one pen impression, and each receipt shall be numbered. There shall be at least one original and two copies created.
5. The original receipt shall be given to the person delivering the cash to SWNI.
6. One duplicate shall be attached to the copy of the deposit slip used to deposit the cash to SWNI's bank account. Another duplicate shall be maintained in the SWNI receipt book.
7. It is desirable—but not always achievable--to have all incoming checks and cash deposited in SWNI's bank account the same business day that the funds are received, or by night deposit that same day. If there is less than \$100 in cash that needs to be deposited, it should be stored in a secure location (such as the locked file cabinet) until the next business day.
8. If, in preparation of a receipt, a mistake is made, the receipt shall be marked "VOID" and the original receipt and all copies thereof shall be maintained in the receipt book. The person voiding the receipt should initial and date the voided receipt.

Check Receipt Procedures

1. Each check received by SWNI by mail or otherwise shall immediately be stamped on the reverse side with the appropriate endorsement for the SWNI account to which it is to be deposited. After endorsement, the front of each check shall be photocopied. More than one check may be copied on one piece of paper.
2. Each check shall be entered upon a SWNI deposit slip. One or more checks may be entered upon a SWNI deposit slip. The original check and the copy shall remain with the deposit slip in the deposit book until deposited into the appropriate SWNI bank account.
3. All contributions and donations must be properly acknowledged in writing in a timely manner. If an organization for which SWNI is a fiscal agent accepts contributions, SWNI shall properly acknowledge the contribution in writing in a timely manner.

Office Change Box Procedures

1. SWNI shall have an office “change cash” fund in the amount of \$25.00.
2. SWNI’s office change box shall be stored in a safe and secure place such as a locking metal box contained inside a locking closet or cabinet. Both the box and cabinet shall remain locked at all times when not being used.
3. The cash in the office change box may be utilized at the sole discretion of the Executive Director to make change for cash received by SWNI in circumstances where a person cannot make payment to SWNI by check.
4. Without exception, SWNI cash handling policies must be followed.

Expense Reimbursement Procedures

SWNI employees, officers, directors, or volunteers occasionally acquire goods or services for SWNI which are paid for by the individual involved. SWNI will reimburse individual for payments for such goods or services provided all of the following conditions are met:

1. Expenses in excess of \$100 must be authorized in writing in advance by the Executive Director or other appropriate authorized authority.
2. Direct and necessary approved expenses shall be reimbursed upon presentation of original receipts from the vendor of the goods or services to SWNI for reimbursement.

All reimbursements will be completed in a timely manner of receiving complete documentation.

Requests for reimbursement of funds from sponsored or restricted accounts must comply with the SWNI fiscal agent and sponsorship policy and procedures (see SWNI fiscal agent and sponsorship policy).

Bibliography of primary resources used in drafting this document:

www.nonprofitsassistancefund.org, financial policy guidance

[Basic Guide to U.S. Non-Profit Financial Management](http://www.managementhelp.org/finance/np_fnce/np_fnce.htm))

http://www.managementhelp.org/finance/np_fnce/np_fnce.htm

APPENDIX B
Southwest Neighborhoods Inc. Fiscal Tracking Sheet
(See Reverse Side for Instructions)

1. **Request Date:** _____

2. **Requestor Information**

Requestors Name: _____

Organization / Title: _____

3. **Check Request Information**

Check Amount: _____

Payable to: _____

Address: _____

Mail: Yes / No (circle one)

Request from Line Item Account: _____

(i.e., NA, trails, budget item etc.) _____

4. **Deposit/Transfer Request**

Number of Checks _____ Total Checks: \$ _____

Cash: \$ _____

Total Deposit: \$ _____

Deposit to Line Item Account: _____
(i.e., NA, Trails, etc.)

5. **Authorized Signature:** _____

Note: signature certifies that the request is consistent with the approved SWNI budget or pre-approved expense.

Request Received By: _____

6. **Action Taken:**

Paid: Check # _____ From Account; _____ Date: _____

Deposit: Date _____

Transaction copies to: _____ mail / email / handed direct

Attachments quantity: _____

APPENDIX B
Southwest Neighborhoods Inc. Fiscal Tracking Sheet

Instructions:

1. **Request Date:** Date you are making the financial request.
2. **Requestor Information:** Name of the person bringing in the financial request to the SWNI Office. What neighborhood or organization you are with and if you are a member, hold an officer position such as treasurer or if you are a project manager.
3. **Check Request Information:** Fill out this section if you are requesting a check be issued. What is the amount of the check to be issued? To whom do you want the check made payable? If you want the check to be mailed, circle yes and give the address the check should be mailed to along with the attached invoice. Be sure to note what account you want the funds to be drawn from (example: Maplewood 2011 Small Grant Account, or Maplewood Neighborhood Association general funds, or April Hill Park funds).
4. **Deposit/Transfer Request:** Fill this section out if you want to deposit funds into an account. Write the number of checks you are bringing in for deposit and the total amount of checks to be deposited. Write the amount of cash to be deposited. Write the total amount of the funds you have brought in for deposit. Note what account you want the funds to be deposited into (example: Multnomah NA Spring Garden Park funds, or Multnomah NA Outdoor Movie account, or Multnomah NA Account).
5. **Authorized Signature:** This is the person that has authorization (a neighborhood association chair, project manager, executive director) to expend funds per a pre-approved budget or approved expenditure authorized by the organization or neighborhood association at a public meeting.
Request Received By: This is the staff person that receives the Fiscal Tracking Sheet when it is brought into the SWNI office. The staff person should make sure the form has been completed with an authorized signature and any original receipts or invoices are attached.
6. **Action Taken:** This portion is to be completed by SWNI staff when the authorized action has been taken i.e., a check written or a deposit made. A copy of the check written and/or deposit slip will be attached to the Fiscal Tracking sheet and a copy mailed or electronically sent to the authorized individual.