

Your logo here

Accounting Policies and Procedures Manual

Prepared by Danosky & Associates, LLC

June 20xx

XYZ Foundation, Inc.

Accounting Checklists and Procedures Manual

Table of Contents

Introduction	3
Division of Duties (internal controls)	3
Accounting Checklists (Weekly, Monthly, Quarterly, Annually)	4
Cash Receipts Procedures	6
Cash Disbursements Procedures	7
Petty Cash Fund	8
Purchases	8
Payroll	9
Financial Reporting	10

Introduction

The purpose of this manual is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

Division of Duties Leads to Strong Internal Controls

The following is a list of personnel who have responsibilities with the financial data:

Designated Board Members:

1. Reviews and approves all financial reports.
2. Reviews and approves annual budget.
3. Reviews and approves all contracts for goods and services that will exceed \$5,000 over the year.
4. Approves and authorizes all transfers from savings accounts.

Treasurer or Executive Director:

1. Approves all vouchers, invoices and checks.
2. Receives unopened bank statements.
3. With the Bookkeeper, and input from the President and Program Directors, develops the annual budget.
4. Reviews and approves all financial reports.
5. Reviews and approves list of pending check disbursements.
6. Reviews all bank reconciliations.
7. Reviews the payroll summary for the correct payee, hours worked and check amount.
8. Approves all reimbursements.

Administrative Coordinator/Bookkeeper:

1. Records all receipts and disbursements into accounting system.
2. Processes the payroll and sends it to Accountant for payroll tax liability and return processing.
3. Submits requests for interfund transfers.
4. Maintains and reconciles the general ledger monthly.
5. With the Director, and with input from the President and Department Directors, develops the annual budget.
6. Prepares all financial reports, including requests for reimbursements.
7. Manages the petty cash fund and reconciles the receipts.
8. Reconciles the bank accounts.
9. Reconciles the credit card statements and Pay Pal account.
10. Double checks all reimbursement requests against receipts provided.
11. Mails all checks for payments and ensures electronic payments are approved and timely.

Accounting Checklists

Weekly Accounting Tasks

Check cash position daily (weekly if not much activity) - know how much cash on hand and what expect to receive and how much expect to pay this week. If you need to transfer funds from savings, notify the Executive Director or Board Treasurer.

Record each transaction (donations, grant payments, billing if applicable, paying vendors, automatic electronic payments for recurring expenses, etc.) in the proper accounts weekly. When using downloaded banking into QuickBooks Online, this saves the data entry, but transactions need to be matched or added to QuickBooks.

Using split in this process allows you to split transactions to multiple accounts and classes.

Document and file receipts. Keep copies of all invoices sent if billing, all cash receipts and cash payments. Start a vendors file, sorted alphabetically for easy access. Scan in receipts for Petty Cash reimbursement or volunteer reimbursement and attach to payment in Quick Books.

Review all unpaid bills from vendors and get approval and proper classification for entry into QuickBooks. Know when payments are due to avoid late payments and note if there are any discounts for early payment.

Pay vendors with checks on time and allow time for check signing. Two signatures should be required for any disbursement > \$250.

Prepare and send invoices and be sure to include payment terms. This would include sponsors for events, pledges from donors etc.

Monthly Accounting Tasks

Reconcile the bank statement every month within the first 10 days of the following month. Bank accounts should be reconciled before the financial statements are prepared for Board review.

Review projected cash flow for upcoming month.

Review past due accounts receivable if applicable and send statements or make collection calls.

Process payroll and send information to the accountant for timely tax payments. Obtain approval for hours worked.

Prepare Income Statement: Actual Profit and Loss vs. Budget vs. Prior Years. Analyze variances and determine if timing related or permanent. Advise and discuss with Executive Director and Board Treasurer so adjustments can be made going forward.

Prepare Balance Sheet at month-end and compare to prior year. Look for what is significantly up or down and understand why. For example, if Accounts Receivable are up, is it due to increased pledges from donors or because sponsors are paying slower?

Quarterly Accounting Tasks

Review quarterly payroll reports and make tax payments

Prepare revised annual Profit and Loss projection – normally done at six month mark. Update your plan (budget) with 6 months actual data and projected revenue and expenses for the remainder of the year.

Annual Accounting Tasks

Prepare W-2 for employees. Prepare 1099-Misc forms for independent contractors.

Prepare information for your accountant to complete the Form 990. Be sure the bank account is reconciled at

year-end. Update mission and your three largest service accomplishments for the year. Look at allocation of expenses to programs, fundraising and management and general for Form 990. Since ARF is on a calendar year, the Form 990 is due May 15th. File for automatic 6 month extension when appropriate.

Update your profile on Guide Star.

Cash Receipts Procedures

Donations or Grant Checks Received:

- The gift processor receives all checks and makes copies of checks and stamps “For Deposit Only”
- Checks are assigned classification and campaign as noted by donor
- Checks are entered into a donor database
- Checks are given to bookkeeper for deposit. Checks are sorted by campaign and deposited separately for ease in reconciling to bank and to database
- Deposits are matched to banking transactions downloaded into Quick Books Online and entered by classifications as noted by gift processor
- Acknowledgement is sent to donor

Electronic Receipts (Pay Pal account):

- The Bookkeeper is responsible for processing the receipt of funds through the Pay Pal Account directly into the bank account.
- Bookkeeper must go online and get details of deposit from PayPal.
- Pay Pal receipts need to be classified and entered into donor database.
- Transactions should be processed on a weekly basis.

Cash Disbursements Procedures

- Invoices are received and date stamped
- Executive Director/Treasurer reviews and approves for payment with signature and assigns category and class for entering into QuickBooks
- Bookkeeper enters bill to be paid into QB Online
- Bookkeeper sends payment to vendor or bookkeeper matches a payment via downloaded banking transactions. All disbursements should be approved via email if electronic
- For any check issued over \$250.00, two signatures are required
- Bills are normally paid weekly prior to the payment due date
- All invoices (paid and unpaid) should be kept at main ARF facility and filed alphabetically by vendor.

Petty Cash Fund

1. The petty cash fund should be established at \$250.
2. The petty cash fund should be locked in the file cabinet on premises.
3. The petty cash fund shall be operated on an impress basis. This means that when it is time to replenish the petty cash fund, the Bookkeeper shall total out the expenses made and identify those expenses by general ledger account number. When the check request is submitted for payment it should indicate the total amount needed to bring the fund back up to \$250. Also, the check request should breakdown the various expense accounts being charged and the amount charged to each.
4. When a request for petty cash reimbursement is made to the Bookkeeper, the item will be listed on the Petty Cash Fund Reconciliation Sheet. A description of the item charged should be recorded together with the amount. A vendor receipt must be received by the Bookkeeper for the amount of the request in order for the request to be approved.

Purchases

1. When the normal cash disbursement procedure of invoice, etc., is not appropriate, (i.e., postage, petty cash, etc.) a check request should be completed and forwarded with any order form or other documentation to the President or Director for approval. If the check is made out to either the Director or Bookkeeper, that individual cannot approve the check request voucher.
2. Approved check requests should be sent to the Bookkeeper for payment.
3. In the absence of backup materials, receipts for the purchase must be provided to the Bookkeeper for attachment to the check request within two weeks from the check date.
4. Any purchases > \$1,000 should be set up as a capital asset on the Balance Sheet and depreciated over the determined useful life.

Payroll Processing:

Personnel:

1. The Bookkeeper is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum.
 - a. Employment application or resume
 - b. A record of background investigation
 - c. date of employment
 - d. position, pay rates and changes therein
 - e. authorization of payroll deductions
 - f. earnings records for non-active employees
 - g. W-4 Form, withholding authorization
 - h. I-9 Immigration Form
 - I. termination data, when applicable
3. All personnel records are to be kept locked in a locking file cabinet with financial records. Access to these files other than by the Bookkeeper, President, Director or the auditor should be requested in writing to the President.

Payroll Preparation and Timekeeping:

1. Timesheets are to be prepared by all staff persons and submitted semi-monthly on the 15th and last day of each month. Time should be input on a weekly basis and, if in writing, completed in ink.
2. Timesheets are to include specific time spent on each grant/project.
3. Timesheets are to be signed by the staff person and his/her supervisor.
4. All approved timesheets should be submitted to the Bookkeeper, who will verify the hours worked against his/her record.
5. The Bookkeeper should then process the time and report the information to the payroll service bureau. The information reported should include:
 - a. hours worked, by cost center
 - b. changes in pay rates or employment status
 - c. vacation, sick or personal hours used and earned

Financial Reporting

Monthly Reports:

The Bookkeeper should prepare a set of monthly financial reports for distribution to the Executive Director, and the Finance Committee. The reports should include:

- Balance sheet
 - Budget-to-Actual report for all accounts included in the annual operating budget
 - Budget-to-Actual report for all grants
- Any other reports requested by the Board of Directors.

The monthly statements should be reviewed by the Executive Director prior to distribution to the Treasurer for initial comments. After the Treasurer's approval, the statements will be mailed to the Budget and Finance Committee every month and to the full board as stated above. The monthly statements will be finalized by the conclusion of the month following the statement period.