



Financial Procedures Policy Manual

Adopted July 15, 2016

I. GENERAL

- A. The Board of Directors formulates financial policies, delegates administration of the financial policies to the Executive Director, and reviews operations and activities.
- B. No member, officer, director, committee, commission, employee or agent of the Chapter, shall have any right, authority or power to expend any money of the Chapter, incur any liability for or in its behalf, or make any commitment that will or may be deemed to bind the Chapter to an expense or liability unless such expenditure, liability or commitment has been budgeted and authorized by the Executive Committee or a specific resolution at a meeting of the Chapter.
- C. The Executive Committee shall not expend or authorize expenditures in any fiscal year that exceed the estimated income of the Chapter for the year unless specifically authorized to do so (by two-thirds majority vote) at a duly called meeting of the members (provided, however, that the Executive Committee may enter into leases and employment contracts for terms longer than one year and may set aside a reserve to be funded with a portion of the Chapter's income in one or more fiscal years, which may be expended in subsequent years without regard to estimated or actual income or expenditures for such years).
- D. The Executive Director has management responsibility including financial management.
- E. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc. The team of the Executive Director, Bookkeeper, Treasurer and Accountant are to provide normal checks and balances on the fiscal system.
- F. A blanket employee and board dishonesty coverage, both in the amount of \$100,000, shall be maintained.
- G. Professional financial service providers will be established annually. These include accounting software, payroll services, Certified Public Accountant, general liability insurance, Directors and Officers Insurance, checking, Money Market, investment accounts, retirement services, and auditors.



- H. The Executive Director will maintain a current and accurate log of the chart of accounts.
- I. Only the Executive Committee shall have any authority to accept any gift for or on behalf of this Chapter; it shall not accept any gift that will not promote the objects and purposes of this Chapter, or that will place an undue financial or other burden on this Chapter.
- J. These policies and procedures will be reviewed annually by the chapter Treasurer.
- K. The Treasurer will review financial statements monthly and the Board will review the financial statements at least quarterly and operating budget monthly. The Treasurer will show trending graphics quarterly.
- L. The chapter fiscal year of this chapter shall be January 1 to December 31.
- M. It is a goal of the chapter to keep at least four to six month's operating expenses in the checking account or within a board-approved investment account that is relatively liquid and low risk. The board can consider longer-term investments with additional reserve monies (within non-profit requirements) as long as these are conservative investments with low risk.
- N. The Executive Director will maintain the chapter's IRS-status as a non-profit and will manage internal and external requirements as required by the IRS.
- O. Financial and other stored items are to be discarded per industry standard. At minimum, items are to be kept eight years or until accounts are reconciled.
- P. This Chapter shall not have any title to or interest in any property of the Institute nor be liable for any debt or other pecuniary obligation of the Institute. The Institute shall not have any title to or interest in the property of this Chapter, and the Institute shall not be liable for any debt or other obligation of this Chapter.

II. CASH RECEIPTS

- A. The Executive Director opens any mail addressed to the chapter or without specific addressee. Checks received are recorded in the accounting system as either a paid invoice or sales receipt, and are recorded into the account ledger.
- B. Once checks are recorded as a receivable, deposits are made weekly or as often as necessary. The Executive Director prepares these deposit slips.
- C. A daily Deposit Summary is generated by the accounting system and printed out. The Deposit Summary includes the source and amount of the receipt as well as the total daily deposit amount. The deposit receipt is attached to the Deposit Summary and verified online by the Executive Director via the Chapter's bank website.



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- D. All deposits are reconciled monthly by the chapter third party Bookkeeper and verified by the Treasurer.
- E. Chapter dues are received from AIA National via ACH to the checking account. Executive Director downloads the dues report monthly for reconciliation by third party Bookkeeper, and verified by the Treasurer.
- F. Executive Director receives notification from AIA National when any other income, such as electronic document income or grant monies, is being deposited into the checking account. The Executive Director prints a report that is reconciled monthly by the third party Bookkeeper.
- G. Cash will be forwarded to the committee or staff member handling cash for the event, who will complete deposit slips, to be verified and co-signed by the Event Chair, in duplicate. Receipts and deposit slip will be placed in an envelope to be taken for deposit at the Chapter's bank. The Executive Director will verify deposited cash funds prior to sealing the envelope and making the deposit in person. The Executive director is to reconcile tickets sold with cash received.
- H. All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.
- I. The Bookkeeper will record each cash payment received in the accounting software as a sales receipt with a duplicate receipt for the payer. The Executive Director will verify Cash amount and it shall be locked in a secure location until taken to the bank. When cash exceeds \$1000 the total is to be verified by the Executive Director and another Board member.
- J. The Executive Director, Bookkeeper, & Treasurer will receive a copy of all deposit reports from the bank for review.
- K. As needed or required, the chapter Treasurer will transfer monies between the checking account and the money market savings account to maintain balances.

III. CASH DISBURSEMENTS

A. CHECK AUTHORIZATION

- 1. No disbursements of Chapter funds will be made unless by check or electronic transfer.
- 2. All invoices will be immediately forwarded to the Executive Director who will review all invoices for mathematical accuracy, validity, conformity to the budget (or other board authorization).



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3. Prior to payment, all invoices will be approved (indicated by initialing) by the Executive Director, who will code the invoice with an appropriate expense or other chart of accounts line item number.
 - a. By approving an invoice, the Executive Director indicates that it has been reviewed by the Executive Director and authorizes a check.
 - b. The Executive Director will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts. The Executive Director is responsible for timely follow-up on discrepancies and payment.
4. Approved invoices will be entered into the accounting system.
5. The Executive Director will prepare checks on a weekly basis, or as needed.
6. Authorized signers on the AIA Cleveland accounts include the current chapter President, President-Elect, Immediate Past-President and Treasurer. Two of these signatures are required on every chapter check. The bookkeeper is to notify the Treasurer if checks are deposited without two signatures.

B. CHECKS

1. The Executive Director will be responsible for all blank checks. These shall be stored securely. Check numbers will be accounted for (i.e., voided, cancelled, issued, etc.).
2. All checks (with the exception of direct deposit payroll items) will be signed by the authorized signers. In no event should the Executive Director be an authorized signature.
3. The Executive Director will generate checks for approved invoices through the accounting system.
4. Voided checks will have "VOID" written boldly in ink on the face and have the signature portion of the check torn out. Voided checks will be kept on file.
5. In no event will:
 - a. Invoices be paid unless approved by an authorized signer and the Executive Director.
 - b. Blank checks (checks without a date or payee designated) be signed in advance.
 - c. Checks be prepared on verbal authorization, unless approved by the Executive Director, current chapter President, or Treasurer.



6. In the event that it is necessary to issue a duplicate check for checks in an amount over \$25, a stop payment will be ordered at the bank on the original check.

C. BANK RECONCILIATIONS

1. Bank statements will be downloaded online monthly by the Executive Director.
2. The chapter third-party bookkeeper will reconcile the bank statement monthly.
3. The bookkeeper shall verify the reconciliation of the bank accounts on at least a monthly basis.
4. On all checks outstanding over 90 days, the Executive Director should take appropriate action with a follow-up call. If the amount is not otherwise resolved, then the amount will be submitted to the State of Ohio Division of Commerce Unclaimed Funds.

IV. ACCOUNTS RECEIVABLE

- A. The Executive Director is responsible for the preparation of invoices for all Chapter sponsorships. The Executive Director is also responsible for the preparation of all other invoices and sales receipts including document orders, Continuing Education, Chapter Meetings, etc.
- B. Aged receivables are reviewed monthly by the Executive Director and are reviewed by the Executive Director and Chapter Treasurer annually to ensure that receivables have a reasonable expectation of being collected and any necessary steps are to be taken to ensure collection. If any receivable is deemed uncollectable, it will be voided by the chapter third party bookkeeper after written approval by the Executive Director.

V. CREDIT CARD PURCHASES

- A. Chapter credit cards shall be limited to no more than three in number and authorized on an annual basis by the board of directors. The purchase of authorized airline tickets and other authorized business expenditures may be made by other employees or selected board members using the Chapter credit card. In every case of credit card usage, the individual charging to the account will be held personally responsible in the event that the charge is deemed personal or unauthorized. The Executive Director shall review these expenses and reconcile the credit card statements. Authorized credit card expenditures are only those expenses authorized as described below, in paragraph B.



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B. Board or Executive Director authorized uses of the credit card include:

1. Airline or rail tickets (at coach class or lower rates) for properly authorized Chapter business trips.
2. Car rental charges (for mid-size or smaller vehicles) for properly authorized Chapter business trips.
3. Properly authorized expenditures for which a credit card is the only allowed method of payment.
4. Chapter business telephone calls.
5. Offsite hotel accommodations.
6. Properly authorized entertainment at a rate which is consistent with the employee's level of responsibility within, or on behalf of AIA Cleveland and within the limits of the approved budget.

C. Chapter Treasurer will review the credit card statement monthly.

D. Receipts should be compiled and submitted with an expense report. Where no receipt is available, a credit card statement will suffice when submitted with an expense report.

E. Unauthorized use of the credit card includes:

1. Personal or non-business expenditures of any kind.
2. Expenditures which have not been properly authorized.
3. Meals, entertainment, gifts or other expenditures which are prohibited by:
 - a. AIA Cleveland budget and/or policies.
 - b. Federal, state, or local laws or regulations.
 - c. Grant conditions or policies of the entities from which AIA Cleveland receives funds.



- F. Every instance of credit card use must be documented with travel authorizations, receipts, individuals paid for nature of business, etc. before the expense will be considered authorized and will be approved for reimbursement according to the following:
1. Lodging - Provide an itemized receipt from the hotel detailing every charge and the name of the person(s) for whom lodging was provided.
 2. Meals/Entertainment - Provide a receipt showing separately the cost for food/beverage and gratuities, and including the names of every person for whom food or beverage was provided and the specific business purpose which was furthered by the expenditure.
 3. Other Expenditures - A receipt from the vendor detailing every individual good or service purchased (including class of service for commercial transportation) accompanied by an explanation of the specific business purpose which was furthered by each expenditure.

IV. PURCHASING

A. PURCHASES UP TO \$5,000

1. All purchases up to \$5000 must be approved in advance by the Executive Director who is responsible to know if the expenditure is within the budget and guidelines.

B. PURCHASES OVER \$5,000

2. All purchases including services over \$5000 must be approved in advance by the Board of Directors either by approval as a budget item or by vote of approval if not previously included in the approved yearly budget.

V. TRAVEL & EXPENSES

- A. Employees and board members will be reimbursed for travel and other related expenses in accordance with the above guidelines.

VI. CONSULTANTS

- A. Consideration will be made of internal capabilities to accomplish services before contracting for them.
- B. Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultant and contract services.



- C. The qualifications of the consultant and reasonableness of fees will be considered in retaining consultants.
- D. Consultant services will be paid for as work is performed or as delineated in the contract.
- E. All consultant contracts require approval by the Board of Directors. Any contract not approved by the Board of Directors will be considered unauthorized.
- F. 1099 returns for consultants will be prepared at year-end. W-9 Forms must be obtained prior to payment being made to the consultant or other independent contractor. 1099 returns shall be sent to those who have contributed services, beyond member volunteerism, at its fair-market value. The Executive Director shall track the value of donated services via invoice equivalents.

VII. PROPERTY

A. EQUIPMENT

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$500 or more and a useful life of more than one year.
2. To the extent that the outside accountant can maintain its independence, the outside accounting firm will assist in the management of an inventory log; which shall list a description of the item, date of purchase or acquisition, price or fair value of the item and its location.
3. The Chapter's accountant will assist in the preparation of a depreciation schedule annually for the financial statements, but only to the extent that the accountant can maintain its independence.
4. The Executive Director will record all equipment in the accounting system. An entry must be made whenever property is disposed of or acquired. To confirm this equipment list, a physical inventory will be taken at the end of each year.



VIII. LEASES

A. REAL ESTATE

1. The Executive Director will review leases prior to submission to the Board of Directors for approval.
2. All leases, clearly delineating terms and conditions, will be approved by the Board of Directors and signed by the chapter President.
3. The Executive Director will keep a copy of each lease on file.
4. The Consulting Bookkeeper will be notified of each lease and lease specifications, and will make proper general journal entries for same.
5. When a lease is within two years of completion or renewal, the chapter is to create a task force to look at options. If new office space is required, this task force is to negotiate, with ~~for~~ board approval, on the new space and its renovation.

B. EQUIPMENT

1. The Executive Director will review all leases.
2. All leases, clearly delineating terms and conditions, will be approved and signed by the Executive Director.
3. The Executive Director will keep a copy of each lease on file.
4. The Consulting Bookkeeper will be notified of each lease and lease specifications, and will make proper general journal entries for same.

IX. INSURANCE

- A. Reasonable, adequate coverage will be maintained to safeguard the assets of the chapter. Such coverage will include property and liability, directors and officers, worker's compensation, employee dishonesty and other insurance deemed necessary.
- B. The Executive Director will carefully review insurance policies before renewal.
- C. The Executive Director will maintain insurance policies in insurance files.
- D. Insurance policies will correspond to the calendar year whenever possible.



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- E. The Executive Director will prepare and maintain an insurance register.

X. BOOKS OF ORIGINAL ENTRY

- A. Adequate documentation will be maintained to support all general journal entries.
- B. At the end of each month, the chapter third party bookkeeper will prepare a Balance Sheet, and Statement of Activities, including a profit and loss and cash flow report, that will be reviewed by the Executive Director.
- C. The Statement of Activities report to be prepared by the Chapter Treasurer will include a comparison to the budget.
- D. AIA Cleveland will maintain its accounting records on the cash basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles. Year-end adjusting journal entries will be made to adjust the books and records to the accrual method of accounting.

XI. BUDGETS

- A. The chapter Treasurer will prepare the annual budget which shall be approved by the Board of Directors by two-thirds vote no later than January 1 of the chapter fiscal year. Any expenses outside of the approved budget to be approved by the board.
- B. The Executive Director will ensure that the budget is on file.
- C. The Board of Directors must approve all proposed changes in the annual budget.

XII. LOANS

- A. The Board of Directors will approve loans.
- B. A promissory note will be prepared and signed by the current chapter President and Treasurer before funds are borrowed.



XIII. OTHER

A. NON-PROGRAM INCOME

1. Donations of cash and non-program related income will be separately accounted for.

B. FINANCIAL PROCEDURES

1. Financial procedures will be reviewed annually by the current Treasurer. The Board of Directors must approve changes to the financial procedure manual prior to implementation.

C. FORM 990 and 990T

1. To the extent that the outside independent accounting firm can maintain its independence, Forms 990 and 990T forms will be completed by an outside independent accounting firm and will be signed by the Executive Director. The chapter should aim to complete this form by its May 15th deadline when possible. Extensions can be taken to August 15 and November 15.
2. Forms 990 and 990T will be made available for review by the Board of Directors.
3. Forms 990 and 990T will be retained on file by the Executive Director, both electronically and hard copies, and a copy of AIA Cleveland' Forms 990 and 990T will be made available for chapter member inspection and/or copying. Proof of electronic filing will be submitted to the Treasurer.
4. The Executive Director will file state taxes online with the Ohio Attorney General.

D. AUDITS

1. The Board of Directors shall contract at least every four years or with a change in person at the Board Treasury position with an independent auditing firm a full audit of the books and review the books in each year between audits. Audits and reviews are to be prepared in January-February using year-end financial data from AIA national and from the bank. When a planned audit is to be scheduled, notify the accountant a full year in advance, take appropriate preparation steps as advised by the accountant, and create an audit committee of the executive officers of the chapter.

E. PETTY CASH

1. Petty cash should not exceed \$200, or such other amount as authorized in writing by the Board of Directors.
2. Expenditures are to be approved by the Executive Director.



3. Balance to be replenished as needed.

F. PAYROLL

1. A third party payroll service will be used.
2. The Executive Director will authorize payroll every two weeks.
3. Adjustments to payroll will only be made when authorized by the Executive Committee.
4. Payroll records are retained as defined by the chapter Records Retention Policy.
5. A third party service will process and remit all taxes withheld. Third party service will complete all payroll tax reports with the exception of the Ohio Workers' Compensation Report. This will be completed by the Chapter third party accountant.
6. Payroll is reconciled monthly by the Chapter third party accountant.
7. All Qualified Employee Benefit Plans shall comply with the Internal Revenue Code and ERISA. The Executive Director shall take such action authorized by the Board of Directors to insure compliance with the Internal Revenue Code and ERISA such as amended plan documents on a timely basis and providing required notices to employees and other beneficiaries of the Qualified Employee Benefits Plan.

G. DIVIDENDS PROHIBITED

1. An unencumbered balance of income at the close of a fiscal year shall never be distributed as profits, dividends or otherwise to the members of this Chapter.

XIV: SECURITY

- A. AIA Cleveland protects and safeguards members' financial data. Although AIA Cleveland does not routinely collect this information, all sensitive financial data that includes an individual's first name or initial or last name in combination with a social security number, driver's license number or government-issued number, account number or credit card number shall be handled with the highest security which includes never transmitting the information electronically, modifying the data to make it unrecognizable and/or shredding information, except where required to be filed electronically by a federal, state, or local government.