

Audubon Naturalist Society
of the Central Atlantic States, Inc.

Internal Control Policies
and
Procedures Manual

INTRODUCTION

This Internal Controls Policies and Procedures Manual has been developed as a policy to offer general guidelines about financial controls and procedures of the Audubon Naturalist Society of the Central Atlantic States, Inc. (ANS). Through these policies, the Board of Directors delegates authority and responsibility for the administration of these policies to the CFO. The CFO may, in turn, delegate authority for administering specific policies.

FINANCIAL PLANNING AND BUDGETING:

POLICY: Financial Planning

With respect to fiscal planning and budgeting, the employees responsible for financial reporting will not jeopardize the programmatic or fiscal integrity of the organization. Accordingly, they may not cause or allow budgeting that:

- i. Deviates from board-stated policies and priorities.
- ii. Contains too little detail to enable a reasonably accurate projection of revenue and expenses.
- iii. Fails to separate capital and operational items or disclose planning assumptions.
- iv. Plans the expenditure of more funds in a fiscal year than conservatively projected to be received in that period.

CONTROL 1: Annual Budgets

1. The Finance Committee shall provide fiscal oversight and sets the underlying assumptions for preparation of the budget on an annual basis.
2. ANS program heads develop preliminary program budgets.
3. The CFO and program heads develop and prepare a preliminary annual operational budget and capital budget in accordance with the guidance from the Finance Committee.
4. The CFO documents planning assumptions, reviews the budgets with the Executive Director and submits the preliminary budgets with assumptions to the Finance Committee for review in February.

5. Once approved by the Finance Committee, the Treasurer presents the preliminary budgets to the Board of Directors for comments and approval in March.
6. After the board approves the annual budgets, the CFO shall prepare monthly financial reports comparing actual to budgets and forwards them to the Executive Director and program heads.
7. The CFO shall prepare quarterly financial reports and provides them to the Finance Committee and the Board of Directors for review.

POLICY: FINANCIAL CONDITION

With the respect to the actual, ongoing condition of the organization's financial health, the CFO may not cause or allow the development of fiscal jeopardy or loss of allocation integrity. Accordingly, she/he may not:

1. Allow actual allocations to deviate materially from board priorities and policies.
2. Use any long-term reserves without first seeking board approval.
3. Use any employee withholding for cash-flow purposes.
4. Allows cash to drop below the amount needed to settle payroll and debts in a timely manner.

CONTROL 1: Books of Account and Other Financial Records

1. The fiscal year of ANS shall be April 1 to March 31.
2. ANS maintains a Chart of Accounts that is prepared by the CFO and reviewed annually. The Chart of Accounts is used to record receipts, disbursements and adjustments to the proper accounts to ensure appropriate financial reporting.
3. ANS also maintains a general ledger, accounts receivable and payable, cash receipt and disbursements and other financial reports (e.g. statement of financial condition, revenue and expense statements) as directed by the CFO. The financial reports are prepared monthly in accordance with the chart of accounts and reflect actual income and expenses to the approved annual, or reprojected, budget.

4. ANS will not receive, process, or disburse funds under controls insufficient to meet audit standards.
5. ANS will follow the Board approved investment policy.

CONTROL 2: Bank and Other Financial Accounts

1. The CFO opens and closes all bank and other corporate financial accounts, in Federal Deposit Insurance Corporation (FDIC) secure bank accounts.
2. The CFO, Executive Director, Deputy Director and President have signature authority on all accounts.
3. The CFO has the authority to withdraw and transfer funds for organizational purposes. She/he has authority to deposit funds.
4. Bank and other corporate financial information (e.g. rules, and regulations, account numbers) are retained, maintained, and updated by the CFO.

CONTROL 3: Investments

1. All investments of ANS shall be managed in accordance with the Investment policy approved by the Board of Directors.
2. The CFO shall transfer to the investment account all Bequests Gift Annuity and other planned giving revenue received as specified in the ANS policies FC 040, FC 050, and FC 060.
3. Withdrawals from the investment account shall conform to the ANS policy FC 040 as approved by the Board of Directors at the time the withdrawal is made.

CONTROL 4: Corporate Checks

1. The CFO shall ensure that all requests for payments have been budgeted.
2. The CFO may approve unbudgeted expenses consistent with the ANS policy FC 030.

3. The Staff Accountant receives and processes all check requests and invoices. This request must include an invoice, applicable receipt, or other written/financial documentation (e.g. Request for Expense Reimbursement, Request for Travel Advance). All invoices require approval prior to check processing.
4. The Staff Accountant prepares the checks, stamps the supporting documentation "PAID" and forwards them to the CFO for approval and signature.
5. Checks shall be processed on a weekly basis, according to the due date of specific payments.
6. The CFO authorizes approval of payment by signing the check request or invoice and the check. In the absence of the CFO other board designated signatories may approve payments and sign checks.
7. All checks require two signatures. The CFO shall ensure that the second signature is obtained in a timely manner.
8. The Staff Accountant is responsible for mailing all signed checks.
9. The Staff Accountant shall retain and properly file all processed payments and voided checks with appropriate backup

CONTROL 5: Withdrawal, Transfer, and Deposit of Funds

1. The CFO shall approve withdrawals and transfers of bank funds for redeposit into other accounts.
2. The Staff Accountant shall retain and maintain all banking transactions along with appropriate financial documentation.

CONTROL 6: Deposit of Funds

1. The CFO shall ensure that all income received by ANS is deposited within seven business days to an ANS account.
2. All ANS staff members are responsible for ensuring that as checks are received they are forwarded to the appropriate personnel for coding and, if applicable, recording in ANS's data base. The appropriate staff members for various types of checks are:

- a. membership checks go to the Membership Coordinator,
 - b. grants and contributions go to the Administrative Assistant for Development,
 - c. rental event checks go to the Director of Rental Events,
 - d. EE program checks go to the Office Manager of EE.
- Other checks are placed directly into the "Red File".

Once the checks are recorded, coded and batched the responsible staff member shall place them in the "Red File" in the main office.

3. On the day a deposit is to be made, the CFO collects all the checks from the red file and reviews the coding. She/he codes any checks not batched and coded or reroutes the check back to the appropriate personnel for coding and, if applicable, entry into ANS's database.
4. A volunteer or Staff Accountant receives, stamps and copies all checks, and prepares the bank deposit form. The CFO ensures the deposit form is correct and takes the deposit to the bank..
5. Once the deposit is made the Staff Accountant shall ensure that the deposit form, and copies of the deposited checks are filed in the financial files, and that all deposits are posted in the general ledger to the appropriate accounts.

CONTROL 7: Petty Cash

1. The Staff Accountant shall maintain a petty cash fund of \$295 for staff to use for small occasional expenses and reimbursements.
2. Anyone obtaining cash from the petty cash fund shall leave a receipt noting the appropriate account code. Once a quarter or more frequently as needed, the Staff Accountant will replenish the petty cash fund and record the payments in the general ledger.
3. The Staff Accountant may also make small expense from the petty cash fund. Any expense advance must be substantiated within three working days or the person receiving the advance will be required to repay the advance in full. The Staff Accountant shall retain a petty cash receipt, signed by the requestor, indicating the amount advanced until substantiation is made.

CONTROL 8: Bank and Other Financial Account Reconciliation

1. The Staff Accountant receives all of ANS's bank account statements.
2. Each month, a volunteer, working under the direction of the staff accountant, reconciles all bank account statements and prepares a printed report for each account. The CFO shall review all reconciliations as they are completed, and shall forward them to the Staff Accountant who is responsible for expeditiously recording necessary adjustment in the general ledger.
3. The Staff Accountant shall file all bank account statements in the reconciliation file.

CONTROL 9: Accounts Receivable

1. ANS's invoice terms are net 30 days. ANS charges \$25 for all returned checks.
2. The Staff Accountant processes invoices for advertising every other month from the list supplied by the Communications Director. The CFO processes all invoices for contract nature program and other miscellaneous programs or services each month.
3. Any employee using ANS funds for personal expenditures shall repay ANS by personal check made out to the Audubon Naturalist Society within 10 days of being notified of such payment due or the amount due ANS will be withheld from the employee's next payroll check unless the employee has dispute the assessment and that dispute has not been resolved.
4. Per the direction of the employee, the CFO is authorized to deduct from an employee's payroll check all benefit expenses per payroll firm's policies and the request for the deduction is kept in the employee's personnel file. (i.e., retirement deductions, etc.)

CONTROL 10: Account Payable

1. The Staff Accountant receives, reviews and processes all accounts payable.
2. The CFO, or the Staff Accountant and the vendor settle invoices for which payment amounts are disputed.

3. To complete the accounts payable process, the Staff Accountant and CFO shall follow the appropriate steps as stipulated under Control 4, Corporate Checks.

CONTROL 11: Membership Dues, Contributions and Other Income

1. To complete the above process for membership dues, interest and all other income, the CFO shall follow the appropriate steps as stipulated under Control 6, Deposit of Funds.
2. To complete the above process for membership dues, the Membership Coordinator shall acknowledge receipt and amount of dues paid by the member and shall retain a copy of the acknowledgement along with other documentation (e.g. member application).
3. To complete the above process for contributions, the Administrative Assistant for Development shall acknowledge receipt and amount of the contribution made and shall retain a copy of the acknowledgement along with other documentation (e.g. contribution form).

CONTROL 12: Capital Depreciation

1. ANS maintains a capital depreciation account for capital assets and improvements valued above \$1,000. The CFO shall approve all purchases for capital assets and improvements consistent with the current ANS policy FC 030.
2. Property assets in excess of \$1,000 shall be depreciated over their useful lives, normally considered to be three years for office equipment and five years for office furnishings. The depreciation of property assets acquired by sale, loan or gift requires written documentation.
3. The CFO shall maintain and update depreciation on an ongoing basis.

CONTROL 13: Independent Audit, Federal, and State Reporting (It seems to me that much of this should go into policy FC 070.

1. ANS shall have an annual independent audit annually as specified in the ANS policy FC 070 .
2. Every three to five years, the Finance Committee, with assistance from the CFO, shall develop and solicit Requests for Proposals to conduct the ANS

audit for a three-year period with option for a two-year extension. Such solicitations can be made

3. The Finance Committee, with the advice of the CFO shall review the proposals submitted, conduct interviews with the candidates makes a recommendation to the Board of Directors and the Board of Directors selects the firm to conduct the audit. The Executive Director, with approval of the Finance Committee, signs an engagement letter that stipulates the fee and schedule for services to be rendered each year.
4. The CFO coordinates activities of the audit with the Auditor. She/he also schedules and participates in an audit exit interview with the audit firm and Finance Committee.
5. The Treasurer submits the audit, which includes a management letter to the Board of Directors at the first board meeting after the completion of the audit for approval.
6. With the assistance of the Auditor, the CFO ensures preparation, completion, and submission of other federal and state financial reports as required by law.
7. The CFO retains the audit, all background information and other federal and state reports in the appropriate files. Financial information is retained for no less than 7 years.

CONTROL 14: Payroll and Timesheets

1. ANS contracts with an outside payroll service to issue payroll checks on the Friday of every second week. If the payday falls on holiday then the payday is the last work day before such date.
2. Each employee shall prepare and submit a Timesheet, approved by the employee's immediate supervisor, to the Staff Accountant by noon the Tuesday prior to payday. The CFO shall approve the Executive Director's Timesheet.
3. The Staff Accountant shall review all timesheets and appropriately notify the payroll service of the period's payroll details.
4. The outside payroll service files all payroll tax reports. The Staff Accountant retains all payroll tax reports.

5. The CFO allocates each employee's time based on hours reported on the Timesheet and posts information for payroll in the general ledger.

CONTROL 15: Accrued Annual Leave

1. Accrued annual leave is shown on ANS's financial statements as a liability and in accordance with policies outlined in the Society Personnel Policies Handbook and other policy memoranda.
2. Each employee prepares and submits a Leave Request Form to his or her supervisor for approval.

CONTROL 16: Travel and Expense Reimbursement

1. ANS's reimburses employees for travel and conference/meeting expenses in accordance with policies outlined in the Society Personnel Policies Handbook and other policy memoranda. These expenses are mileage or transportation, parking fees, meal cost and other charges. Unless otherwise approved the most economical means of travel is standard.
2. All original receipts are due to the Staff Accountant prior to any reimbursement.
3. The Staff Accountant and CFO follow appropriate steps as stipulated under Control 4, Corporate Checks.
4. Staff should use the Metro for local travel to/from meetings on the society's behalf that can be reached by Metro.
5. If an individual employee or Board member has approved expenditures for the organization, the individual should file a request for reimbursement form within 45 business days of expense.
6. The request for reimbursement, once approved by the employee's supervisor, is given to Staff Accountant. If the Executive Director is submitting the request for reimbursement, the CFO reviews the request for approval prior to the check being written.

Control 17: Credit Cards

1. ANS has credit cards available to selected staff members. These cards may be used for business-related expenses which have been budgeted or for which the employee has obtained prior approval from the CFO.

2. ANS credit cards can be used for the purchase of supplies, materials, or equipment if prior approval is obtained from the CFO and if such purchases result in lower prices and/or timeliness of delivery.
3. Any staff member issued a card agrees to submit receipts or detailed expense reports addressing all charges incurred within five business days of making the charges.
4. Each card is the property of ANS and must be surrendered upon termination of employment or at the request of the CFO.

POLICY: AUTHORITY TO ESTABLISH NEW OR REVISED POLICY CONTROLS

The CFO has the authority to modify, amend, and/or establish new internal controls policies, as needed, without advance notice. Any amendments or changes to existing policies or new policies shall be disclosed at the next Finance Committee and Board meeting.