

FAYETTE COUNTY BAR ASSOCIATION

**FINANCIAL
POLICIES AND PROCEDURES
MANUAL**

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I. Introduction

The purpose of this Fayette County Bar Association Financial Policies and Procedures Manual (the “Manual”) is to set forth financial policies and procedures to be utilized at the Fayette County Bar Association (the “FCBA”) in order to ensure that FCBA’s finances are safeguarded and managed with accuracy, efficiency and transparency. All the FCBA’s staff with a role in the finance or accounting operations are to comply with the policies and procedures in this Manual. These policies should be reviewed annually and revised as needed by the FCBA Board of Directors.

II. Division of Responsibilities

The following is a list of FCBA personnel with financial or accounting responsibilities as generally enumerated here:

Board of Directors

1. Review and approve the annual budget
2. Review and approve periodic financial statements and information
3. Approve changes in authorized signatories on FCBA bank accounts
4. Approve changes in financial institutions and financial service firms with whom FCBA does business
5. Review and approve all contracts relating to non-budgeted expenditures or outlays over \$1,000 or with cumulative budgeted expenditures or outlays over \$2,000
6. Review and approve all non-budgeted expenditures over \$1,000
7. Review and approve all FCBA staff hires, staff terminations, and compensation issues

Executive Committee

1. Work with the Treasurer and Executive Director in planning and preparation of the annual budget
2. Review the annual budget and provide its recommendations to the Board of Directors
3. Review periodic financial statements and information and provide its recommendations to the Board of Directors
4. Review and provide its recommendations to the Board of Directors as to changes in financial institutions and financial service firms with whom FCBA does business
5. Periodically review the Executive Director's and other FCBA staff's compliance with the terms of this Manual
6. Recommend to Board of Directors changes in authorized signatories on FCBA bank accounts
7. Review and provide its recommendation to the Board of Directors on all contracts with cumulative expenditures or outlays over \$2,000
8. Review and provide its recommendation to the Board of Directors on all non-budgeted expenditures over \$1,000

9. Any one or more Executive Committee members may co-sign checks for otherwise approved (by the Board of Directors or the Executive Committee, as the case may be) expenditures requiring co-signatures (any check in an amount exceeding \$500)
10. May sign checks for otherwise approved expenditures not requiring co-signatures (any check in an amount not exceeding \$500)
11. Review and approve all contracts relating to non-budgeted expenditures or outlays under \$1,000 or with cumulative budgeted expenditures or outlays under \$2,000
12. Review and approve all non-budgeted expenditures under \$1,000
13. Review and approve any proposed inter-account bank transfers
14. Review and provide its recommendations to the Board of Directors relating to FCBA staff hires, staff terminations, and compensation issues
15. Review and approve all expenditures to or for the benefit of the Executive Director, including, but not limited to Executive Director expense reimbursements or advances, other than uniform periodic payments (e.g., standard budgeted salary and benefit expenditures)

Treasurer

1. Review all bank statements for irregularities and, thereafter, review completed monthly bank reconciliations
2. Review the general ledger on a periodic basis for any unusual transactions

Auditor

1. Act as liaison for FCBA with FCBA's outside accountants with respect to audit or accounting issues
2. Review completed monthly bank reconciliations that Treasurer is to otherwise review where Treasurer is physically absent or otherwise not reasonably able to do so
3. Review the general ledger on a periodic basis for any unusual transactions that Treasurer is to otherwise review where Treasurer is physically absent or otherwise not reasonably able to do so

Executive Director

1. Work with the Executive Committee in planning and preparation of the annual budget
2. May co-sign checks for otherwise approved (by the Board of Directors or the Executive Committee, as the case may be) expenditures requiring co-signatures (any check in an amount exceeding \$500)
3. May sign checks for otherwise approved expenditures not requiring co-signatures (any check in an amount not exceeding \$500)
4. Recommend any proposed inter-account bank transfers
5. Review all bank statements for irregularities and prepare (or oversee the preparation of) monthly bank reconciliations
6. Create or oversee the creation of all financial reports, review same and make recommendations to Executive Committee relating to financial reports including cash flow projections
7. Review and provide recommendations concerning all proposed contracts

8. Review and provide recommendations concerning all non-budgeted expenditures
9. Oversee, review and maintain day-to-day FCBA staff adherence to all internal controls and compliance with this Manual
10. Monitor program budgets
11. Review all payrolls and maintain all personnel files
12. Manage the petty cash fund
13. Review and approve all incoming and outgoing invoices (subject to any additional approvals required hereunder)
14. Assist Auditor as FCBA's liaison with its outside accountants with respect to audit or accounting issues

Designated Staff Members (responsible staff member to be designated by the Executive Committee)

1. Data entry into and maintenance of general accounting system
2. Process invoices and prepare checks for signature
3. Assist Executive Director with the development of annual and program budgets
4. Make bank deposits
5. Prepare or assist Executive Director in preparing monthly and year-end financial reports
6. Mail vendor checks
7. Manage accounts receivable and accounts payable

III. Chart of Accounts and General Ledger

The FCBA shall from time to time designate a Chart of Accounts specific to its operational needs. The Chart of Accounts is structured so that financial statements can be shown by natural classification (e.g., expense type) as well as by functional classification (e.g., programs vs. general administration). The Executive Director is responsible for maintaining the Chart of Accounts and recommending any necessary revision to the Board of Directors.

The general ledger is to be maintained using the FCBA's approved accounting software. The Executive Director and the Treasurer should review the general ledger on a periodic basis for any unusual transactions.

IV. Receipts

A staff person designated by the Executive Committee is to receive and open all incoming mail, with the exception of bank statements that upon receipt are to be delivered to and opened by the Executive Director. As to any checks received, the such designated staff person is to make two (2) copies of the check, retaining one and delivering one to the Executive Director. As to any cash received, it should be counted, verified, and signed off by the Executive Director and another available staff person. Such checks and cash receipts, along with invoices or bills, are to be processed by a staff person designated by the Executive Committee. Such designated staff person should enter all checks and cash into a receipts log (denoting the amount and payer) and stamp the checks "for deposit only". The Executive Director should review the log and incoming checks and cash. The cash, checks, and the log are kept in a locked cabinet by the Executive Director until handed to the designated staff person for further processing and deposit.

Weekly (or more often if necessary), the Executive Director is to submit to the designated staff member for processing: the endorsed checks, the cash, the deposit log, and the correct account allocation for each deposit. The Bookkeeper is to process the deposit and take it to the bank for deposit. The stamped deposit slips are to be delivered to the Executive Director and retained to be attached to the attendant bank statement. The deposit log book is returned to the Executive Director, who shall verify that the deposit slip and the deposit log book reconcile.

V. Employee Expense Reimbursements

Every employee reimbursement or purchase request must be documented in the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

No travel cash advances are to be made except under special conditions and pre-approved by the Executive Committee.

VI. Credit or Debit Card Policy and Charges

No FCBA personnel are authorized to carry or use an FCBA credit card or debit card without specific written authorization by the Board of Directors. Any such personnel so authorized are to be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of a credit card or debit card includes: personal expenditures of any kind; expenditures that have not been properly authorized; meals, entertainment, gifts, or other expenditures that are prohibited by budgets, laws, regulations, or any entities from which the FCBA receives funds. Even if not requiring co-signatories, any expenses so paid by credit or debit card must still obtain the same approval as for other expenditures not so paid.

The receipts for all credit card or debit card charges are to be given to the Executive Director (other than those made by or for the benefit of the Executive Director, which are to be given to a member of the Executive Committee) within five (5) working days of the purchase along with proper documentation. The Executive Director, or the Executive Committee, as the case may be, is to verify all card charges with the monthly statements.

VII. Payroll Processing

1. Timesheets are to be prepared by all staff in the approved form and submitted semi-monthly on the ____ and ____ of the month. If the ____ and/or ____ of the month fall on a weekend or holiday, the timesheets are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and are to be communicated accordingly. Timesheets are to be kept on a daily basis and completed in ink. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Timesheets are to be signed and dated by the employee and the Executive Director.
2. A payroll processing firm selected by the Board of Directors is to process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
3. Employees will be paid through direct deposit to a designated bank account.
4. All quarterly federal and state payroll reports are to be prepared by designated payroll processing firm and filed appropriately.
5. No salary advances are to be made under any circumstances.

VIII. Financial Reports

One or more staff persons designated by the Executive Committee is to prepare the monthly and annual financial reports for distribution to the Executive Director, the Executive Committee, the Treasurer, and the Board of Directors. The reports are to include: a balance sheet, a statement of income and expenses, a budget versus actual report for each program that has an established budget, and a budget versus actual report for the organization.