

ABC AGENCY, INC.
Sample Summary of Finance and Accounting Procedures
(This should only be used as a guide for your own procedures)

Receipts:

1. Incoming mail is opened and processed by the administrative assistant. Any checks received are immediately stamped with the bank deposit endorsement stamp. All checks are copied and attached to a deposit record.
2. Bank deposits are made daily, either by mail or, in person when the receipts exceed \$1000.00.
3. All receipts are entered into the account register maintained for each account in XYZ Accounting Software. Any deposits made into the corporate checking account are also entered manually into the check register. The receipts are coded by type, and sub-coded by source in the computer records, so that compilations allow for the listing of income by type.
4. All receipts are deposited the day after they are received.
5. Donor appreciation letters are prepared within one week of receiving the gift. Information on the donor is also entered into the donor database at that time.

Disbursements:

1. Regular disbursements are made by check drawn against the corporate checking account. All checks require the signature of the Executive Director and an authorized board member.
2. A requisition form is filled out in order to pay an invoice or request a check to be cut. Check requests must be approved by an authorized board member, other than the individual requesting the check.
3. Requisition forms, duplicate checks, and invoices are stapled together and filed in chronological order, or by grant contract.
4. Reimbursement checks require a requisition form along with an expense voucher log and the appropriate receipts. Reimbursement checks may not be signed by the individual or family member of the individual to whom the check is made payable.

Payroll:

1. Upon employment, each employee completes the basic enrollment forms. Each new employee is added to the automated monthly payroll system.
2. Time cards are to be signed by the individual employee and approved by their supervisor.
3. A payroll input sheet is prepared and faxed to the payroll service by the finance director.
4. Unsigned payroll checks are delivered two days in advance of scheduled payday, along with computerized payroll reports, which detail wages paid, withholding amounts, and payroll

taxes paid. The payroll service is responsible for filing quarterly payroll tax returns (federal and state).

5. The finance director verifies all payroll checks to the payroll reports, payroll input forms, timecard summaries, and payroll cash flow worksheet. The checks are kept in a locked cabinet until they are disbursed.
6. The Executive Director and an authorized board member sign each payroll check. No individual or family member may sign a check payable to him or her or a family member.
7. Once signed payroll checks are placed in a seal enveloped and distributed by the program directors. No check shall be distributed before the pay date written on the check.
8. Individual payroll data, withholding deposits and payroll taxes paid are entered into the computerized accounting records when the payroll checks arrive from the payroll service company. The payroll net disbursement is entered as a lump sum amount into the manual checkbook register.

Bank Reconciliations:

1. The Finance Director reconciles all cash and investment accounts monthly. The chairperson of the finance committee reviews and co-signs all bank account reconciliations.
2. During regular bank reconciliations, payroll account reconciliation is prepared and attached. For any payroll checks that have not been cashed the employee is contacted to ensure that they have received their payroll check.
3. If the monthly back account reconciliation carries forward a non-payroll disbursement check more than three times, the recipient of the check is contacted to ascertain his or her intentions about cashing the check and to ensure that the check has been received.

Financial Reporting:

1. Within ten days of the end of the calendar month, all account credits and debits are posted and a computerized income and expense statement is generated, as well as a balance sheet for the first and last day of the month showing starting and ending cash balances.
2. Within ten days of the end of the quarter, a computerized income and expense statement providing year-to-date detail is also prepared, together with a chronological listing of transactions for each account.
3. The Board of Directors, at its regular meeting reviews all income and expense statements and balance sheets. Additionally, the Finance Director and the Chairperson of the Finance Committee review all transaction listing to ensure that supporting detail is sufficient for purposes of year-end compilations and information return filings.
4. At the request of any Board Member, additional detail on any financial transaction is provided in writing. At all times, the files and records on financial transactions are open for review by any Board Member.
5. An outside CPA firm prepares and submits the organization's 990, 199, and CT-2 forms annually. The CPA's are also invited to review all financial records and make recommendations regarding the agency's financial and record-keeping procedures.