

## Sample Nonprofit Corporation Financial Control Policy

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The Board of the Sample Nonprofit Corporation (SNC) desires to set a tone of accountability for managing finances. This policy establishes controls for handling receipts and disbursements, including notation of what transactions require Board approval.

1. Check-Signing Authority. The Board President, Vice President, Treasurer and Executive Director are authorized to sign checks.
  - a. Two Signatures Required. All checks require the signatures of two authorized signers.
  - b. Board Approval Required. Board Pre-approval for off-budget expenses in excess of \$1,000.00 is required.
  
2. Cash Management Security.
  - a. Counting Cash. For all fund raising activity or receipts of cash from events, two people shall count the cash together at the conclusion of the event or receipt/ticket taking portion of the event, and both shall sign an acknowledgment of the total receipts counted.
  - b. Deposits. All cash and checks shall be processed immediately and no later than the second business day following receipt; if deposits cannot be made immediately, checks and cash shall be locked in a secure location.
  
3. Accounting Protocols.
  - a. Computer Controls. Computers shall be password-protected and kept in a secure location. Laptops shall be stored in a secure location when not in use.
  - b. Reconciling Accounts. All accounts shall be reconciled monthly and reviewed by the Treasurer.
  - c. Credit Card Accounts. All credit card statements shall be reconciled monthly; receipts for all charges, including the name of the person making the charge and the purpose for the charge are required. If no receipt is available, a dated statement with details of the transaction must be signed by the person who made the charge.
  - d. Bank Statements/Online Account Access. Bank Statements shall be opened by the Treasurer. The Treasurer may have access to bank accounts online for purposes of monitoring the accounts.

4. Payroll.
  - a. Personnel Files. Personnel files are to be maintained in a secured location for all employees. Changes in payroll data (pay, benefits) must be approved by the Board or Executive Committee.
  - b. Payroll Processing. Payroll will be processed by an outside firm with reports sent to the Executive Director or Treasurer no less than monthly.
  - c. Tax Deposits and Returns. Copies of tax deposits and all State and Federal payroll returns will be provided to the Executive Director or Treasurer before the deposits and returns are due.
5. Cash Disbursements. No cash disbursements or petty cash accounts are permitted.
6. Collection of Funds and Deposits. For all deposits, careful record funds must be made, including the fund account deposited to, purpose of deposit, donor (or payor), and amount. Copies or scans of all checks received are encouraged. If possible, deposits should be verified and initialed by another staff or Board member.
7. Financial Reports.
  - a. Monthly Reports. Financial Reports shall be provided to the Board at all regular meetings. Reports shall include a comparison to the budget.
  - b. Year-end Financial Reports. Year-End reports shall be provide to the Board within sixty (60) days of the close of the fiscal year.
  - c. Notations. Reference explanations for any budget variances of 10% or more are required.
8. Audit. An audit shall be conducted by an independent CPA no less than biennially. Every year, the Finance Committee shall review the financial records. The Finance Committee shall report findings and recommendations to the Board.
9. Board and Staff Fiduciary Duty. It is the duty of any Board and Staff member who has authority to sign check to verify that there are sufficient funds available for payment of the checks before affixing his or her signature.
10. Board Approval Required for all Credit and Borrowing Transactions. Board approval must be obtained for all applications of credit and loans. At least two signatures, at least one of which must be a Board Member, are required to obligate the SNC for any loan or extension of credit.

*Adopted: January 20, 2015*