

Fauquier Chamber of Commerce

Accounting Policy and Procedure

# Fauquier Chamber of Commerce

## Accounting Policies and Procedures Manual

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## **Introduction**

This manual has been prepared to document the internal accounting procedures for the Fauquier Chamber of Commerce. Its purpose is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

The Fauquier Chamber of Commerce is a business association with its own non-profit designation according to the laws and statutes of the US Internal Revenue Service, being a 504 (c) (6). The Fauquier Chamber of Commerce's Board of Directors receives monthly financial reports in a formal meeting from the Fauquier Chamber of Commerce executive leadership.

All individuals with a role in the management of the Fauquier Chamber of Commerce's fiscal operations are expected to uphold the policies in this manual. It is the intention of Fauquier Chamber of Commerce that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

*Alec Burnett*

*President*

## **Division of Duties**

The following is a list of personnel who have responsibilities within the accounting department:

### Board of Directors/Finance Committee:

1. Reviews and accepts as presented all financial reports monthly.
2. Reviews and approves annual budget.

### Board Chair/Board Treasurer

1. Acts as signatory on checks as needed.
2. Reviews all vouchers and invoices for those checks which require his or her signature.

### President:

1. Approves all vouchers, invoices and checks.
2. With the bookkeeper and board treasurer, the finance committee and input from the chair as needed, develops the annual budget.
3. Informs payroll provider at a minimum of 2 business days to run payroll.
4. Reviews the payroll summary.
5. Submits requests for inter-fund transfers.
6. Reviews and approves all financial reports.
7. Reviews and approves list of pending check disbursements.
8. Reviews all vouchers and invoices for those checks which require his or her signature.
9. Reviews all bank reconciliations.
10. Approves all reimbursements.
11. Manages the investment accounts.
12. Manages the petty cash fund.
13. Obtains all W9s from vendors including all trade
14. Prepares deposit receipts log.

### Bookkeeper:

1. Reconciles all receipts and disbursements.
2. Receives electronic monthly bank statements.
3. Maintains and reconciles the general ledger monthly.
4. With the President and Finance Committee, develops the annual budget
5. Prepares all financial reports and presents to the President
6. Reconciles the bank and investment accounts.
7. Reconciles the statement of credit card deposits and service charges if any.
8. Double checks all reimbursement requests against receipts provided.
9. Records payroll in accounting software.
10. Reconcile revenue from accounting software to member management software.
11. Reconciles credit card monthly and ensures back-up receipts are provided.
12. Generates A/R Reports from management software and provides monthly summary to

Finance Committee.

13. Prepares monthly financials statements and provide summary to Finance Committee.
14. Generates 1099's @ year-end.
15. At year-end prepares a payroll true-up to reconcile payroll reports filed to accounting software.
16. Provides CPA packet to prepare tax return.

Administrative Staff:

1. Receives and opens all incoming mail, except the bank statements.
2. Mails all checks for payments.
3. Processes credit card payments for member dues and conference registration fees.
4. Compiles receipts for credit card statement for bookkeeper
5. Forwards invoices to bookkeeper for payment. Sometimes processing payment of invoice on credit card for bank debit.
6. Records check payments into management software
7. Generates membership renewal invoices monthly from management software
8. Manages events in management software

Designated Board Members (Currently the President and Treasurer)

1. Check signing authority on all Fauquier Chamber of Commerce accounts.
2. Authorizes expenditures in excess of \$5,000, except pre-approved capital expenditures (such as rent) which might exceed \$5,000.

## **Payment Receipts Procedures**

### **Cash and Checks**

The Fauquier Chamber of Commerce shall maintain all depository accounts with a federally insured financial institution.

The President receives all incoming mail. All cash and checks will then be recorded on a deposit receipts log which states the department to which the income is attributed, and stamped for deposit only. A copy of the cash and check receipts log will be filed on a regular basis.

Next, the President, and/or staff designee prepares a deposit slip and deposits the funds into the checking account. The validated deposit slip should be attached to the cash and check receipts log and filed.

A deposit not forwarded or mailed to the bank should be locked in the FAUQUIER CHAMBER secure locked area in the Chamber Office. No deposit should be locked in the file cabinet for more than 5 business days.

No depository account(s) maintained with a single financial institution should contain more than \$250,000, or an amount over which the FDIC and/or the NCUA will not insure; without prior approval of the Board of Directors.

### **Online**

The Chamber allows for members and non-member attendees of events to pay for events, membership, sponsorships etc. online. These payments are received through the Chamber's database secure online portal. Monthly, the Bookkeeper will run a report through the database to show the online payments have transferred to the bank. Utilizing this report the Bookkeeper records these deposits and corresponding fees into the accounting system. All online payments will be recorded to the department to which the income is attributed. On a monthly basis the Bookkeeper will reconcile the online payment deposits.

### **On Site**

The Chamber allows for attendees at certain events to pay for their entry fee at the event. The fees are collected at the event by authorized staff or volunteers on a secure credit card device. At first availability after the event authorized personnel will run a submission from that device to the bank. The authorized personnel will provide the President with the submission report and all credit card receipts associated with the submission report. Utilizing this report and receipts, the President will create a deposit matching the date of the transfer. All on site payments will be recorded to the department to which the income is attributed. On a monthly basis the Bookkeeper will record these deposits into the accounting system and reconcile the on-site payment deposits.

### **ACH**

Once an ACH payment is received, the Bookkeeper will create a deposit matching the date of the transfer. All online payments will be recorded to the department to which the income is attributed. On a monthly basis the Bookkeeper will reconcile the online payment deposits.

### **Inter-Fund Transfers:**

The FAUQUIER CHAMBER OF COMMERCE operating checking account should not exceed \$50,000 at the end of any month. All funds received should be deposited into the savings/investment account if such exists. It will be necessary to transfer funds from the savings account into the checking account. In order to transfer funds from the savings into the checking account, the following procedures should be followed:

The President should monitor the balance in the checking account, and determine if there are adequate funds to pay the daily expenses. If necessary, the President will transfer the necessary amounts from the Chamber's savings, money market and/or investment account to the checking account.

### **Payment Disbursements Procedures**

1. Incoming invoices will be reviewed and approved by the administrative staff and delivered to the President for his/her approval. The invoices are then sent to the Bookkeeper to prepare and process a check. Sometimes, administrative staff will pay the invoice with the credit card or an ACH payment.

2. The administrative staff responsible for ordering the product or service will check the validity of the invoice against proposals/bids, etc. and works accomplished/delivered.
3. Any checks made to pay invoices in excess of \$5,000 must be signed by the President and authorized for payment in writing by one of the Board of Directors authorized for signature.
4. All checks will be mailed as soon as this process is completed.
5. Supporting documentation should be reviewed and filed by the Bookkeeper and placed in appropriate vendor/monthly files.
6. The Bookkeeper will utilize the paid invoices to reconcile to any discrepancies.
7. Reimbursements to staff or third party for any Chamber expenses shall have back up. If the reimbursement is to the President then a secondary signature is required on the check.

## **Reconciliations**

### Cash Flow:

FAUQUIER CHAMBER OF COMMERCE is to maintain a minimum of ten percent (10%) of the operating budget between its operating and investment accounts at all times. In the event that balances fall below that amount the President, Board Chair and Treasurer should be notified immediately.

### Bank Reconciliations:

1. Bank statements are to be received electronically by the Bookkeeper on a monthly basis. The Bookkeeper (an individual without check signing rights) will reconcile the bank accounts using the approved reconciliation form on a monthly basis.
2. The person charged with this responsibility should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the Board Treasurer or President should be notified by a written memo from the Bookkeeper.
3. When reconciling the bank accounts, the following items should be included in the procedures:
  - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
  - b. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
  - c. An investigation of items rejected by the bank, i.e., returned checks or deposits.
  - d. A comparison of wire transfers dates received with dates sent.
  - e. A comparison of canceled checks with the disbursement journal as to check number, payee and amount.
  - f. An accounting for the sequence of checks both from month to month and within a month.
  - g. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.
  - h. A review and proper mutilation of any voided checks .
  - i. Investigate and write off checks which have been outstanding for more than six months.
4. Completed reconciliations reports should be reviewed by the President.
5. The Bookkeeper, upon receipt of the completed bank reconciliations, prepares any general ledger adjustments.



6. Copies of the completed reconciliations reports will be forwarded to the Treasurer for his/her review.

Reconciliations of Other General Ledger Accounts:

1. Each month the Treasurer, Finance Committee and President should review the ending balance shown on balance sheet accounts. The Finance Committee and President should review the bank reconciliations, schedules of accounts receivable and deferred revenue to support the balances shown on the balance sheet.
2. Assets - These accounts will include cash, petty cash, "prepaid," property, equipment and fixtures, security deposits, and intangible assets.
  - a. Cash - The balances in cash accounts should agree with the balances shown on the bank reconciliations for each month.
  - b. Petty Cash – If applicable, The balance in this account should always equal the maximum amount of all petty cash funds. The current amount equals \$0.00.
  - c. Prepaids - The amounts in these accounts should equal advance payments paid to vendors at the end of the accounting period.
  - d. Property, Equipment & Fixtures - The amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
  - e. Security Deposits - The balance in this account should equal amounts paid in escrow to landlords and lessors and should not change frequently, but should be updated as applicable.
3. Liabilities - These accounts are described as accounts payable, payroll tax liabilities, loans and mortgages payable, and amounts due to others.
  - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period and the aging report.
  - b. Payroll Tax Liabilities - The amounts in these accounts should equal amounts withheld from employee paychecks as well as the employer's portion of the expense for the period that has not been remitted to the government authorities.
  - c. Due to Others - If there are any amounts owed to others at the end of the period they should be recorded and the correct balance maintained in the general ledger accounts.
4. Income/Expenses - These accounts are described as income from registration, contributions, publications, and other expense line items such as salaries, consulting fees, etc., if any.
  - a. Income - The amounts charged to the various cash accounts should be reconciled with funding requests, funders reports, draw down schedules, etc.
  - b. Gross Salary Accounts - The balances in the gross salary accounts should be

added together and reconciled with the amounts reported on quarterly payroll returns.

- c. Consulting - The amounts charged should be reconciled to the contracts.

### **Petty Cash Fund**

1. The petty cash fund should never exceed \$150.00.
2. The President may be the custodian of the petty cash fund.
3. A single disbursement from petty cash shall never exceed \$50.00 unless dually signed by President.
4. The petty cash fund shall be operated on an impress basis. This means that when it is time to replenish the petty cash fund, the Bookkeeper or the President shall total out the expenses made and identify those expenses by general ledger account number. When the check request is submitted for payment it should indicate the total amount needed to bring the fund back up to \$150.00. Also, the check request should breakdown the various expense accounts being charged and the amount charged to each.
5. When a request for petty cash reimbursement is made to the President, the item will be listed on the Petty Cash Fund Reconciliation Sheet. A description of the item charged should be recorded together with the amount. A vendor receipt must be received by the Bookkeeper for the amount of the request in order for the request to be approved.
6. The recipient of the petty cash funds must sign the sheet to indicate receipt of the funds. The paid receipt should be attached to the sheet. All paid information should remain in the locked petty cash box until it is time to replenish the fund. At that time, the Petty Cash Fund Reconciliation Sheet and associated receipts are attached to the check request voucher.
7. The petty cash box is to be locked at all times when the President is not disbursing or replenishing the fund. The locked petty cash box is to be kept in the office safe or designated secure area.
8. At least once annually, the Board Treasurer or Chair of the Board should conduct a surprise review of the fund. When this is done, he/she should count, while the Bookkeeper is in attendance, the total monies on hand and the total amount of receipts in the petty cash box. The two amounts should equal exactly \$150.00. Any discrepancies should be discussed and resolved immediately.
9. It is a policy of FAUQUIER CHAMBER OF COMMERCE not to cash checks of any kind through the petty cash fund.

## **Purchases**

### Non-Invoice Purchase:

1. If the check is made out to either the President or other signatory, that individual cannot approve the check request voucher.
2. In the absence of backup materials, receipts for the purchase must be provided to the Bookkeeper for attachment to the check stub within two weeks from the check date.

### Capital Expenditures:

For all major unbudgeted expenditures such as computers, furniture, audit services, printing services, etc. Three bids/price listings ideally are obtained before a purchasing decision is made. If the annual amount will exceed \$5,000, an approval by the Finance Committee is required. All bids, including phone quotes, must be recorded and kept on file.

### Consultants:

Contracts with consultants will include rate and schedule of pay, deliverables, time frame, and other information such as work plan, etc. Justification for payment should be submitted to file. For example, if FAUQUIER CHAMBER OF COMMERCE hired a writer to create a publication, a copy of the final version should be included in the file.

### Contracts:

Contracts for purchasing unbudgeted products or services, similar to a purchase order, should be created and maintained for the file whenever appropriate. All contracts to exceed \$5,000 over the course of the year should be approved by the Board of Directors. Contract terms should not exceed 12 months in duration without prior approval of the Board of Directors.

Contracts for services approved as part of the Fauquier Chamber of Commerce's annual budget approval (i.e. catering contracts for approved events in which the contracted amount is  $\leq$  the budgeted amount) are deemed approved by the Board of Directors and would not warrant further approval.

## **Payroll**

### Personnel:

1. The President is charged with the responsibility of maintaining personnel files on employees.
2. Each personnel file should contain the following information, at a minimum.
  - a. Employment application or resume

- b. A record of background investigation if applicable
  - c. date of employment
  - d. position, pay rates and changes therein
  - e. authorization of payroll deductions
  - f. earnings records for non-active employees
  - g. W-4 and VA4 Form, withholding authorization
  - h. I-9 Immigration Form, if applicable
  - i. Annual performance review
  - j. termination data, when applicable
3. All personnel records are to be kept locked in a locking file cabinet in the President's office. Access to these files other than by the Board Chair or the auditor should be requested in writing to the President.
  4. The Board Chair will maintain a personnel file of the President

*Payroll Preparation and Timekeeping:*

1. Timesheets are to be prepared by all employees and submitted weekly.
2. Timesheets are to be signed by the employee and his/her supervisor.
3. The information reported should include:
  - a. hours worked on the timesheet
  - b. vacation, sick or personal hours used and earned, if any
4. For every pay period, the President initiates the payroll run with the payroll provider at a minimum of 48 business hours in advance of the next pay date.
5. As an employee benefit, the payroll provider offers direct deposit through the employee's own financial institution. Through direct deposit, payroll is deposited as cash into the employee's account on payday.
6. Pay stubs are made available per pay period
7. Every pay period the President provides, to the Bookkeeper, the payroll reports for recording purposes.

## **Financial Reporting**

### Monthly Reports:

The Bookkeeper should prepare a set of monthly financial reports for distribution as directed by the Finance Committee. The reports should include: a balance sheet and a statement of income and expenses; a budget-to-actual report for all accounts included in the annual operating budget; a list of deferred and receivable funds.

The monthly statements should be reviewed by the President prior to distribution. After the President's review, the statements will be delivered to the Board of Directors every month. The monthly statements will be presented to the Board of Directors for acceptance.

### Year-End Report/990 Tax Return:

At fiscal year-end, a year-end financial report should be prepared summarizing the total income and expense activity for the year. A balance sheet should be prepared as of December 31st and should be attached to the income and expense report. The President and Bookkeeper will provide the year end financials to the CPA for 990 preparation. The 990 is to be presented to the Board for review and approval prior to filing.

### Trades Reporting

All trades require that a trade form be filled out and filed describing the details of the trade. All trades will be recorded in accounting software with the corresponding revenue for the trade and an equal amount of the corresponding trade being recorded on the expense side of the profit and loss statement.

## **Fiscal Policy Statements**

1. All cash accounts owned by FAUQUIER CHAMBER OF COMMERCE will be held in financial institutions which are federally insured and have received a favorable CRA (Community Reinvestment Act) rating.
2. Personal checks will not be cashed through the petty cash fund of FAUQUIER CHAMBER OF COMMERCE.
3. No salary advances will be made under any circumstances.
4. Any item whose value exceeds \$50.00, received via donation, will be recorded in the books and records of FAUQUIER CHAMBER OF COMMERCE.
5. It is the policy of FAUQUIER CHAMBER OF COMMERCE to reimburse out of pocket expenses only when supporting documentation has been presented for approved costs incurred.

6. It is the policy of FAUQUIER CHAMBER OF COMMERCE to establish pay rates which equal or surpass the federal minimum wage.
7. It is the goal of FAUQUIER CHAMBER OF COMMERCE to maintain a minimum of ten percent (10%) of the operating budget between its operating and savings bank accounts at all times. In the event that balances fall below that amount the Board Chair and Bookkeeper should be notified immediately.
8. All funds received by FAUQUIER CHAMBER OF COMMERCE for each project will be segregated into separate project accounts in the general ledger to avoid any possibility of commingling project monies with general operating funds. A full computerized ledger accounting system will be maintained. Monthly financial statements including Balance Sheet and Statement of Revenues and Expenses will be produced for each project as a separate Department.
9. The Board Chair, Board Treasurer and President are signatories of all FAUQUIER CHAMBER OF COMMERCE bank accounts.
10. Bank statements will be reconciled monthly in order to account for any outstanding or lost checks.
11. Expense reports will be maintained which will disclose the nature of expenses, and the dates incurred.
12. Separate files will be maintained for each bank account and each vendor. Files will be kept separately for each fiscal year.

### **Annual Meeting Checklist**

During each annual meeting in November, the following procedures will be performed.

1. The board of directors shall approve any new and necessary bank accounts per fiscal policy.
2. As required, new signers shall complete the appropriate signature card and corporate resolutions.
3. Name, address and telephone directory of new board of directors' officers will be obtained for the President.
4. A review of the current operating procedures should be made with the chairperson and treasurer and reaffirmed or revised.

## **Computer System Backup Procedures**

### **Accounting Software**

The Chamber is to use an accounting software that provides online access; and will include system backups in our monthly service.