



**NEW ERA EDUCATIONAL AND CHARITABLE SUPPORT FOUNDATION**

## **FINANCIAL POLICIES & PROCEDURES HANDBOOK**

### **BASIC POLICY STATEMENT**

New Era Educational and Charitable Support Foundation (NEEDCSI) is committed to responsible financial management. The entire organization including the board of Trustees, administrators, and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of NEEDCSI.

The policy and procedural guidelines contained in this handbook are designed to:

1. Protect the assets of NEEDCSI
2. Ensure the maintenance of accurate records of NEEDCSI's financial activities;
3. Provide a framework of operating standards and behavioral expectations; and,
4. Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director of BNI has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Trustees. Exceptions to written policies may only be made with the prior approval of the Finance Committee. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted every three years.

Every Director and every Administrator with financial related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.

**ADOPTED BY NEW ERA EDUCATIONAL AND CHARITABLE SUPPORT FOUNDATION  
BOARD OF TRUSTESS, JULY 9, 2020**

## **LINE OF AUTHORITY**

*A System that Clearly Outlines Who Has the Authority and Responsibility for the Financial Assets of the Organization and Provides Guidelines for Handling and Controlling Their Accumulation and Consumption*

### **Board of Trustees**

*have the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state, and local law.*

### **Executive Committee**

*have and may exercise, when the Board is not in session, all of the powers of the Board of Trustees in the management of the organization except the authority to amend the bylaws; adopt a plan of merger or consolidation; sell, lease, exchange, mortgage, pledge or make any other disposition of all or substantially all of the property and assets of the organization.*

### **Treasurer and The Finance Committee**

*has whatever authority as may be designated by the Board of Trustees -- usually has the authority to choose the auditor; perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; determine the allocation of investment deposits*

### **Chief Executive Officer or Executive Director**

*has whatever authority as may be designated by the Board of Trustees -- usually has the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; enter into contractual agreements within board designated parameters*

**Chief Financial Officer**

*has whatever authority as may be designated by the Executive Director -- usually has the authority to design the organization's accounting system; make spending decisions within the parameters of the approved budget; make decisions regarding the disposition of investments within the parameters of the investment policy; make fixed asset purchase decisions over a certain dollar amount; make decisions regarding the allocation of expenses*

**Department and Program**

**Managers**

*has whatever authority as may be designated by the Executive Director -- usually has the authority to make spending decisions within the parameters of the approved department or program budget subject to the approval of the Chief Financial Officer*

## **INDEMNITY POLICY**

### *An Organizational Mandate to Act In A Timely and Responsible Manner on Financial Information*

To the full extent that it shall have from time to time under applicable law and in the manner from time to time prescribed or permitted by applicable law, NEEDCSI may indemnify any past, present or future Director, Officer, Employee or Agent of against all costs, expenses and liabilities, including attorneys' fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with BNI.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by NEEDCSI acting on the advice of counsel.

NEEDCSI shall purchase and maintain insurance on behalf of any person who is or was serving at the request of NEEDCSI, as a Director, Officer, Employee, Agent, Staff Volunteer or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.

# INVESTMENT POLICY

## *An Organizational Climate Of Resource Development, Accumulation, and Protection*

The investment objectives of NEEDCSI , in order of importance, shall be the **safety** of principal, **liquidity**, and a competitive **rate of return**.

### **General Investment Guidelines**

NEEDCSI's Finance Committee shall have **primary responsibility** for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

### **Key Issues To Consider When Developing Investment Policies**

#### **Delegation of Responsibility**

- Should define who is responsible and what they are responsible for
- Should include internal groups/individuals, i.e., Board of Trustees, Treasurer, Finance Committee, and may include staff
- Should also include external groups such as investment managers, bank custodians and investment consultants.

#### **Determining Mix and Quality of Investments**

- Need to determine organization's ability to assume risk (Risk Tolerance)
- Need to determine the organization's attitude and expectations about investing (Risk Preference)
- (The Risk Tolerance and Risk Preference should be compatible with each other to ensure long-term continuity in the investment program.)
- Need to establish an investment time horizon - the amount of time you are willing to set aside for an investment to meet your objectives.
- Any investment restrictions should be explicitly stated in the Policy Statement. Investment restrictions often deal with issues related to prohibited securities, quality, diversification requirements, or social issues.

The amount of risk the organization is willing to assume will determine what types of investments are available to the organization. In order to reduce the overall risk, an organization may consider a mix of investments, which may include fixed-income investments (low risk/lower returns) with some equity investments (investments with higher returns accompanied by higher risks).

## **FINANCIAL CONTROLS AND OPERATING PROCEDURES**

### *Participants Who Are Available, Informed, Willing, and Capable of Producing, Analyzing, Controlling, Reporting, and Interpreting Organization Finances*

#### **OPERATING PROCEDURES**

The **Finance Director** will also function as Accountant with primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated. Monthly reports shall be made to the Executive Director covering, at a minimum, receipts, disbursements, receivables, and payables.

The **Executive Director** will be required to include budget comparisons in periodic financial reports to the Treasurer and the Board. Standard Journal Entries should be reviewed by the Executive Director for reasonableness and approved for posting to the general ledger. (Non-standard journal entries are to be reviewed by the auditor). Journal entries are pre-numbered and are accounted for monthly.

The **Budget & Finance Committee** will be required to provide semi-annual budget reviews and annual reviews of the adequacy of insurance coverage.

The **Board of Trustees** will be required to secure an independent audit annually.

#### **SEPARATION OF DUTIES**

- The check signer(s) must not be the person who writes checks or who does the bookkeeping.
- Bank statements are reconciled by someone other than the check signer or writer.
- Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts.

## **FINANCIAL REPORTING**

### *A Process for Assessing the Financial Implications of Program and Operating Plans and Activities*

- Annual budgets are prepared by the Executive Director and approved by the Board.
- Budgets are reviewed mid-year (June) and are adjusted as necessary to reflect changing conditions.
- A Chart of Accounts is available and used to code receipts and disbursements to the proper accounts.
- Non-standard journal entries are discussed with the CPA to ensure proper accounting treatment.

### *Timely and Accurate Financial Information that is Understood and Used*

- Monthly Financial Reports are provided to the Treasurer and the Budget & Finance Committee within 30 days of the close of the period.
- Detailed Financial Reports are provided to the Board of Trustees at each Board meeting.
- Reference explanations for any and all budget variances of 10% or more are contained for the above referenced reports.
- Annual audits will be conducted by an independent CPA at the close of each fiscal year. Copies of these reports will be made available to the public.
- The Fiscal Period for the organization shall be January 1 to December 31.

# Operations That Incorporate Controls, Checks and Balances, and Protection of Assets

## **SAFEGUARDING ASSETS**

- The Executive Director shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board are carried out.
- The Budget and Finance Committee shall provide fiscal oversight in the safeguarding of the Assets of the Organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a quarterly basis.
- All excess cash will be kept in an interest bearing account.
- Bank statements are promptly reconciled on a monthly basis.
- Documents on all securities and fixed assets will be kept in a locked fire-proof file. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation, and date of valuation.
- Appropriate insurance for all assets will be maintained.

## **PAYROLL CONTROLS**

- Personnel files are to be maintained at organizations' site for all employees. Changes in payroll data (i.e., pay changes) are approved by the Executive Committee before files are updated.
- An outside payroll processing firm will be used to process the payroll. The Finance Director notifies the payroll service of any changes to the payroll master file. The payroll service generates the payroll register, payroll checks and tax deposit checks, and sends them to the organization. The Finance Director reviews the payroll register for proper processing of amounts.
- The payroll and tax deposit checks are sent directly to the Executive Director, who is responsible for comparing the checks to the payroll register before manually signing the checks. When indicated, the checks are then presented to an authorized Board member for the required second signature.



# A Functioning Accounting System Appropriate for the Organization s Needs

## COMPUTER CONTROLS

- The Finance Director is responsible for inputting the financial data into the computer for generating financial reports. Only the Finance Director will have access to the password required to log onto the system.
- Batch totals are calculated prior to input and compared to batch totals calculated by the system. Any errors made during the inputting of information will be corrected.
- Detailed printouts of cash receipts and cash disbursements are to be obtained. The Finance Director is responsible for comparing the detailed printouts to source documents for accuracy.
- All subsidiary account balances are reconciled to the control accounts monthly.
- A trial balance on the general ledger totals should be obtained and compared to detailed reports for accuracy of balances.

## POLICIES ON DISBURSEMENTS

- The Executive Director has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority up to and including N500, 000 with the exception of the Executive Director's personal expense reimbursement items which must be approved by a Board member having check signing authority. The deliberate splitting of vouchers or invoices which have the sole purpose or effect of meeting the parameters of this authority is expressly prohibited.
- Expenditure requests will be initiated in writing and approved within specified authority by the Executive Director.
- Pre-numbered check requests should be used and sequences accounted for monthly.
- The Executive Director approves check requests after comparing to supporting documentation. The bookkeeper prints the pre-numbered checks only with approved requests. The unsigned check, support and request are presented to authorized check signers for their signatures (information on checks is compared to support for accuracy).

- Two signatures are required on all organizational checks over N500, 000. The Executive Director's personal expense checks require two signatures regardless of amount.
- All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation.
- All checks are pre-numbered and accounted for monthly.
- The checks print in three (3) parts:
  - \* The original is sent out for payment
  - \* One copy is filed numerically with support
  - \* One copy is filed by vendor and all checks are accounted for monthly.
- All voided checks must be defaced and retained either on the check stub or with canceled checks.
- **No checks may be written to "cash" or "bearer".**
- Blank checks are stored in a locked drawer.
- The Administrative Assistant is responsible for invoices and check requests being marked "PAID" once they have been.
- An "imprest" petty cash account is used. The amount of the petty cash account is N100,000.
- Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.
- The Executive Director and one of three Board members are the two signatures which are required on all checks over approved limits. If the Executive Director is absent, two Board members' signatures are required.
- **Blank checks may never be signed in advance.**

## **POLICIES ON RECEIPTS**

- Two copies of all receipts are made; one for deposit file documentation and one for source file documentation (i.e., loan files or grantor files)
- **All checks are stamped with "Deposit only" stamp immediately upon receipt.**
- All cash receipts are recorded on pre-numbered duplicate receipts.
- The Finance Director will be responsible for preparing the documentation on receipts for deposits and the Administrative Assistant will be responsible for making daily deposits.
- Copies of all receipts are given to the Finance Director, who prepares the detailed cash listing to be posted to the general ledger (amount, date received, account number, etc..)
- This listing is compared to the Administrative Assistant's cash journal to ensure all postings equal amounts deposited.
- A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies and cash listing.

## **ACCOUNTING PROCEDURES MANUAL:**

*Generally Accepted Systems That Accurately Record All Financial Transactions Occurring In An Organization In A Manner That Provides Management With The Information It Needs To Make Informed And Timely Decisions*

### **CASH RECEIPTS**

- All checks and cash receipts received through the mail are restrictively endorsed immediately by the secretary and recorded in the cash receipts register, listing the date received, payor, check #, and amount received.
- The secretary will make two copies of each cash receipt, and deliver all cash received and copies to the bookkeeper.
- The bookkeeper shall prepare the bank deposit daily, attaching a copy of the deposit slip and deposit receipt to the cash receipts copies, and forward the entire package to the accountant.
- The accountant shall code all cash receipts according to the chart of accounts, and compare the cash deposit receipt with the secretary's listing of cash receipts for that day, to ensure that all cash receipts are deposited in the bank account. The accountant then prepares a deposit summary sheet, attaching 1 copy of each cash receipt, the deposit slip copy, and the bank deposit confirmation slip. The second copy of the cash receipt is filed by type of revenue/support.
- The bookkeeper prepares the cash receipts journal on a timely basis, using the cash receipts summary sheet.
- The accountant posts the cash receipts journal to the general ledger on a timely basis.

## **CASH DISBURSEMENTS**

- All invoices received are stamped with the date received by the secretary, and are directed to the accountant.
- The accountant obtains approval of all invoices and expenditures by authorized personnel.
- The bookkeeper prepares pre-numbered check requests for the approved expenditures.
- The accountant prepares all checks for the approved expenditures, using pre-numbered checks.
- The checks, with support documentation (approved invoices, check requests), are forwarded to the Executive Director. The Executive Director reviews all checks and supporting documentation prior to signing checks. Any check for amounts over \$2,000 need a second signature. The bookkeeper will be responsible for obtaining the second signature from an authorized board member.
- After the checks are signed, the bookkeeper stamps the check request and all supporting documentation "PAID", noting check number and date. The bookkeeper will then make two copies of each check and check request. The check copies and supporting documentation is then submitted to the accountant. The bookkeeper is responsible for mailing all checks.
- The accountant will file one copy of the check, with supporting documentation attached, in numerical order. The second copy of the check and check request is filed by vendor, in alphabetical order.
- The bookkeeper prepares the cash disbursements journal on a timely basis, using the check file.
- The accountant posts the cash disbursements journal to the general ledger on a timely basis, using the cash disbursements journal.

## **PAYROLL**

- All personnel salaries/wage rates are authorized by the Executive Director and/or the Board of Directors. All changes in employment are likewise authorized by the Executive Director and/or the Board of Directors.
- The Executive Director maintains all personnel records.
- The secretary monitors the usage of vacation and sick time, and maintains the attendance records.
- Each supervisor reviews and approves all time and attendance records for their employees. The approved time records are submitted to the Executive Director for review.
- The accountant shall prepare the payroll, using the approved time records and salary/wage rates for each employee, using pre-numbered checks. All payroll checks are recorded in the payroll register by the accountant.
- The payroll checks and payroll register are submitted to the Executive Director. The Executive Director reviews the payroll register and compares the payroll checks to the register, prior to signing the checks. Once the payroll checks are signed, the accountant distributes the payroll to all employees.
- All payroll tax checks are prepared at the time payroll is prepared. The payroll taxes are paid when due.

## **BANK RECONCILIATIONS**

- The accountant shall maintain a record of all bank transactions, listing all checks disbursed and all receipts deposited on a daily basis. This “Bank Book” shall show the current bank balance for all bank accounts.
- On a monthly basis, the Treasurer will reconcile the bank statements to the Bank Book, and notify the Executive Director of any discrepancies.
- The Executive Director will resolve all discrepancies with the assistance of the accountant, and the bank, if necessary. The Executive Director will report the resolution of the discrepancies to the Treasurer.
- The accountant will adjust the Bank Book as needed.
- The accountant will reconcile the Bank Book to the general ledger cash accounts on a monthly basis.

## **BILLINGS AND RECEIVABLES**

- All rates for services and prices for goods are established and approved by the board of directors.
- All billings for services or goods are approved in advance by authorized personnel.
- The bookkeeper prepares all billings and invoices on a timely basis. Prior to mailing the billing/invoices, the bookkeeper makes two copies of the billing/invoice. One copy is submitted to the accountant, and the other copy is placed in the open invoice file/receivables records.
- The bookkeeper records the billing/invoice in the accounts receivable ledger on a timely basis.
- The accountant posts the accounts receivable ledger to the general ledger on a timely basis, utilizing the billing/invoice copies.
- The accountant reconciles the accounts receivable ledger to the general ledger on a monthly basis.
- The accountant prepares a status report on all outstanding receivables, on a monthly basis, and submits the report to the Executive Director.
- The bookkeeper initiates collection procedures on all invoices older than 30 days.
- All receivables records are maintained in a locked file cabinet.

## **ACCOUNTS PAYABLE**

- All approved invoices are submitted to the accountant promptly upon approval.
- The accountant records all invoices in the accounts payable ledger immediately upon receipt, and places the invoices in the unpaid open invoice file.
- All invoices from unfamiliar or unusual vendors must be reviewed by the Executive Director for approval.
- All payments are immediately recorded in the accounts payable ledger by the bookkeeper.
- The accounts payable ledger is reconciled with the general ledger by the accountant on a monthly basis.

## **PETTY CASH FUND**

- The Petty Cash Fund is maintained on an imprest basis.
- The bookkeeper will act as the custodian of the petty cash fund.
- Petty cash disbursements are limited to \$20 in amount.
- Any advances to employees from the petty cash fund must be authorized by the Executive Director.
- Any employee receiving petty cash must sign a petty cash voucher. The petty cash voucher must list the amount received, the purpose for which the cash is needed, and the date of the purchase. In addition, receipts for goods/services purchased must be attached to the petty cash voucher.
- The bookkeeper must submit a check request for reimbursement of the petty cash fund to the accountant. All petty cash vouchers used must be attached to the check request as supporting documentation.
- All checks for reimbursement of the petty cash fund must be made payable to the custodian of the petty cash fund.
- Periodically, the accountant, the Executive Director, and/or the Treasurer will make surprise counts of the petty cash funds.
- The petty cash fund will be kept in a fire-resistant box, located in a locked file cabinet.



## BUSINESS RECORD RETENTION SCHEDULE

ACCOUNTING AND FISCAL		CORPORATE	
Accounts Payable Records	5	Annual Reports	P
Accounts Receivables Records	5	Bonds	P
Audit Reports	P	Budgets	3
Audit Reports (Internal)	3	Contracts (After Expiration)	7
Bank Statements & Reconciliations	3	Copyrights	P
Canceled Checks	7	Correspondence (General)	3
Check Registers	P	Correspondence (Legal)	P
Deposit Slip Duplicates	2	Insurance Policies (After Expiration)	5
Expense Analysis & Distribution Schedules	7	Inventories	7
Financial Statements	P	Leases (After Expiration)	6
Fixed Assets Records	P	Legal Briefs	P
General Ledgers	P	Licenses	P
Invoices	7	Merger Acquisition Records	P
Journals/Cash Books	7	Minutes	P
Payroll Records	5	Office Equipment Records	6
		Patents	P
		Profit & Loss Statements	P
<b>PERSONNEL</b>		Property Records	P
		Trademark Records	P
Contracts (After Termination)	5		
Earnings Records	6		
Employee Personnel Files	3	<b>TAXATION</b>	
Employment Applications	5		
Insurance Records	P	Annuity or Deferred Payment Plan	P
Retirement & Pension Plans	P	Depreciation Schedules	P
Time Cards	2	Employee Withholding Statements	7
Training Manuals	P	Tax Bills & Statements	P
Travel Records	1	Tax Returns & Work Papers	P