

**2009**  
**Financial Policies and Procedures Manual**  
**Sister Cities of Delray Beach**

**I. GENERAL**

1. The Board of Directors of the Sister Cities of Delray Beach formulates financial policies, delegates administration of the financial policies to the President and reviews operations and activities.
2. The President has management responsibility including financial management.
3. Financial duties and responsibilities, to the extent possible, must be separated so that no one has sole control over cash receipts, disbursements, reconciliation of bank accounts; etc.
4. Sister Cities will carry and maintain liability insurance for events as well as Directors and Officers liability insurance.
5. Professional financial service providers will be established annually. For 2009 these include Excel 2007 software program for accounting purposes, general liability and other insurance (i.e. Directors and Officers liability insurance) will be provided by Callaway and Weekes as broker, a checking account will be used at Sun Trust Bank, and Morrison and Swank will provide IRS reporting.
6. The Treasurer will provide all bookkeeping services utilizing Excel 2007.
7. The Treasurer will maintain a current and accurate log of the chart of accounts.
8. These financial policies and procedures will be reviewed and updated annually by the Executive Committee at the same time as they conduct their annual review of the adequacy of the monthly financial statements given to the Board of Directors.
9. The fiscal year of the Sister Cities shall run from October 1 to September 30.

**II. CASH/CHECK RECEIPTS**

1. The Executive Assistant to the Assistant City Manager opens mail addressed to the Sister Cities of Delray Beach with or without specific addressee. All receipt of cash or checks are recorded and copies made, then the checks are turned over to the Treasurer for coding and for deposit.
2. The Sister Cities receipt of cash occurs primarily at activities or events that utilize volunteers for registration and collection of payments. These volunteers are responsible to log, tally and initial the amounts received, they then provide the total, along with the funds to the Treasurer. If deemed necessary a complete inventory will be done of goods and compared to receipts.
3. Copies of the deposit receipts will be given to the Executive Assistant who matches the receipts with his/her record keeping.

### **III. CASH DISBURSEMENTS**

#### **A. CHECK PREPARATION**

1. All invoices are forwarded to the Treasurer who will review all invoices for mathematical accuracy and validity. The Treasurer will code the invoice with an appropriate expense account, will record into the appropriate spreadsheet, and then prepare out the check for signing.
2. All checks will carry copies of the invoice, check request form or other appropriate documentation. The President, when signing checks, will initial the invoice acknowledging his approval of said check.
3. The Treasurer will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts.
4. The Treasurer will prepare checks on a timely and as needed basis.

#### **B. CHECK AUTHORIZATION**

1. The Treasurer will be responsible for all blank checks.
2. All checks will be signed by the President (or his designee) and one of the following: Vice President, Secretary, or the Assistant City Manager.
3. Voided checks will have "VOID" written boldly in ink on the face and placed in the checks file.
4. In no event will:
  - a. invoices be paid unless approved by an authorized signer
  - b. blank checks (checks without a date or payee designated) be signed in advance
  - c. checks be made out to "cash", "bearer", or other non-specific name.
  - d. checks be prepared on verbal authorization, unless approved by the President. A check request form, invoice or other appropriate documentation must still be completed and signed.
5. In the event that it is necessary to issue a duplicate check for checks in an amount over \$300, a stop payment will be ordered at the bank on the original check.
6. For rejected payments, the President or other check signer will personally void the check and return it and the supporting documentation to the Treasurer. .
7. Non-routine, non-recurring online payments must be approved beforehand by the President.

#### **C. BANK RECONCILIATIONS**

1. Bank statements will be sent directly to the Executive Asst. who then forwards them to the Treasurer.
2. The Treasurer will reconcile all bank statements monthly.
3. The President shall verify the reconciliation of the bank accounts on a monthly basis and sign.
4. On all checks outstanding over 180 days, the Treasurer should take appropriate action.
5. Reconciled statements which include copies of all checks written and funds deposited will be available for review for all board members on the day of board meetings.

## **IV. PURCHASING**

### **A. PURCHASES**

1. The Committee Chairperson, Board member, or staff person ordering item(s) is responsible to know if the item(s) ordered are within the budget and guidelines.
2. All purchases are approved by the President when signing checks.
3. All checks must carry two signatures of either the President, Vice President, Secretary, or the Asst. City Manager.
4. All purchases including services over \$5,000 must be approved in advance by the President.
5. Purchases over \$5,000 must be reviewed to assess whether this purchase should undergo a competitive bid procedure.
6. All bid requests will contain clear specifications. The President may determine if and when it is appropriate to include board members in a bidding process.
5. The appropriate Board Member will make an attempt to obtain at least 3 bids wherever possible unless prior approval is given by the President.
6. Purchases of over \$5,000 will not be fragmented or reduced to components of less than \$5,000 to avoid the bid process.

## **VI. TRAVEL & EXPENSES**

1. Each Board Member not receiving a travel allowance will complete an expense check request if any traveling is done. All Board Members should submit check request that include all cash expenses receipts as well as receipts for personal credit card charges.
2. The expense check request will be submitted within 60 days for payment, with a total, signed by the Board Member authorized for payment by the President.
3. Reimbursement will be based upon current travel policies. Receipts must be attached to the expense check request for lodging, common carrier transportation, and receipts for meals.
4. Incomplete expense check requests will be returned.
5. Board Members will be reimbursed for travel and other related expenses pursuant to the adopted Guidelines for Sister Cities of Delray Beach, Inc. Board Reimbursement Policy. The Board of Directors must approve travel and workshop expenditures prior to their occurrence. The organization will reimburse no more than the standard mileage rate for the business use of a car as established by the IRS.

## **VII. PROPERTY**

### **A. EQUIPMENT**

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$500 or more and a useful life of more than one year.
2. All new equipment will be tagged with information on date purchased and identifying it as property of the Sister Cities of Delray Beach.

3. The Treasurer will maintain an inventory log; which shall list a description of the item, date of purchase or acquisition, price or fair value of the item and its location.
4. A depreciation schedule shall be prepared at least bi-annually for the financial statements.
5. The Treasurer will keep record of all equipment and will make entry into the accounting system before year's end on all equipment acquired or disposed of during that year.

## **IX. INSURANCE**

1. Reasonable, adequate coverage will be maintained to safeguard the assets of the corporation. Such coverage will include property and liability, Directors and Officers liability, and other insurance deemed necessary.
2. The President will carefully review insurance policies before renewal.
3. The President will maintain insurance policies in insurance files along with the Treasurer.

## **X. BOOKS (Accounting Software)**

1. The Sister Cities will utilize a computer software accounting system for accounting for all funds.
2. Adequate documentation will be maintained to support transactions.
3. At the end of each month, the Treasurer will prepare a Statement of Income & Expense for the preceding month that will be reviewed by the President and then presented for acceptance at the regular monthly Board of Directors meeting.
4. The Statement of Income & Expense report will include a summary by of totals per expense and revenue category, a comparison to the budget, unexpended balances and a percentage of budget expensed and collected.
5. The Treasurer will maintain the accounting records on the accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.
6. The Executive Committee will review, on an annual basis, the adequacy of the monthly financial statements given to the Board of Directors.
7. Financial records and all records necessary to document expenditures, income, and assets must be kept by the Treasurer in accordance with the Records Retention/Document Destruction Policy. If there is any litigation initiated prior to the five year limitation, records must be kept until the resolution of all issues arising from these actions.

## **XI. GRANTS AND CONTRACTS**

1. The President will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. The Treasurer will maintain originals of all grants and contracts in a file. Additionally, backups of all important documents will be scanned as deemed appropriate.
2. The Treasurer will prepare financial reports to funding sources as required.
3. The President will review and approve all reports to funding sources.
4. It will be the responsibility of the President to insure that all financial reports are submitted on a timely basis.

## **XII. BUDGETS**

1. The President and the Treasurer will prepare the preliminary annual financial budget.
2. The President will present the budget to the Executive Committee for review, then, in September of each year will present the draft budget to the full Board of Directors. The Budget for the upcoming year will be voted on by the full Board at their September Board meeting.
3. The Board of Directors must approve proposed changes in the budget, should they exceed \$1,000.

## **XIII. LOANS**

1. The Board of Directors will approve all loans the Sister Cities may require. To the extent possible the Sister Cities will borrow money from their own reserves – they will determine a payback schedule to include length of term, monthly payments will determine a fair “interest” payment that will more than adequately reflect the loss in investment income on the “borrowed” money.

## **XIV. OTHER**

### **A. FINANCIAL PROCEDURES**

1. Financial procedures will be reviewed at least annually by the Executive Committee as established in the by-laws.
2. The Board of Directors must approve any changes to the financial procedure manual prior to implementation.
3. All data and systems will be updated as necessary.

### **B. FORM 990 & 990T**

1. The President will authorize preparation of Form 990 EZ.
2. Copies of both Forms will be on file in the Treasurer’s.

### **C. AUDITS**

1. The Board of Directors shall contract with an independent auditing firm for a full audit of the books if deemed necessary.

*Approved by Sister Cities of Delray Beach Board of Directors on November 5, 2009*