



I'll need him to be there for me

FINANCIAL POLICIES AND PROCEDURES MANUAL

Financial Policies & Procedures Manual

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COMMUNITY FATHERHOOD BASIC POLICY STATEMENT

Community Fatherhood is committed to responsible financial management. The entire organization including the Board of Directors, Executive Director, management, 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 Community Fatherhood.

Community Fatherhood's services will obtain and manage its revenues to carry out the organization's mission in a fiscally responsible manner. All revenue and expenses are recorded on an accrual basis following generally accepted accounting principles. All financial activities of the agency will reflect the trust placed in Community Fatherhood by its donors, contractors and the public. Because the organization annually receives public dollars from state, federal and local grants, and from the general public, great care will be placed in the prudent use of all dollars for the purposes and activities for which they are intended. The Executive Director will handle all financials until the organization hires an office manager.

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

- 1) Protect the assets of Community Fatherhood;
- 2) Ensure the maintenance of accurate records of Community Fatherhood'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 Community Fatherhood has the responsibility for administering these policies and ensuring compliance with policies and procedures that have been approved by the Board of Directors. 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 annually.

The Executive Director will be fiscally responsible in managing the ongoing operations of Community Fatherhood. It is the explicit responsibility of the Executive Director to ensure there is sufficient cash flow to meet routine operating needs.

The Executive Director, Program Manager, Office Manager and Community Fatherhood supervisors with financial related responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

AGENCY AUTHORITY

The Board of Directors Formulates Financial policies, delegating administration of those policies to the Executive Director. The Board reviews Financial operations and activities.

The Executive Director has responsibility for all operations and activities, including financial management.

The Office Manager is responsible to the Executive Director for all day to day financial operations.

The Program Director is responsible to the Executive Director for all programming operations.

Annual documented board review of the Financial Policies and Procedures is required by various funding sources.

INDEMNITY POLICY

Community Fatherhood will purchase and maintain insurance on behalf of any person who is or was serving at the request of Community Fatherhood, 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

OBJECTIVE

The Executive Director and the Board (Finance Committee) shall invest Community Fatherhood's Funds in such a way as to maximize return while protecting principal, and will follow the guidelines listed below.

POLICIES

1. Investment activity should be reviewed by the Finance Committee on a regular basis.
2. Investment of Community Fatherhood Funds in any one institution should not exceed the FDIC insurance coverage limit, currently \$250,000.
3. Accounts such as interest-bearing checking accounts, money market accounts, certificates of deposit, investment-grade commercial paper, and government securities are to be the primary investments. Investing in any other type of investment vehicle requires prior approval by the Board of Directors.
4. If cash reserves exceed cash flow needs, the Executive Director has the authority to invest a reasonable portion in short-term (1-12 month) certificates of deposit with local banks. All funds must be deposited in Federally insured investment programs. Investments made on behalf of Community Fatherhood will be reported to the Board at the meeting directly following the transaction.
5. The Executive Director will review with the Finance Committee excess funds beyond the annual need at the end of the fiscal year. The Finance Committee will make recommendations to the Board on permanent or long-term investments, which the Board will decide by majority vote. The recommendations and the vote will be recorded in the minutes of the Board meeting.
6. A current list of financial institutions approved as depositories for investment will be kept on file and updated regularly by the financial committee. This list includes commercial banks, savings and loans, and brokerage houses insured by the Securities Protection Investment Corporation.
7. Within guidelines, maximum interest rates shall be sought, with the maturity of the investments governed by expected cash needs.
8. All securities are to be written in the name of Community Fatherhood.

9. The Executive Director will review quarterly statements on any investments, and provide these to the Finance Committee, who will make a full report to the Board on an annual basis.

10. The investment policy shall be reviewed annually by the Finance committee for necessary revisions or modifications.

FINANCIAL CONTROLS AND OPERATING PROCEDURES

OPERATING PROCEDURES

1. The Executive Director has the primary responsibility for designing and maintaining the accounting system in conjunction with the Office Manager and accountant. The Office Manager will provide monthly reports to the Executive Director covering receipts, disbursements, payroll, and the General Ledger.
2. The Executive Director will be required to include budget comparisons in periodic financial reports to the Treasurer and the Board. The accountant and auditor will review non-standard journal entries.
3. The Finance Committee will be required to provide semi-annual budget reviews and annual reviews of the adequacy of insurance coverage.
4. The Board of Directors will be required to secure an independent audit annually.
5. The Auditor will present the audit report to the Board of Directors for its approval no later than April 30. In the event that this is not feasible, the auditor will present the report to the Finance Committee, who will in turn present it to the Full Board.

SEPARATION OF DUTIES

1. All Agency bank accounts will be reconciled on a monthly basis, generally by the 10th day of the following month.
2. Bank statements are reviewed by the Board Treasurer and then reconciled by the Office Manager. If concern arises someone (the accountant) other than the check signers (Board Officers, Executive Director) or expenditure approver (Executive Director, or Program Manager, acting in the absence of the Executive Director) will review the reconciliation and report back to the Executive Director.
3. Deposit documentation (Designate and one other staff) is hand recorded on a Funds Received Log (kept at the shelter) and stamped "For Deposit Only", it is then approved (by the Executive Director) and entered into Quick Books (by the Office

Manager) which prints an electronic deposit ticket and then taken to the bank for deposit (by the Executive Director or Designate). A copy is made of the deposit slip and sent to the Shelter Coordinator for comparison with the "Funds Received Log" to be completed on a monthly basis, generally by the 10th day of the following month and forwarded to the Office Manager.

FINANCIAL REPORTING

1. **Budget:** The Executive Director will prepare the first draft of the annual agency budget prior to the June Finance Committee meeting. The Executive Director will review the draft budget with the Finance Committee, and make revisions and/or develop options as the Finance Committee recommends. The Finance Committee and the Executive Director will submit the final proposed budget and/or budget options to the Board of Directors for their approval no later than the September Annual Meeting prior to the beginning of the new fiscal year.
2. A Chart of Accounts is maintained by the Office Manager and Accountant and is available and used to code receipts and disbursements to the proper accounts.
3. The accountant will prepare the monthly financial reports after the bank reconciliations have been completed by the Office Manager adjusting the journal entries for the current period. These include the balance sheet, the income statement, the bank reconciliation, and a listing of all checks written for that month.
4. The monthly financial report is an accrual-based balance sheet and income statement, comparing actual operating results to the budget on a year to date basis.
5. The Executive Director will review the monthly financial reports, and will discuss non-standard journal entries with the accountant to ensure proper accounting treatment.
6. The monthly financial reports will be provided to the Finance Committee and the Board of Directors by the 15th day of the following month or the next working day. The Executive Director will provide explanations for any and all budget variances +/- 10% for the above referenced reports.
7. **Audit:** The agency will provide for an annual independent audit. The Executive Director will work with the Finance Committee to identify the selection process for the auditing firm. The audit will be scheduled immediately following the close of the fiscal year. The auditors will prepare accrual based financial statements for the year being audited. If feasible, a representative of the audit firm will present the results directly to the Community Fatherhood Board within 3 months of the completion of the audit. Otherwise, the Finance Committee will meet with the agency auditors upon completion of the audit and report the results to the Full Board. Copies of the audit will be made available to the public and all requesting funders.
8. The limit for capital assets is \$500. All invoices under this limit will be expensed.

9. The limit for prepaid expenses is \$300. All invoices under this limit will be expensed.
10. The Fiscal Year for the organization shall be October 1 to September 30.

JOURNAL ENTRIES

The Office Manager will record accrual-based journal entry adjustments monthly.

SAFEGUARDING ASSETS

1. 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.
2. The 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.
3. A proper filing system will be maintained for all financial records.
4. Actual income and expenditures will be compared to the budget on a monthly basis.
5. Excess cash will be invested as described under the investment policy.
6. Bank statements will be promptly reconciled on a monthly basis.
7. Documents on all securities and fixed assets will be kept in the Office Manager's locked fire-proof file. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation and date of valuation.
8. Appropriate insurance for all assets will be maintained.
9. All Board officers and Community Fatherhood staff handling Community Fatherhood finances will be insured for crime coverage (dishonesty/forgery) insurance.

INTERNAL CONTROLS AND ACCOUNTING PROCEDURES

CASH RECEIPTS

Control Objective: To ensure that all cash intended for the organization is received, promptly recognized and deposited, properly recorded, reconciled, and kept under adequate security.

POLICIES

1. A designated staff member (other than the Office Manager or Shelter Coordinator) will pick up mail from the post office box and transport it unopened to the shelter. Mail will be sorted and distributed to addressee and all Agency mail will be opened and date stamped (Office Manager/Designate and Shelter Staff Member). All funds received will be receipted on the incoming envelope with check number, amount, date received, and receipted's initials. An entry will also be made on the "Funds Received Log".
2. One copy of all receipts are made for source file documentation (i.e., grant contract files or donor files).
3. All checks are stamped with "For Deposit Only" stamp immediately upon receipt and entered on the "Funds Received Log".
4. The Office Manager will be responsible for preparing the documentation on receipts for deposits which automatically prepares the electronic deposit slip and updates the donor database. The Executive Director will review and approve the deposit. The Executive Director or Designate (not the Office Manager) will make the bank deposit.
5. A copy of the deposit slip from the bank is returned to the Office Manager then compared and attached to the deposit summary and a copy is sent to the shelter to be compared to the "Funds Received Log".

PROCEDURES

RECEIPT OF INCOME

1. A designated staff member (not the Office Manager) will pick up the mail at the post office, on a daily basis if at all possible.

2. Two Community Fatherhood staff must sort and open the mail together, preferably by noon each business day, as per the weekly schedule developed by the Office Manager. The sort will usually be performed at the shelter, so that clients can get their personal mail. If one of the individuals on the schedule is not available, an alternate staff member from the list will be asked to assist, noting the change on the weekly form. If the Office Manager is not available, one of the two people must be the Executive Director or the Program Manager.
3. If there are not two eligible staff available to open the mail, the mail will remain unopened until the next business day, and locked in the designated filing cabinet at the shelter. Whoever picks up the mail will stamp the envelopes with the date the mail was received. On the next business day, any held-over deposit will be processed as stated in these policies.
4. The Office Manager or her designate will copy the checks and envelopes before the deposit is made. She will then place all daily receipts in a locked filing cabinet for safekeeping until the bank deposit is made.
5. The Office Manager will enter grant receivables on the receivables grid for the current fiscal year. She will enter non-grant receipts into the donor database.
6. The Office Manager will code all receipts, on the check copies, according to the organization's chart of accounts and attach the check copies to the duplicate of the deposit slip. The Executive Director will review the account coding of all cash receipts.
7. The Executive Director or designee will make the bank deposit. Deposits are made whenever the total cash received exceeds \$100, preferably on a daily basis. The Executive Director will initial the stamped deposit slip, which will then be placed in a file for the accountant to enter on the computer as received revenue. The Office Manager will file the deposit slips with the bank statement for that month.

RECORDING OF CASH

1. The Office Manager is responsible for promptly recording all deposits in the cash receipts journal maintained on the computer system.
2. The Office Manager is responsible for posting all cash receipts to the detailed general ledger income accounts.

ACCOUNTS PAYABLE/CASH DISBURSEMENTS

CONTROL OBJECTIVES

To ensure that accounts payable are supported by appropriate documentation, are promptly paid and properly recorded. To ensure that cash is disbursed only upon proper authorization of management, for valid business purposes, and that all disbursements are properly recorded.

POLICIES

1. The Executive Director has expenditure approval up to the parameters set by the annual Board-approved operating budget, or up to \$5,000 if not in the current budget. Expenditures in excess of \$5,000, if not in the budget, require Board approval.
2. Expenditure requests/requisitions will be initiated in writing and approved within specified authority by the Executive Director (or Program Manager when acting in the absence of the Executive Director).
3. When purchasing services or materials estimated to cost over \$2,000, a minimum of two bids will be solicited. The Finance Committee will review the bids and make a selection based on total value, not just cost.
4. The Office Manager will print pre-numbered computer-generated checks only with requests approved by the Executive Director (or Program Manager when acting in the absence of the Executive Director) or the Board. The Office Manager will provide the unsigned check, supporting documentation, and request to their authorized check signers for their signatures. The authorized signers compare the checks to the supporting documentation for accuracy.
5. Two signatures (of either the Executive Director, Chair, Vice-chair, Secretary, or Treasurer) are required on all organizational checks over \$500. One signature is required on all checks up to \$500.
6. All disbursements, except petty cash (\$75), are made by check and are accompanied by substantiating documentation. Petty cash disbursements also require supporting documentation.
7. All checks are pre-numbered. The Office Manager accounts for all computer-generated and hand-toggled checks on a monthly basis, ensuring that the first check

numbers of the current month immediately follow those of the previous month. The Office Manager makes note of voided checks.

8. All voided checks must be defaced and retained with the cancelled checks.
9. No checks may be written to "cash" or "bearer".
10. Blank checks are stored in a locked drawer or in a locked vault.
11. The Office Manager is responsible for invoices and check requests being marked "PAID" once they have been paid to guard against duplicate payment.
12. All employee expense reimbursement requests should be submitted on a monthly basis to the Office Manager with their supervisor's approval by the last day of the month except where otherwise determined.
13. Checks payable to the Executive Director may not be signed by the Executive Director. Two authorized signatures are required on any check payable to the Executive Director in excess of \$500.
14. Blank checks may never be signed in advance.

PROCEDURES

AUTHORIZATION AND PROCESSING OF REQUISITIONS

1. Requisitions are to be used by all employees to initiate purchases. They must be submitted to their supervisor for approval. The purchasing authority of each program supervisor is dictated by the approved budget for their respective programs.
2. All requisitions are submitted to the Office Manager. The Office Manager will check inventory to ensure the requested items are not already on hand and will submit the requisition to the Executive Director for approval.
3. The Office Manager is responsible for placing the order for all approved requisitions. The requisitions are maintained in the Office Manager's files until the order is received.
4. The Office Manager will compare and attach the approved requisitions to the vendor's related invoice for payment.
5. The Office Manager will compare receiving reports (packing slips) to actual items received, to ensure completeness and accuracy of the items received. s/he will note any discrepancies on the receiving report. The receiving report and notice of any

actions taken (items being returned/exchanged) will be retained by the Office Manager. The Office Manager is responsible for attaching receiving reports to the respective purchase orders.

AUTHORIZATION AND PROCESSING OF DISBURSEMENTS

1. When opening the mail, the Shelter Coordinator or her designate will stamp all invoices with the date they were received. The Office Manager will file unpaid invoices, with supporting documentation, in the outstanding invoice file.
2. The Office Manager will compare vendors' statements with the open invoice file to ensure that all outstanding invoices have been received and processed.
3. The Office Manager is responsible for obtaining the approval of the Executive Director for all invoices and expenditures. No payments will be made from statements, unless the original invoices are attached.
4. The Office Manager will check addition on all invoices, and will check dates to eliminate the possibility of duplicate payments. The Office Manager will assign the correct account allocation on all invoices, which the Executive Director will check for accuracy. The Executive Director is responsible for determining which invoices are to be paid.
5. The Office Manager is responsible for inputting all invoices into the computer system, utilizing the account allocation provided by the Executive Director. The Office Manager is responsible for the preparation of all computer-generated checks, using pre-numbered checks. The Office Manager will record all payments in the cash disbursements journal.
6. Checks are prepared as needed. Employee check requests for expense reimbursements must be submitted to the respective supervisors for approval and submitted to the Office Manager by the 1st of each month.
7. The Office Manager will attach the supporting documentation to the checks.
8. The Office Manager will write the date paid and check number on each invoice before the checks are signed, to avoid duplicate payment.
9. The Office Manager will give the checks and supporting documentation to the Executive Director, who will compare all checks to the supporting documentation prior to signing the checks. The Office Manager will give the checks (exceeding \$500 or

payable to the Executive Director) and supporting documentation to a Board officer, usually the Treasurer, for her/his signature.

10. The signed checks and supporting documentation will be returned to the Office Manager. A portion of the check stub will be attached to the original supporting documentation, and will be filed by check number. In the case of payroll, a copy of the check will be made and attached to the original timesheet.
11. The Office Manager is responsible for compiling and mailing of all checks.

PAYROLL

CONTROL OBJECTIVE

To ensure that payroll disbursements are made only upon proper authorization of management to bona fide employees, that payroll disbursements are properly recorded, and that related legal requirements are complied with.

POLICIES

1. The Board of Directors will set the salary ranges for all positions. With the exception of the Executive Director's salary, all employees' salaries/wage rates shall be authorized by the Executive Director. All changes in employment shall likewise be authorized by the Executive Director. The Board of Directors will annually authorize the salary of the Executive Director.
2. The Office Manager will maintain all personnel files, which include the rate of pay for each employee.
3. Payroll advice/checks will be issued every two weeks following the close of the payroll. Staff are strongly encouraged to participate in direct deposit of payroll.
4. With the exception of the employees noted below in #1 under "Procedures" all employees must document the duties they performed each pay period on the time sheet documentation portion of the time sheet. Employees will only include duties specified on their job descriptions.
5. The Office Manager will maintain the benefit accrual records (paid time off, holiday, etc.) in an accurate manner.
6. Deleted

PROCEDURES

1. Each employee is responsible for completing her/his time sheet and time sheet documentation and submitting it to their immediate supervisor in a timely fashion for each pay period.
2. Each supervisor shall review and approve all time sheets and time sheet documentation for their employees, ensuring that employees are properly indicating the hours they worked and the hours they are attributing to paid time off, holiday, or other approved time off. The supervisor and/or Office Manager will indicate the allocation of hours to the funding source on the time sheet.

3. The approved time records shall be submitted to the Office Manager, who will check addition, and will ensure that employees are only using paid time off and holiday which is available to them.
4. The Executive Director shall review and approve the time sheets and time sheet documentations, indicating the number of regular and overtime hours to be paid, and the rate of pay for each employee.
5. The Office Manager will generate the payroll advice/checks, the payroll register, and will process the withholding and tax deposits. The Office Manager will attach the supporting documentation to the payroll checks.
6. The Office Manager will give the payroll advice/checks, supporting time sheets, and payroll register to the Executive Director. The Executive Director will compare the payroll checks to the approved time sheets and payroll register (check listing) prior to signing the checks. If the Executive Director finds an error or possible error on the payroll check, they will advise the Office Manager, who will investigate and take note to adjust the employee's next payroll check accordingly.
7. The Office Manager will distribute the payroll to all employees. The Office Manager will distribute each payroll advice/check to the employee in a sealed envelope. Payroll checks/direct deposits shall be available no later than 3:00 PM on the 7th and 21st days of each month.
8. Employees who fail to submit their time sheets in a timely fashion will be paid at the time of the next payroll.
9. The Office Manager will update the benefit accrual records every pay period from the time sheets, which indicate usage of paid time off, holiday, etc.

PETTY CASH

CONTROL OBJECTIVE

To ensure that petty cash funds are disbursed only for proper purposes, are adequately safeguarded, and properly recorded.

POLICIES

1. The purpose of petty cash is primarily to assist clients with small expenditures such as purchasing gas, getting copies of necessary legal documents, etc. Petty cash can also be used for operational purposes such as postage, shelter or office supplies, etc.
2. The petty cash fund will be maintained on an imprest basis. The amount of the petty cash fund shall be fixed at \$75. Petty cash is to be used for small incidental expenses. Individual petty cash disbursements should not exceed \$50.
3. The Office Manager will act as the custodian of the petty cash fund.
4. Petty cash is replenished monthly when available cash falls below \$50, or more frequently as necessary. All checks for reimbursement of the petty cash fund must be made payable to the custodian of the petty cash fund, usually the Office Manager. The check will indicate that it is a petty cash disbursement.
5. The Office Manager will reconcile the petty cash records once a month.
6. Periodically, the Treasurer or other board officer shall make unannounced counts of the petty cash fund.
7. The petty cash fund shall be kept in a locked fire-resistant file cabinet.

PROCEDURES

1. Employees must receive approval from their immediate supervisor prior to a disbursement from petty cash. The employee will sign a petty cash voucher, listing the amount requested, the purpose for which the petty cash will be used, and the date of the purchase. Any petty cash disbursements \$25 or over must be authorized by the Executive Director.
2. The employee must provide documentation (an invoice or cash register receipt) prior to the petty cash withdrawal. If no receipt is available, the employee will prepare a written receipt indicating the client number, date, amount and a description of the purchase, and will request that the client receiving the funds sign it. Staff will request that the client turn in the receipt once they have made the purchase. The

Office Manager will attach the receipt to the petty cash voucher and place it in the cash box.

3. To reimburse the petty cash fund, the Office Manager will submit the petty cash voucher with supporting documentation to the Executive Director for approval. The Office Manager will indicate the expense account distribution on the voucher.
4. The Office Manager will post the petty cash debits to the expense accounts affected by the petty cash transaction when entering them into the accounting software.
5. The Office Manager will write the date paid and check number on the petty cash voucher and supporting documentation to avoid duplicate payment.

CELL PHONE REIMBURSEMENT POLICY

Community Fatherhood employees in designated positions are required to have cell phones for safety when performing home visits, client transportation, and daily traveling during regular and on-call hours for Community Fatherhood. Employees are to be reimbursed up to \$30.00 per month upon submission of the original summary page of their monthly cell phone provider bill or the internet version (the documentation must show the period being billed, total amount billed, employee or family name and the service provider).

Staff positions designated as requiring cell phones and therefore eligible for the reimbursement include:

- Executive Director
- Office Assistant/Data Clerk
- Fatherhood Worker

Staff are required to turn in their reimbursement request with the required documentation by the first week of each month. If this is not received in the required timeline, reimbursement will be generated with the following month's payments.

MILEAGE REIMBURSEMENT POLICY

Community Fatherhood employees utilize their own vehicles in the performance of their positions. This includes performing home visits, client transportation, presentations, meetings, and daily traveling during regular and on-call hours for Community Fatherhood. Employees are to be reimbursed on a per mile basis for each mile driven for work related activities. Each year, in September, the current rate per mile will be determined by the Executive Director based on a number of factors and consultation with others in the nonprofit arena. The rate will be effective each year from October 1st through September 30 (the agency fiscal year) and will not necessarily change each year. (2010-2011 mileage rates are \$.55 per mile.)

A mileage reimbursement form must be completed monthly with completed documentation and an employee reimbursement form completed by the employee and approved by the supervisor.

All staff is eligible for the reimbursement if they use their vehicle for work related transportation/travel.

The traveler is responsible to maintain:

- a valid driver license
- a properly maintained vehicle
- appropriate insurance

To calculating mileage always use the shortest or most direct route between the point of departure and the destination and if a new location document with directions and mileage from MapQuest or another mapping software.

Mileage from your residence to your assigned work site is not reimbursable.

Staff are required to turn in their reimbursement request with the required documentation by each pay period with time sheet. If this is not received in the required time line, reimbursement will be generated with the following pay period.

REPLACEMENT OF LOST CHECKS

IF a check is lost or misplaced after it has been issued, the following steps will be taken:

1. **Notify Community Fatherhood Bank.** The Office Manager will notify Community Fatherhood's bank who will process the request for stop payment.
2. **Void original check request form.** The Office Manager will retrieve the original documentation and write "VOID" on the check request form.
3. **Request approval.** The Executive Director will sign the stop payment order and mail it to the bank.
4. **Void the check.** The Office Manager will void the check after no sooner than 30 days, then reissue the check for the prior amount less the bank service charge (Note if the lost check was no fault of the payee, Community Fatherhood will incur the charges. Bank fees are debited to miscellaneous expense).
5. **Update Accounting Records.** The Office Manager will record the voided checks on the accounting software.

AGENCY CREDIT CARDS POLICY

The Community Fatherhood Board of Directors authorizes the use of a MasterCard for the purchase of goods and services to enhance the efficient operation of Community Fatherhood. The total authorized credit limit of said MasterCard shall be determined by the Executive Director and the bank.

Individual cards will be provided to: Executive Director, Office Manager and Shelter Coordinator with an additional "ghost card" issued under the agency name for use by staff that are traveling or need to make purchases approved in advance.

The Executive Director is hereby responsible for Community Fatherhood's protection and custody of said card(s), and shall immediately notify the Board if a credit card is lost or stolen. Issuing bank will also be notified immediately.

All agency credit cards will be maintained by the cardholder named on the specific card. The "ghost card" will be kept inside a locked cabinet at the agency's administrative office. The Executive Director and the Office Manager have access/admittance to the locked cabinet.

Authorized use of the credit card by the named cardholder or authorized user shall be confined to: travel and room expenses, conference registrations, ordering of Community Fatherhood supplies and all other purchases approved in advance and deemed necessary per Community Fatherhood's contracts.

When the ghost card is used physically outside the agency, the authorized user must arrange with either the Office Manager or the Executive Director to get the card from the locked cabinet. The card must be returned to the Administrative office immediately after it is used.

No personal charges shall be made via Community Fatherhood cards.

Each credit card purchase will be documented on an Expenditure/Reimbursement Form with the receipt to the Office Manager for each purchase/transaction. Credit card statements will be compared with receipts and reimbursement forms on a monthly basis.

The Office Manager will present the requests to the Executive Director for approval. The Executive Director will review and sign approved forms. Any non-approved request will be returned to the staff person submitting the requests with an explanation of denial.

The Executive Director will review and approve all credit card statements in accordance with Community Fatherhood's Financial Policies. The Board Treasurer will review all credit card statements at various intervals.

RETURN CHECK POLICY

Any NSF (non-sufficient funds) checks received by Community Fatherhood will be re-deposited the first time they are returned (which is automatically established with our banking institution). If the check is returned a second time, if the account is closed or not honored for any other reason, the authorized individual/agency will be contacted by the Office Manager by phone and/or in writing. At the time of notification, the individual/agency will be given 30 days to pay the amount in full including a return check fee of \$25.00 to cover administrative and related bank fees incurred. Returned checks remaining unredeemed after 60 days may be forwarded to a collection agency and/or law enforcement with the individual/agency bearing the additional collection cost up to the amounts allowed by law plus related fees.

FRAUD POLICY

Nothing in existence or administration of this policy should be construed to create other than an at will employment relationship existing between Community Fatherhood and its employees.

SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud involving employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Community Fatherhood.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the company.

POLICY

Management is responsible for the detection and prevention of fraud, misappropriation, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication or irregularity.

Any fraud that is detected or suspected must be reported immediately to the Executive Director and Financial Committee who coordinates all investigations with the Board of Directors.

ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal wrongdoings, refer to but are not limited to:

- Any dishonest or fraudulent act.
- Forgery or alteration of any document or account belonging to the company.
- Forgery or alteration of a check, bank draft, or any other financial document.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Disclosing confidential and proprietary information to outside parties.

- Disclosing to other person's securities activities engaged in or contemplated by the company.
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the company. *Exception: Gifts less than \$50.00 in value.*
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct.

OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct should be resolved by the Executive Director and/or the Personnel Committee.

If there is any question as to whether an action constitutes fraud, contact Community Fatherhood's attorney or auditor for guidance.

INVESTIGATION RESPONSIBILITIES

The Executive Director has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the Executive Director is suspected of a fraudulent act, the Board Chair has the primary responsibility for investigation. If the investigation substantiates that fraudulent activities have occurred, the Executive Director/Board Chair will issue reports to the Finance Committee and if appropriate, to the Board of Directors through the Finance Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, and the Board of Directors. Within thirty days of discovery of suspected fraudulent activity, notification of findings will be made to Board President and all Board Directors.

CONFIDENTIALITY

The Executive Director treats all information received *confidentially*. Any employee who suspects dishonest or fraudulent activity, will notify the Executive Director immediately, and should not attempt to personally conduct investigations or

interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURES section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of people suspected but subsequently found innocent of wrongful conduct and to protect the company from potential civil liability.

AUTHORIZATION OF INVESTIGATION SUSPECTED FRAUD

Members of the Finance Committee will have:

- Free and unrestricted access to all company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individuals who may use or have custody of any such items or facilities when it is within the scope of their investigation.

REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or wrong doings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Executive Director immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Executive Director or Community Fatherhood Attorney. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by Community Fatherhood's Attorney.

TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the Executive Director with notification to the Board Chair and Attorney.

ADMINISTRATION

The Executive Director and Board of Directors are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

BANK RECONCILIATIONS

POLICIES

1. The bank will send the monthly statement to the attention of the Board Treasurer who will open and review, initial and give to the Office Manager.
2. The Office Manager will perform the bank reconciliation.
3. All bank accounts should be reconciled within ten business days of receipt.
4. All checks outstanding for over ninety days will be investigated by the Office Manager and follow up will occur.

MANAGEMENT REVIEW AND APPROVAL

1. The Executive Director and the Treasurer will review the bank reconciliation report.
2. Copies of the reviewed bank reconciliation will be available to the Finance Committee and Board of Directors as desired.
3. The original bank statement and reconciliation report will be filed in the monthly banking file.

COMPUTER CONTROLS

1. The Office Manager is responsible for inputting the organization's financial data into the computerized accounting software package in order to generate disbursement checks, payroll advice/checks and financial reports.
2. The Office Manager will provide detailed printouts of cash receipts, cash disbursements, and payroll. The check signers are responsible for comparing the detailed printouts to source documents for accuracy.
3. The Office Manager will reconcile all subsidiary account balances to the control accounts monthly.
4. The Office Manager will compare the detailed work papers to the trial balance on the general ledger.

FIXED ASSETS AND INVENTORY CONTROL

CONTROL OBJECTIVE

To ensure that Fixed assets are acquired and disposed of only upon proper authorization, are adequately safeguarded, and properly recorded.

POLICIES

1. No equipment, Furniture and Fixtures up to \$5,000 shall be acquired, whether purchased, donated or loaned, without prior approval of the Executive Director. The Board of Directors will review recommendations and provide approval for items over \$5,000.
2. No equipment, Furniture or Fixtures shall be disposed of or transferred from the original location without the written approval of the Executive Director (Office Manager or Program Manager in her absence).

PROCEDURES

1. The Office Manager will complete property records for all tangible personal property having a useful life of more than one year and an acquisition cost of \$500 or more per unit.
2. The Office Manager will complete an Inventory/Property Report and provide the following information:
 - a. Method of acquisition (purchase or donation)
 - b. Location
 - c. Purchase Price
 - d. Description
 - e. Purchase Date
 - f. Physical Location
 - g. Source of Funds
3. All property will be given an identification tag and listed on the Inventory/Property Record.
4. The Office Manager or designate will conduct an annual physical inventory of all non-expendable property by October 31 (prior to the audit).

5. The results will be reconciled by the Office Manager to the property records to verify the existing current utilization and continued need for the property.
6. All inventory shall be checked against the Inventory/Property Record maintained in the Administrative Office.
7. Staff will employ adequate maintenance procedures to keep the property in good condition. Each employee is responsible for the basic maintenance of equipment and furniture assigned to him or her (i.e., cleaning, replacing batteries, bulbs, print cartridges, etc.). Requests for more extensive maintenance should be directed to the Office Manager in accordance with the Purchasing/Disbursement section of this manual.
8. Lease and rental agreements can only be executed by the Executive Director.
9. Agency supplies and equipment, including telephones, shall be used only by employees, volunteers and clients for organizational purposes.
10. All inventories of equipment, furniture and fixtures are covered under the organization's insurance policies. In the event of damage or theft, the incident shall be reported immediately to the Executive Director or the Office Manager so it can be determined if an insurance claim should be submitted.
11. All burglaries shall be reported immediately to the police and a police report shall be obtained. A copy of the police report shall be retained in the Administrative Office and if determined necessary, a copy shall be sent to the Insurance Company.

ACCIDENT REPORTING

Employee, client, and volunteer related injuries will be documented on an Injury/Incident Form. When medically possible, an employee, client, and/or volunteer must immediately notify his/her supervisor or the staff member in charge of a personal injury that is job-related or on agency property. If not immediately possible this must be done as soon as is reasonably possible.

EMPLOYEES

Failure of employees to report injuries as indicated may affect the employee's eligibility for Worker's Compensation benefits and may result in disciplinary action.

For all employee job related injuries or illnesses requiring outside medical treatment, please adhere to the following:

Minor Injuries / Illness: (employee capable of driving self) Complete authorization form provided by clinic (if required) or phone to provide verbal authorization and send employee to the appropriate treatment center for the location of the injured employee.

If an employee has received an injury requiring outside medical treatment (minor or major injury), or been in a vehicle accident inform the clinic/hospital that a drug test must be given. Employee, supervisor and witness if applicable, must fill out an Injury/Incident report and return to Office Manager within 24 hours.

Major Injuries/Illness: (employee incapable of driving self) Call an ambulance and have the person sent to the nearest hospital. Employee, supervisor and witness if applicable, must fill out an Injury/Incident report and return to Office Manager as soon as is practical given the circumstances of the injury.

Once a copy of the doctor's report is sent and the claim is processed, our carrier will determine who is responsible for payment of the claim (Employee or Community Fatherhood).

CLIENTS AND VOLUNTEERS

For all client and volunteer injuries or illnesses requiring outside medical treatment, please adhere to the following:

Minor Injuries / Illness: (capable of driving self) Client/Volunteer, Community Fatherhood employee, and any witness if applicable, must fill out an Injury/Incident report and return to Office Manager within 24 hours.

Major Injuries/Illness: (employee incapable of driving self) Call an ambulance and have the person sent to the nearest hospital. Client/volunteer, Community Fatherhood employee, and any witness if applicable, must fill out an Injury/Incident report and return to Office Manager as soon as is practical given the circumstances of the injury.

OTHER INFORMATION

1. Support and Revenues

The Executive Director will periodically compare budgets of contributions to actual contributions and will investigate significant differences. Names of donors (other than anonymous) will be published in the organization's Annual Report. The Office Manager will keep records of all donations including the donor's name, amount, date and related restrictions. The Executive Director, Office Manager, and the Finance Committee will periodically review records of gifts contingent on future events or special events, such as bequests.

2. Cash Flow

The Executive Director will be fiscally responsible in managing the ongoing operations of Community Fatherhood. It is the explicit responsibility of the Executive Director to ensure there is sufficient cash flow to meet routine operating needs. The Executive Director will ensure that reimbursement requests for major grants are submitted on a monthly basis, and that reimbursement requests for smaller grants are submitted as required by the funder.

As a prudent fiscal practice, the Board and the Executive Director will continue to work towards the goal of having three months' operating expense in reserve.

3. Donated Material, Facilities, and Services

- a. *Materials* - Staff will physically inspect donated materials when they are received. Staff will issue the donor a receipt for donated materials, advising the donor to provide on their copy of the receipt (for their tax records) their estimation of the value of the donation. Staff will use fair market value to estimate the value of the donation for Community Fatherhood records, and will indicate this on Community Fatherhood's copy of the receipt. Staff will ensure that materials are adequately safeguarded.
- b. *Facilities* - The Office Manager will maintain adequate records including description, location, quality or size, period of use and restrictions on use. The Building and Facilities Committee will obtain an estimate of the fair market rental value of the Shelter Facility from a real estate agent every 10 years. (Next: 2010.) The Building and Facilities Committee will request a valuation of spaces

donated by churches, etc., for support groups and other Community Fatherhood Functions every 5 years. (Next: 2010.)

- c. *Services - Procedures are in place for the supervision of volunteers. Adequate records will be maintained by the Volunteer Coordinator for requests for volunteer services, applications by volunteers and approval/authorization of volunteer services, and terms of services. Time sheets or other records will be maintained to substantiate the date of service, nature of service and time devoted to service to Community Fatherhood.*

4. Contract Compliance

Adequate records of compliance for specific provisions in all contracts entered into will be maintained. Such records will be maintained by the Office Manager.

BUSINESS RECORD RETENTION SCHEDULE

ACCOUNTING AND FISCAL		CORPORATE	
Accounts Payable Records	7	Annual Reports	10
Accounts Receivables Records	7	Bonds	∞
Audit Reports	10	Budgets	3
Audit Reports (Internal)	3	Contracts (After Expiration)	7
Bank Statements and Reconciliations	7		
Canceled Checks	7	Correspondence (General)	3
Check Registers	∞	Correspondence (Legal)	∞
Deposit Slip Duplicates	2	Insurance Policies (After Expiration)	5
Expense Analysis and Distribution Schedules	7	Inventories	7
Financial Statements, Annual	∞	Leases (After Expiration)	5
Fixed Assets Records	∞	Legal Briefs	∞
General Ledgers	∞	Licenses (after expiration)	10
Invoices	7	Minutes	∞
Journals/Cash Books	7	Office Equipment Records	7
Payroll Records	7	Profit and Loss Statements,	7

		Monthly	
Financial Statements, Monthly	7	Property Records	P
PERSONNEL			
Contracts (After Termination)	5		
Earnings Records	7		
Employee Personnel Files	7	TAXATION	
Employment Applications	5		
Insurance Records	7	Annuity or Deferred Payment Plan	P
Retirement and Pension Plans	P	Depreciation Schedules	P
Time Cards	2	Employee Withholding Statements	7
Training Manuals - Current Version	·	Tax Bills and Statements	P
Travel Records	1	Tax Returns and Work Papers	P

Legal requirements may vary, so your accountant or lawyer should be consulted for specific needs. (Numerals indicate number of years records should be stored, P = Permanently)

REQUIRED REPORTING DUE DATES FOR NOT-FOR-PROFIT ORGANIZATIONS

REPORT TO FILE	REPORT DESCRIPTION	REPORT DUE DATES
Form 990, 990EZ, 990T	IRS Annual Information Returns	15th Day of 5th month following the end of organization's fiscal year
Application For License to Solicit	State of Michigan, Charitable Trust Division	30 days before expiration of license - July 20
Michigan Annual Report	Secretary of State	October 31
IRS Form 941	Employers Quarterly Federal Tax Return	1st Quarter · April 30 2nd Quarter · July 31 3rd Quarter · October 31 4th Quarter · January 31
Michigan Sales, Use and Withholding Tax Return	Employer's Quarterly Michigan Withholding Tax Return	Monthly - 15 th day of following month
UR 1020 UR 1017	Employer's Quarterly Tax Report Wage Detail Report	1st Quarter · April 25 2nd Quarter · July 25 3rd Quarter · October 25 4th Quarter · January 25
W-2	Wage and Tax Statement	January 31 · to each employee
W-3	Transmittal of Wage and Tax Statements to Social Security Administration	February 28
Mi W-3	Annual Return For Sales Use and Withholding Taxes	February 28
1099-Misc	Miscellaneous Income (Independent Contractors paid \$600 or more)	January 31 · to each independent contractor

1096	Annual Summary and Transmittal of U.S. Information Returns	February 28
IRS Form 8109	Federal Withholding and FICA Deposit EFTPS Transfer	<p>Monthly Depositor · 15th of following month</p> <p>Semiweekly Depositor ·</p> <p>Pay Day on Weds. · Fri.: Deposit by following Weds.</p> <p>Pay Day on Sat. · Tues.: Deposit by following Fri.</p> <p>Transfer made each time payroll checks are issued</p>