

## MANDATORY INTERNAL FISCAL CONTROL PROCEDURE

### 1. RECEIVABLES

i) Daily mail shall be opened and date stamped by the Office Assistant.

ii) All checks shall be separated into 6 categories:

- Membership;
- TCP renewals
- Exam fees; books and labels and other merchandise
- Conference Registration
- Exhibitor; Advertising and other miscellaneous
- Scholarship

Note: Checks containing payments for multiple products/services shall be routed to the staff member handling the most time-sensitive program. For example: If conference registration is included in the check, the check would be routed to the staff person handling conference registration, and that staff person shall be responsible for apportioning the fund appropriately, and data entering all payment histories.

iii) A separate adding machine tape, or excel spreadsheet report shall be run for each bundle of checks.

iv) The Office Assistant shall enter into a log, the amounts for each bundle processed on each day, along with the names of the staff person to whom the bundle was directed.

v) Each staff member receiving daily checks is responsible for verifying the number of items received, and the total.

vi) Each staff member is responsible for processing all checks within 7 working days of receipt. Processing requires appropriate data entry of all information into the database. Financial data entered into the database shall be based upon appropriate supporting documentation, such as check; copy of check; or credit card authorization slip.

vii) Once checks have been processed, each staff member shall prepare an adding machine tape, or excel spreadsheet, with date and name of staff person completing the work.

viii) The tape or spreadsheet is to accompany the batch to the Finance Manager for deposit. During preparation of checks for deposit, the Finance Manager shall run a check process report from the database for comparison with the batch submittal.

ix) Checks are to be retained in the daily bundle and processed as a batch to permit easy reconciliation.

- x) If there are items requiring additional time, the staff member shall prepare a discrepancy note, detailing the item #, date and reason for delay. The discrepancy note shall accompany the batch to the Finance Manager.
- xi) If requests for services are accompanied by checks for less than the full amount of the cost of the service, the check and all accompanying paperwork shall be returned, along with a completed Balance Due Form. The pink copy of the form shall be retained by the staff member for the CWEA records.

Insufficient payments for multiple persons, or for multiple services shall be returned as above.

Applications for TCP Examinations accompanied by insufficient payments shall be processed, with a computer balance due record being created, and the Balance Due form shall be sent to the applicant, with note that the deadline for late payment of the balance due is 30 days after the deadline for the application. (e.g. for the January Exam, the application deadline is October 31, therefore the balance due deadline for the January Exam will be November 30.) The reason for this exception is to permit the time-consuming processing of the application form by volunteers to proceed, while collection efforts for balances due are underway. If payment is not received within 30 days, the application shall be denied for failure to pay.

Purchase Orders shall also be processed, with a computer balance due record being created, and the Balance Due form shall be sent to the applicant, with note that the deadline for late payment of the balance due within 30 days.

- xii) For all refunds, a refund request form shall be completed by the staff person authorizing the refunds, and shall be routed to the Finance Manager for payment. Refunds for TCP test applicants shall be issued two weeks after the exam. All other refunds shall be paid within two weeks of the date of request.
- xiii) Items to be forwarded to Local Sections, Conferences or Committee Treasurers shall be noted on the discrepancy note, and shall be forwarded to the Finance Manager for mailing.
- xiv) A bank deposit shall be made by the Finance Manager at least once each week. All staff members responsible for processing receivables shall have those receivables processed and forwarded to the Finance Manager by noon on the day preceding courier pick-up, to permit preparation of the deposit by the Finance Manager.
- xv) The daily check log, the monthly deposit totals and the bank statement shall be reconciled monthly by the Finance Manager and by the Executive Director.
- xvi) The Finance Manager shall be responsible for timely reconciliation of items noted as discrepancies by individual staff members on the report form, or between the checks received log.
- xvii) All checks undeposited and awaiting processing shall be placed in the safe at the close of each business day.

- xviii) All staff members shall be responsible for closing out all payments received for the entire prior month within 7 working days of the first of each month.
- xix) In the absence of a staff member, his/her alternate shall receive and process receivables.

## 2. CASH HANDLING

Cash payments received in the office shall be attached to the office copy of the receipt, and shall immediately be turned over to the Finance Manager. All undeposited funds shall be kept in the safe.

Cash payments received at conferences shall be attached to the registration form, and shall be stored in the Hotel safe by the Finance Manager.

## 3. CREDIT CARD PROCESSING

All credit card orders shall be handled in the same manner as checks.

All credit card orders shall be kept in a separate bundle for processing.

- i) Daily mail shall be opened and date stamped by the Office Assistant or his/her alternate.
- ii) All credit card orders shall be separated by Clerical staff into 4 categories:
  - Membership; TCP renewals
  - Exam fees; books and labels
  - Conference Registration
  - Exhibitor; Advertising and other miscellaneous
- iii) A separate adding machine tape or excel spreadsheet shall be run for each bundle of credit card orders.
- iv) The Office Assistant shall enter the amounts for each bundle processed on each day, along with the names of the staff person to whom the bundle was directed.
- v) The tape, or copy of the spreadsheet, shall be attached to the bundle of credit card orders, and routed to the staff member responsible for handling that category.
- vi) Each staff member receiving daily credit card orders is responsible for verifying the number of items received, and the total.
- vii) Each staff member is responsible for processing all credit card orders within 7 working days of receipt.
  - Processing requires the following:
  - Each transaction shall be logged into the credit card ledger
  - Once a receipt has been generated, a copy shall be attached to the order or application; a form of receipt shall be forwarded to the payor for his/her records, either in an envelope, or with the book order. Receipt must include note of amount paid, and method of payment.

- Conference confirmation shall be by letter, with the letter serving as charge confirmation. Mailing of the credit card receipt is not required.
  - Appropriate data entry of all financial data shall be made into the database and shall be based upon appropriate supporting documentation of credit card authorization slip.
- viii) Once credit card orders have been processed, each staff member shall prepare an adding machine tape or excel spreadsheet, with date and name of staff person completing the work.
- ix) The tape or spreadsheet is to accompany the batch to the Finance Manager for preparation of deposit reports. Finance Manager shall run a check process report from the database for comparison with the batch submittal.
- x) Credit card orders are to be retained in the daily bundle and processed as a batch to permit easy reconciliation.
- xi) If there are items requiring additional time, the staff member shall prepare a discrepancy note, detailing the item #, date and reason for delay. The discrepancy note shall accompany the batch to the Finance Manager.
- xii) Items to be forwarded to Local Sections, Conferences or Committee Treasurers shall be noted on the discrepancy note, and shall be forwarded to the Finance Manager for mailing.
- xiii) The Finance Manager shall be responsible for completing a batch transmittal of credit charges daily.
- xiv) The daily credit card log of receivables, the monthly batch transfer totals and the bank statement shall be reconciled monthly by the Executive Director and the Finance Manager.
- xv) The Finance Manager shall also reconcile the posting log with the database.
- xvi) The Finance Manager shall be responsible for timely reconciliation of items noted as discrepancies by individual staff members.
- xvii) All credit card payments undeposited and awaiting processing shall be placed in the safe at the close of each business day.
- xviii) All staff members shall be responsible for closing out all credit card process requests for the entire prior month within 7 working days of the first of each month.

#### 4. PAYABLES

- i) All bills shall be date stamped by clerical staff on the day they are received in the office.
- ii) All bills shall be paid bi-monthly.
- iii) Checks in the amount of \$10,000 or less shall be signed by the Executive Director or a staff member s/he designates other than the Finance Manager. Checks over

\$10,000 for budgeted items shall be signed by the President, President Elect or Treasurer, first, and returned to the Finance Manager in an envelope marked confidential. This is to remain sealed until processed by the Finance Manager. The Executive Director, or her/his designee, shall sign these checks after they have been signed by an officer. Unbudgeted items over \$10,000 require approval from the President and Treasurer prior to incurring the cost. As part of the association's internal controls, the Operations Committee shall review the check register during its monthly teleconference meeting and shall make and vote on a formal motion to approve the report.

- iv) Bills shall be stamped with the date paid, number of check, and block for Executive Director's initials, and shall be attached to checks at the time they are presented to the Executive Director for signature.
- v) All bills shall be mailed out by the Finance Manager, as soon as they have been signed and counter-signed.

\* Note: all bank statements shall also be forwarded unopened to the Finance Manager.

#### 5. BILLING/INVOICING

- i) Bulletin advertisers shall complete an insertion order prior to the placing of any advertisements, and shall be invoiced within two weeks of the publication of each issue.
- ii) Members shall be invoiced no less than 60 days prior to annual due date. Those unpaid shall be re-invoiced 15 days after the annual due date. Those unpaid shall receive a 3<sup>rd</sup> notice 6 months after anniversary date on which membership has expired, along with a questionnaire regarding reasons for failing to renew membership.
- iii) Association Memberships unpaid 30 days after anniversary date and WEF Active Membership unpaid 120 days after anniversary date, shall receive no further CWEA membership services.
- iv) TCP Certificate renewals shall be invoiced no less than 60 days prior to annual due date. Those unpaid shall be re-invoiced 30 days prior to annual due date. Those unpaid shall receive a 3<sup>rd</sup> notice on the anniversary date of certification.
- v) All expired TCP certificate holders shall receive notice of termination of certificate, 60 days prior to the expiration on the anniversary date following failure to renew. Notice shall include information regarding appropriate penalty fee for late renewal.
- vi) Makers of returned checks shall be invoiced immediately; re-invoiced within 30 days; at 45 days, and a Notice of Collection shall be sent at 60 days. A \$10 returned check fee shall be applied to all returned checks.
- vii) The Finance Manager shall receive copies of all invoices for books, labels, and miscellaneous payables and shall be responsible for monthly re-invoicing and collection.

- viii) Any invoice other than Membership or TCP Renewals shall be transferred to the Finance Manager if it is unpaid beyond 30 days.

#### 6. LOCAL SECTION AND COMMITTEE ACCOUNTING

- i) A separate file folder shall be set up for each Local Section and Committee Financial Report.
- ii) Each bank statement and reconciliation shall be filed in the appropriate folder.
- iii) The Finance Manager shall check each bank statement and reconciliation once per month, for compliance with the guidelines adopted by the Board as part of FP 101 and FP 104.
- iv) The Finance Manager shall follow-up with Committees or Local Sections who do not submit reports each month, with a written report entered into the file.
- v) The Finance Manager shall prepare a monthly report on the status of all information required from each Local Section, Conference and Committee, following the monthly review.
- vi) Annually, the Finance Manager shall work with the Association's CPA to complete a year end report. This shall include noticing all Local Section Treasurers of a requirement for updating information on bank account signatory information.

#### 7. MONTHLY REPORTS

- i) Monthly financial reports shall be prepared and submitted by the Finance Manager to the Executive Director within two weeks of the end of each month.
- ii) The monthly report (profit & loss statement) shall include the following:
  - Income received by line item for the month
  - Income received by program for the month
  - Expenses paid by line item for the month
  - Expenses paid by program for the month
  - Total income and expenses received or paid for the year
  - Statement of investment income for each investment account
  - Percentage of the year elapsed-to-date
  - Percentage of the Budget received or paid-to-date
- iii) Copy of the status of all Local Section, Conference and Committee accounts.

#### 8. CHAIN OF COMMAND FOR RECONCILIATION

The Finance Manager shall be responsible for initial reconciliation of all accounts, bookkeeping work by staff. Discrepancies shall be noted. The Executive Director shall be responsible for reviewing reconciliation reports. The Finance Committee shall receive quarterly reports, which shall include information regarding reconciliation reports.

#### 9. MISHANDLING OF FUNDS

Internal Fiscal Control Procedures

12/8/98 (Rev. 12/11/98, 11/29/99, 3/28/00, 8/14/01, 11/27/01, 6/29/02)

Page 7

Failure to follow internal financial control procedures of funds will result in corrective action and/or termination.

Mishandling of funds shall be grounds for immediate termination of employment.