



FINANCIAL CONTROLS POLICIES & PROCEDURES

I. GENERAL PRACTICES

Review of Risks. These policies were drafted after consideration of the risks associated with the various aspects of our financial operations to enact policies and procedures designed to minimize those risks. The Board will review these policies each year to consider whether the risks have changed. Such changes may include receipt of grant monies for the first time or receipt of grants with restrictions, a change in the laws regulating our nonprofit, hiring of employees or a major change in our programs. If so, the Board needs to identify any new risks and adopt appropriate procedures to minimize those risks. The Board shall consult with a professional if necessary to ensure that it is properly addressing the risks.

Segregation of Roles. There are several fiscal “roles” in our organization—custody, authorization, execution, and monitoring. For example, the person who has authority to sign checks is acting in the custodial role. The person who approves payment of a bill is authorizing. The Board as a whole acts in an authorizing role when it approves the annual budget or makes a decision to make a major purchase. The person who prepares the checks for signature by an authorized check signer is acting in the execution role, executing an action that has been authorized by the Board through the annual budget or by the individual responsible for approving payment of the bill. The person who reconciles the bank statement acts in the monitoring role. The Board also acts in a monitoring role when it reviews the monthly financial reports to be sure that its plan—the budget—is being executed properly.

As much as possible, the Foundation’s Board of Directors seeks to separate the responsibilities for fiscal roles so that at least two (2) and preferably more individuals fulfill these roles. It is particularly important that the same person does not authorize, execute and monitor any transaction. At each step of handling funds, the organization shall ensure more than one (1) person verifies that the step is done correct

II. RECEIPT OF FUNDS

RISKS

Our organization faces the risk that funds that we receive may be stolen or lost or that someone may be falsely accused of stealing funds. We also face the risk that we may fail to record a restriction that a donor has placed on our use of funds.

POLICY

All funds, whether cash or check, which the organization receives will be deposited intact into the bank account, with no monies removed to make payments or for other purposes. All cash receipts should be deposited into the bank as soon as possible. This allows for a complete accounting and independent verification of what happens to our funds. Communications from donors that establish restrictions on the use of their contributions will be saved. If we believe that a donor has restricted the use of funds in a conversation, we will follow up and get written confirmation of the donor's intent.

PROCEDURES

1. *Receipt of Checks in the Office.* The Executive Director opens all mail addressed to the organization. The Executive Assistant scans all checks received and saves to the Foundation's secured drive. Checks are given to the Bookkeeper. This allows the Bookkeeper to verify that all checks received are deposited.

The Bookkeeper will endorse all checks by an endorsement stamp that provides that the check is "For Deposit Only" and will be paid to the order of the Escambia County Public Schools Foundation bank and lists the organization's name and account number. This lessens the risk that a check may be stolen and cashed.

2. *Receipt of Cash in the Office.* Cash is easily stolen and must be handled carefully. If cash comes into the office, the person accepting the cash must provide a written receipt when taking the cash:

Any cash received is counted and signed for on the Donation Form by both the Executive Assistant and the party delivering cash. A copy of the signed form is given as receipt to the delivering party and is scanned into the Foundation's secured drive. Additionally, each department/school receives a monthly account report and is responsible for notifying the Foundation of any discrepancies.

The cash donation is given to the Bookkeeper for recording and depositing or stored in the safe in the absence of Bookkeeper.

3. *Receipt of Checks and Cash Outside the Office.* Any cash or checks received outside of the office (at an event) will be counted by two staff members or Board members, the Donation Form filled out and signed and immediately delivered to the safe or to the bank. In the event, cash with documentation cannot be taken to the bank or the safe, it will be stored in a secure location. The custody of the money will be transferred to the bank or the Bookkeeper on the next business day.

- If no cash is received at the event, the individuals accepting the contributions by check will give the Bookkeeper the list and the checks within 24 hours of the event.
- If there is cash in the deposit, one of the two individuals accepting contributions must deposit the funds immediately. If checks will be deposited with the cash, the individuals accepting the checks should be sure that the list of checks they prepare includes the donor's address as well as name.
- The Cash Received Form and the list of checks received shall be scanned into the Foundation Secure Drive. They will then be put into the donor management system where a letter of acknowledgement will be generated and printed for the Executive Director to sign and mail.

4. *Deposit Slips.* The Bookkeeper will deposit funds as follows:

- Bookkeeper prepares deposit slips.
- The Executive Assistant will scan the checks and the deposit slip to the Foundation's secure financial drive.
- If cash will be included in the deposit, the Bookkeeper will attach a Donation Form counted and signed for on the Donation Form by both the Executive Assistant and the party delivering cash. A copy of the signed form is given as receipt to the delivering party and is attached to the Deposit slip and scanned into the Foundation's Secured Drive. Additionally, each department/school receives a monthly account report and is responsible for notifying the Foundation of any discrepancies.
- Bookkeeper or Executive Assistant will take deposits to the banks. If cash, the Bookkeeper will make cash deposits.

The Bookkeeper will consult the deposit ticket and attached supporting documents in the Foundation Secured Drive when making the Bank Reconciliation described below.

6. *Credit Card Contributions.* Credit Card Contributions can be accepted through the Foundation's online donation platform or Square on behalf of the Foundation, Schools and Departments, programs or specific projects. The same applies to Text to Donate and donations through the QR Codes.

7. *Acknowledging Donations.* While IRS rules require that we acknowledge all donations that are more than \$250, our policy is to provide written acknowledgement for every gift we receive. The Executive Assistant will ensure all donations are uploaded to the Foundation Secure Drive. Donations will then be put into the Foundation's donor management platform where a letter of acknowledgement will be generated and printed for the Executive Director to sign and mail. Donations made to schools or departments less than \$250 are to be acknowledged by the school or department. Online donations of any amount are automatically acknowledged electronically.

- If the gift was cash (which includes a check), the letter should include the amount of the gift and state that the gift was cash.
- If a donation was made in tribute to someone or something, acknowledgement will be sent to the donor and to the person or family to whom the gift was designated.
- If the gift was donated property of some kind, the letter does not need to and should not value the property. If the donor did receive something of value in return, the letter must contain a description of the donation and a good faith estimate of the value of what we gave back to the donor.
- The letter should include the statement: "Thank you for your contribution of \$____, received on _____, 20___. [PICK ONE: "No goods or services were provided in exchange for your contribution" or "In exchange for your contribution, we gave you _____ whose fair market value was \$_."]"

In addition to thanking our donors and providing documentation the donor needs to deduct the contribution, the acknowledgment letter may alert donors whose amount is misstated to contact us to correct the error. Additionally, our records of the letters we send will help us keep an up-to-date record of how to contact all our donors.

III. DISBURSEMENT OF FUNDS/USE OF FOUNDATION PROPERTY

A. PAYMENTS BY CHECK

RISKS

The Foundation faces the risks that our funds will be spent on unauthorized items, that someone will steal our funds by taking blank checks or by writing checks to payees who are not our vendors, that someone will use Foundation property for personal purposes or that payments we make will be improperly recorded.

POLICY

Disbursements from the organization's funds are paid by check. This allows us to track how our funds are spent, who is spending them and who is authorizing expenditures.

PROCEDURES

1. *Opening Bank Accounts.* Bank accounts may be opened only upon authorization by the Board of Directors.

- All bank accounts must be opened with the organization's employer identification number (EIN).
- The Board shall approve the authorized signers on the organization's bank accounts.
- Executive Assistant and Bookkeeper will not be check signers because of his/her role in the custody and preparation of the checks.

2. *Custody of Checks.* Check stock is secured in a locked filing cabinet at all times. Checks are sequentially pre-numbered and accounted for. Voided checks are stamped as "VOID", scanned into the Foundation Secure Drive and filed in a folder for the current fiscal year. The folder is kept in a locked drawer.

3. *Authorized Check Signers.* The Executive Director and Take Stock in Children Student Services Coordinator are both authorized by the Board of Directors to sign checks from the organization under \$50,000. All checks over \$50,000 must be approved by the Chairman or Treasurer of the Board of Directors. If the Chairman or Treasurer is unavailable to approve, another Board Officer (such as the Chairman-Elect) will be assigned this duty. Persons in the above-mentioned positions must complete authorized signature cards for the banking institutions with which ECPSF holds its checking accounts. All checks require two signatures from authorized signers. Authorized signatories are to be approved by the Executive Committee.

Authorized signatories include: Executive Director, Take Stock Student Services Coordinator, Foundation Board Chairman, Board Treasurer, Immediate Past Board Chairman. Should one of the above-mentioned Board Officers not be able to fulfill their duties, the Executive Committee will appoint another Board Officer as an authorized signatory.

Each authorized signatory will be made aware that signing blank checks exposes our organization to theft since the bank is entitled to charge our account for any check that has a valid signature. A signed blank check is an invitation to theft.

4. *Operational/Programmatic Payments.* The Executive Assistant or Bookkeeper receives all mail for the organization. The Executive Director opens the mail and distributes it to appropriate parties. In the absence of the Executive Director, the Bookkeeper or Program Manager may open mail, and Bookkeeper may process and deposit checks to the appropriate accounts. Bills and reimbursement requests received through the mail are provided to the Bookkeeper. Bills received electronically are forwarded to the Bookkeeper. The Executive Assistant prepares a check request including payee information, supporting documents such as invoices or receipts, and total amount requested and enters into Foundation Secured Drive. The Bookkeeper enters the payment into the accounting software. The check is either printed in-house or processed using online bill pay by the Bookkeeper.

5. *Check Authorization.* All invoices will be forwarded immediately to the Bookkeeper for review and authorization to pay.

- The Bookkeeper will review all invoices for mathematical accuracy, agreement with a written invoice, conformity to budget or Board authorization and compliance with grant fund requirements as approved by Program Manager or Executive Director.
- The Bookkeeper will code the invoice with the appropriate expense or chart of accounts line time number and other information as needed for accounting purposes.
- By approving an invoice, the Bookkeeper indicates that he/she has reviewed the invoice and authorizes a check or payment by credit card or ACH transfer.
- The Bookkeeper is responsible for timely follow-up on discrepancies and payment.

6. *Prohibited Practices.*

- Blank checks signed in advance
- Checks made out to "Cash" or "Bearer", etc.
- Checks signed without payee or amount missing
- Payments may not be made to vendors that are employees of the Foundation or on the Foundation Board of Directors

7. *In-house check printing.* The Bookkeeper reviews supporting documentation and approves by printing the checks from the accounting software. The Executive Director reviews the supporting documentation by signing the checks. The Bookkeeper secures a second authorized signer. In the absence of the Executive Director, the Chairman or Treasurer will work with the Bookkeeper to approve and sign checks. If needed, transfers the appropriate funds to the operating account to cover the total amount of the checks. The Bookkeeper is then responsible for mailing the checks or arranging for office pickup.

8. *On-line Payments.* The Executive Director and Bookkeeper are authorized to approve vendor payments through online bill pay. The Bookkeeper is authorized to initiate approved online bill payments. The limit for an individual payment is \$20,000. Online bill payments over \$20,000 require a second approval (to be obtained via email) from a Board Officer authorized signer. The daily limit for total transactions is \$50,000 unless approved electronically by a Board Officer authorized signer.

9. *ACH and Wire Transfers.* ACH is the preferred method for electronic transfer of funds. The Executive Director and Bookkeeper are authorized to set up and approve recurring ACH transfer credits and debits (up to \$50,000) for the organization, such as payroll debits and DMV license plate credits. The Bookkeeper is authorized to initiate ACH transfers that must be approved by the Executive Director. The Executive Director can authorize or complete and sign a wire transfer form for amounts up to \$50,000. For amounts over \$50,000 electronic approval from a Board Officer authorized signer will be documented.

10. *Fiscal Agent Payments.* The authorized account manager or administrator at the school or organization submits the initial check request with supporting documentation to the Bookkeeper. The Bookkeeper confirms that the request is complete and falls within the guidelines stated in the initial Account Agreement.

B. PETTY CASH FUNDS

RISKS

Payments by cash are not as completely documented and are not as easily monitored as payments by check and thus subject the organization to greater likelihood of errors and fraud.

POLICY

The Foundation does not keep petty cash.

C. EXPENSE REIMBURSEMENT

RISK

The organization does not have the same level of control over expenses incurred on behalf of the organization by those who pay with personal funds and seek reimbursement as it does for expenses paid directly by the Foundation. The Foundation is not in as good a position to determine whether the goods or services purchased might have been obtained at a lower price elsewhere, whether there is a personal benefit to the person seeking reimbursement and how the expenditure fits in with the rest of the organization's budget.

POLICY

In proper circumstances, Board members, employees and volunteers are entitled to be reimbursed for expenses related to the organization that they incurred on behalf of the organization. To receive reimbursement, you must meet the following requirements:

- Expenses must have been authorized in advance by the Executive Director or Board.
- The expenses must have been incurred for goods or services purchased for the organization.
- If the expense is for travel, the travel must be for work related to the organization. We will reimburse no more than the standard mileage rate for business use of a car as established by the IRS. The organization will reimburse meal expenses incurred in direct connection with the organization's business, or at the per diem rate established by the IRS.
- Under no circumstances will alcohol purchases be reimbursable.
- The Executive Director may not sign checks written to himself/herself. Reimbursement checks made payable to the Executive Director must include appropriate receipt or invoice documentation.

PROCEDURES

To be reimbursed for expenses:

1. *Documentation.* You must provide a detailed receipt showing the date, amount and what the expense was for. Credit card receipts and store receipts that do not describe the purchase are not reasonable documentation.
2. *Timely Submission.* You must submit your documentation with a request for payment within 30 days from the date the expense was incurred.
3. *Overpayment.* If the Foundation overpays the requestor, he/she must return any excess reimbursement within a reasonable period (not to exceed 30 days).

D. PURCHASING

RISK

The Foundation wants to ensure that all purchases are aligned with Escambia County Public Schools Strategic Plan as well as the Escambia County Public Schools Foundation Strategic Plan and policies. Unauthorized purchases deplete the organization's resources and prohibits the Foundation from providing proper documentation and bookkeeping as it relates to auditing and reporting.

POLICY

All purchases made must be made pursuant to the Board-approved budget and approved by the Executive Director. The Executive Director shall follow policies regarding approval limits set forth by the Board of Directors.

PROCEDURES

The Executive Director can authorize purchases of \$50,000 or less which conform to the Board's budget. The Board must approve purchases above that amount. The Board must authorize any purchase which does not conform to the Board's budget.

IV. CREATION OF CORPORATE OBLIGATIONS

RISKS

The Foundation needs to ensure that any obligation undertaken in the Foundation's name is authorized by the Foundation and is for a Foundation and not a personal purpose.

A. CREDIT AND DEBIT CARDS

RISKS

Foundation credit or debit cards can be misused when people charge personal expenses on them, fail to obtain documentation showing that a purchase was for the Foundation or put expenses on the Foundation card for purchases that are embarrassing to the Foundation.

POLICY

The Foundation will not authorize the use of debit cards for any purposes. The Executive Director will determine whether there is a compelling need for the Foundation to obtain one or more credit cards. The Board will be made aware of additional credit cards and their intended use. A cardholder or designated user may use the credit card only for official purposes directly related to the needs of the organization. Foundation credit cards may not be used for personal purposes, even if he or she plans to reimburse the organization.

The following purchases are not allowed on the Foundation credit card:

- Personal purchases
- Cash advances or loans
- Payroll advances
- Purchased for other organizations
- Alcohol

- Personal entertainment
- Fuel for personal vehicles
- Any item inconsistent with the mission and values of the organization
- An individual purchase shall not exceed \$5,000 without prior approval.

PROCEDURES

In order to use the card, the user must follow these procedures:

1. Purchase Requests:

- Requests must be made two business days before card is needed
- Requestor will be notified via email when the request is approved
- Once approved card may be picked up in the Foundation office between the hours of 9 am and 3 pm on the date requested
- Card and receipt must be returned to Foundation within 24 hours of purchase

2. Original Receipts. The card user must provide the detailed receipt that describes each purchase made on the card. In the case of meals, the statement must include the names of all persons at the meal and a brief description of the business purpose, in accordance with IRS regulations.

3. Notification of Loss/Theft. The card user must notify the Foundation immediately in the event that the card is lost or stolen.

B. BORROWING AND LINES OF CREDIT

RISKS

The organization needs to ensure that borrowing in the Foundation's name is authorized.

POLICY

The full Board must approve any borrowing of funds in the name of the Foundation, including the use of any promissory notes. The Board must give very serious attention to be sure that the Foundation will have sufficient funds available to repay any loans or lines of credit on time. The Foundation has not historically borrowed funds, and does not currently have any outstanding debts.

V. BANK RECONCILIATION AND ON-LINE MONITORING

RISKS

Monitoring allows us to uncover errors. If our records and the bank records do not agree, it is likely that our records are wrong. Monitoring also assists us in identifying discrepancies between our accounting records and our banking records that suggest theft or fraud, checks signed by unauthorized signers, and identity theft.

POLICY

The Executive Director will monitor the Foundation's accounts regularly and the Bookkeeper will prepare a written reconciliation of all bank or investment accounts.

PROCEDURES

1. *Monthly Reconciliation Reports to Executive Director.* The Bookkeeper shall provide the Executive Director with a copy of all records of deposits, disbursements (checks written), and other bank transactions and of our accounting records for review.

2. *Reconciliation.* The Bookkeeper will reconcile the bank and credit card accounts monthly. The reconciliation should be done within 7 days of the statement posting online as follows:

- Statements that are available online are downloaded by the Bookkeeper and saved electronically on the Foundation's Secured Drive in the Finance/Bank Statements folder and in the current year's Accounting/Audit folder.
- Review the checks in the bank records to ensure that: the name of the payee, the amount of the check and the date of the check agree with the Foundation's accounting records.
- Compare the bank deposit records with our accounting records to determine whether each deposit recorded in the accounting records agrees with the bank record.
- Check the cash entries in the Foundation's secured drive against the bank record of deposits to ensure that all cash was deposited.
- Check whether the ending balance in the general ledger cash account agrees with the bank statement, after making the adjustments on the bank reconciliation form.
- List all outstanding checks. On all checks outstanding over 90 days, take appropriate action.
- List all deposits in accounting records not yet recorded by the bank.
- If there are no discrepancies, the account is reconciled and a final monthly report of all cleared and uncleared transactions is produced. If there are any discrepancies, the Executive Director is notified and appropriate action is taken (i.e. contacting the bank for an explanation/resolution).
- Reconciliation will be provided to the Treasurer by the Bookkeeper monthly prior to the Executive Committee meeting.

3. *Journal entries.* The Bookkeeper will enter journal entries into the accounting software with prior approval from the Executive Director. Journal entries are used primarily to move funds among classes and payroll. The Executive Director approves any changes to the chart of accounts. The Executive Director approves journal entries during his/her monthly review of the finance folders. The Executive Director serves as administrator of the online bookkeeping platform. Use of the accounting software is limited to viewing rights and reporting.

4. *On-Line Banking.* The Executive Director has full access to online banking for all ECPSF and TSIC accounts and is authorized to conduct transactions within the online banking platform. The Bookkeeper has limited access to online banking as set up by the Executive Director. Controls are in place so that the Bookkeeper may approve online bill pay and ACH payments, is able to view items, such as monthly statements and cleared checks, and transfer funds between various ECPSF accounts, and is able to make online deposits using “remote deposit capture” in alignment with individual banking policies.

5. *Audit and 990* – The Bookkeeper and Executive Director are responsible for coordinating the annual audit and filing of IRS form 990 with ECPSF’s contracted independent auditor, both of which are presented to the Board of Directors for approval.