

IV. ACCOUNTING

Effective Date: April 21, 2008

F. BANK ACCOUNTS

All checking and investment accounts of the grantee organization should be authorized by the governing board and such approval recorded in the official minutes. The board action should include the name of individuals who are authorized to sign checks and perform other duties associated with the bank accounts.

The board should implement a procedure which ensures that the list of check signers is periodically reviewed for the purpose of determining if duties and responsibilities of the respective signers have changed to such a degree that the signing of checks now represents an improper function or an inadequate segregation of duties. Also, the board should ensure that the list of authorized persons is changed immediately in the event of a death, retirement, or resignation. All changes should be recorded in the official board minutes.

The board may decide to have two checking accounts, an operating account and a payroll account. The payroll account would be limited to the issuance of payroll checks to employees and the payment of payroll taxes to federal and state authorities. Funds would be transferred periodically from the operating account to the payroll account to cover payroll related costs since all grantee income and receipts should be deposited into the operating account. The separate payroll account provides a process whereby funds designated for personnel costs and payroll taxes are segregated from general operating activities.

Controls and Operating Procedures

1. On a monthly basis, bank balances per the accounting records should be reconciled to the bank statements. The person performing the reconciliations should not have duties and responsibilities in the cash receipts and disbursement functions.

2. In the case of small organizations with limited staff, it is often impossible to have the desired degree of duties segregation. Therefore, the board should request that the bank mail monthly statements directly to a board member so that the reconciliations can be performed in an independent manner.

3. On at least an annual basis, the board should review and authorize all bank accounts and check signers. Also, the board should adopt policies and procedures governing the use of signature stamps, daily deposits, investment activities, endorsements and the receipts process.

4. Employees and board members who handle cash or have check signing responsibilities should be bonded either individually or under a blanket bond.

5. Current signature cards and other documents required by the financial institutions should be maintained on file at all times. The documents should be in accordance with the actions approved by the governing board and recorded in the official minutes.

6. Financial institutions should be instructed in writing that the governing board is to be notified immediately of any unusual transactions or items such as insufficient fund notices or checks made payable to cash.