

## AL28 Policy: Financial Controls and procedures

### PREFACE

This document describes the methods and controls for managing the finances of American Legion Post 28, Spartanburg, SC. It may be amended at any time by a majority vote of the Post Board of Directors.

It is designed to provide maximum freedom and flexibility for those charged with handling Post funds while insuring adequate control and management to protect the assets of the Post.

The Post Finance Officer shall oversee all of the finances of the Post and comply with all reporting and control requirements of the office as prescribed herein. He/she shall also serve as the Post treasurer and be responsible for deposits and disbursements for most of the normal Post activities and administration (a few exceptions are noted herein.) Several specific funds or accounts shall be established to facilitate the management of these accounts by the individual charged with the function supported by the funds, such as building, baseball, and museum.

It shall not be construed a conflict of interest where the Finance Officer also serves as a cost center manager. In this situation, the Board of Directors is responsible for oversight of the cost center manager's activities (#2.h.)

### POLICY

#### 1. Structure of Post funds

- a. Cost centers shall be defined for selected spending groups.
- b. Additional cost centers may be defined, current cost centers divided into multiples, or cost centers removed at any time as deemed necessary. Such action will require Board of Directors (BOD) approval and this Policy must be administratively updated to reflect the new structure.
- c. Earmarked funds shall be assigned to specific cost centers. Non-earmarked funds shall be deposited in the General Fund (defined later in this document.)
- d. Each cost center shall have a manager appointed who is responsible for managing the account.

Adopted 10/31/2011

- e. Post funds shall be deposited in an approved checking, saving, or investment account except where the operation is a cash account by nature.
- f. Some cost centers may share their checking account with another cost center. Where this happens, a primary account holder shall be defined who will be responsible for administering all deposits and disbursements for each secondary cost center sharing their account.

## **2. Authority**

- a. The BOD shall have ultimate authority for all expenditures.
- b. The Post Finance Officer shall advise the BOD on financial matters requiring attention.
- c. The cost center managers shall have full authority to spend funds from their cost center within specific established limitations and state laws. Routine and pre-approved Post liabilities, such as utilities or Legion Baseball registration, shall be paid without regard to pre-defined spending limits. Cost center managers can authorize other expenditures up to \$200 without obtaining BOD approval.
- d. Cost center managers are responsible for insuring they have sufficient funds to meet all obligations and may plan and conduct fundraising events to obtain such funds. The cost center manager or their designee may make deposits to their cost center account.
- e. The Finance Officer may transfer funds between cost centers to meet current obligations. The BOD may authorize funds transfers to meet future obligations.
- f. The cost center manager and the Finance Officer will be authorized to write checks within each specific cost center. The cost center manager may authorize additional people to sign checks as needed.
- g. Only one signature will be required on checks.
- h. The post Finance Officer shall be responsible for insuring all cost center managers properly manage funds for which they are responsible. In situations where the Finance Officer is also a cost center manager the BOD shall have oversight responsibility of such accounts.

- i. The Finance Officer must report cases of perceived account mismanagement to the BOD as soon as such has been determined.
- j. The Finance Officer shall assume the role of cost center manager for any account that has a vacancy in this position.
- k. The Adjutant shall serve as the alternate account signature where the cost center manager is the Finance Officer.
- l. In the event the Finance Officer is unable to perform the assigned duties, the 2<sup>nd</sup> Vice Commander shall assume the responsibility until a replacement Finance Officer can be appointed.

### 3. Records and Reporting

- a. The Finance Officer shall submit a finance report to the BOD at each monthly Board meeting unless excused. The report should include cost center account balances, investment fund balances, and a summary and analysis of cash flow activities since the last board meeting and any other current financial information deemed important. If the Finance Officer will be absent from a board meeting, a report of current account balances should be submitted to the Adjutant as close to the board meeting as possible.
- b. The Finance Officer shall be responsible for timely filing of tax reports to IRS and SC Secretary of State (SCSOS) and generating/submitting annual 1099-misc forms as needed.
- c. The Bingo Administrator shall be responsible for timely filing of quarterly Bingo reports with the SC Dept of Revenue (SCDOR.) **[Discontinued and closed]**
- d. Copies of all government reports (IRS, SCSOS, SCDOR) shall be retained for five years.
- e. Cost center managers responsible for a checking account shall maintain proper ledger entries for all deposits and checks. Due to entry space limitations on book style ledgers, debit transactions need not be entered but debits should be logged and/or receipts batched and turned over to the Finance Officer monthly to complete the bank reconciliation.
- f. Each cost center manager shall report deposits to and payments from their account to

the Finance Officer in a format and manner agreed to with the Finance Officer. The General Fund and Bingo Account must be reported weekly, even if there was no activity. All other funds must be reported monthly, no later than the 5<sup>th</sup> day of the month, except that the Baseball fund must report weekly during the season – May through July.

- g. The Finance Officer will update computer records from the various cost center reports, using an approved computer software program. The master file will be maintained on the main Post PC and will be password protected. The Finance Officer shall initial each cost center ledger entry as it is entered in the computer program master file. Updates will be performed in a timely manner, at least twice per month. The file will be backed up each time it is updated and the backup stored off-site.
- h. The Post Adjutant will keep all passwords in a sealed envelope stored in a secure place, known to at least two other BOD members.
- i. Copies of bills paid and receipts for expenses shall be retained in the Post home office files for the current fiscal year. At the end of the fiscal year each paper file shall be cleared and placed in storage, labeled with contents and year. The files shall be restarted for the current fiscal year. Files over three years old may be purged.
- j. The Finance Officer will reconcile all bank accounts each month with the monthly bank statements.
- k. After all cost centers have been reconciled through the end of the fiscal year, the records will be stripped from the master file and stored in a file labeled for that F/Y and a backup made of this file and stored off-site.
- l. A review of the Post financial records should be performed during the month of August in odd numbered years. The review should cover the previous two fiscal year records (F/Y ends 6/30 each year.) The review committee should be appointed by the Post Commander and consist of at least one board member (not the Finance Officer) and one Post member who is not a board member.
- m. The review committee is responsible for insuring this policy has been followed for the review period, insuring documented reporting and records retention are in compliance, and shall submit a written report of findings to the BOD at the board meeting corresponding to the September general membership meeting.
- n. Any time a new Finance Officer accepts office, he/she should review the Post financial

records within one month and any questions or discrepancies reported to the BOD. Failure to do this means the new Finance Officer agrees that all records turned over are complete and accurate.

- o. The commander, with BOD approval, may order an independent audit of the Post financial records at any time for just cause.

#### **4. Expense reporting and reimbursements:**

- a. No cost center manager may issue a check to him/herself.
- b. No Post member other than a cost center manager may authorize a direct bill for purchases.
- c. Any request for a direct bill by someone other than a cost center manager must have a completed and signed Purchase Order before making the purchase.
- d. Requests for personal expense advance or reimbursement must be made using a completed expense request form with receipts attached.
- e. Direct payments for services and merchandise, normal account distributions, and account transfers, are not subject to expense reporting procedures. (e.g., debit card purchase, food services cash purchase, bills, etc. do not need an expense report.)

#### **5. Definition of Post Funds**

##### *a. Checking Account funds:*

##### **i. General fund (Cost Center):**

1. Money used for general operations of Post 28 to include charitable activities, youth and membership programs, membership, building utilities, office and administrative supplies and equipment, merchandise purchases, and travel and training.
2. This is a primary account managed by the Finance Officer. The Finance Officer and Adjutant will each have a Debit card for this account.
3. The account is funded by dues, general donations, payment rebates,

product sales, facilities rentals, and miscellaneous need specific fund raising activities.

**ii. Building fund (Cost Center):**

1. Money used for building and grounds maintenance, repairs, and capital expenditures.
2. This is a primary account managed by the Building Manager.
3. The account is funded by food service proceeds, miscellaneous need specific fund raising activities, and earmarked donations.

**iii. Bingo account (Cost Center):**

**This Cost Center discontinued and account closed.**

1. Money used for bingo operations expenses and Post 28 charitable programs in strict accordance with applicable state laws. Funding for Boys State and Girls State tuitions is the first priority of proceeds distributions.
2. This is a primary account managed by the Bingo Administrator.
3. The account is funded only by net gaming income; however the manager has the authority to borrow additional funds to support losses, taxes, and supplies and equipment purchases (state regulation.) Such loans should come from Post funds to the extent possible.

**iv. Baseball Account (Cost Center):**

1. Money is used to operate the baseball program.
2. This is a primary account managed by the Athletic Director. The Athletic Director will have a Debit card for this account.
3. The account is funded by earmarked donations, Fordway Gum Machine proceeds, sponsor sales, game tickets, game concessions, and miscellaneous program specific fund raising activities.

4. The fund also pays scholarship awards to outstanding players each season.

**v. Honor Guard (Cost Center)**

1. Money is used for equipment, supplies, and uniform accessories.
2. This is a secondary account contained within the General Fund checking account. The Post Honor Guard Commander is the cost center manager.
3. The General Fund manager is responsible for making deposits and distributions as requested by the Honor Guard Commander.
4. The account is funded by earmarked donations and miscellaneous program specific fund drives.

**VI. Shooters (Cost Center)**

1. Money is used to purchase supplies and equipment for the shooters program.
2. This is a secondary account contained within the General Fund checking account. The Shooters Program director is the cost center manager.
3. The General Fund manager is responsible for making deposits and distributions as requested by the Shooters Program Director.
4. The account is funded by earmarked donations and miscellaneous need specific fund raising activities.

**VII. Museum and Library (Cost Center):**

1. Money is used to supply and maintain the museum and library.
2. This is a secondary account contained within the General Fund checking account. The Post Historian is the cost center manager.
3. The General Fund manager is responsible for making deposits and distributions as requested by the Post Historian.

4. The account is funded by earmarked donations and miscellaneous need specific fund raising activities.

*b. Cash funds:*

**i. Museum donation jar:**

1. The cash donations are recorded to this account. From time to time excess funds in the jar should be deposited in the Museum Cost center checking account to insure the cash remains less than \$50.
2. This is part of the Museum cost center.

**ii. Food services (Cost Center):**

1. Cash is used to purchase kitchen supplies and food products to sell.
2. This is a primary account managed by the Food Services Manager.
3. At least once per quarter, cash in excess of the minimum required to have on hand shall be donated to the Building fund (3/4) and Unit 28 (1/4.)

**iii. Committee on Veteran Assistance (COVA) (Cost Center):**

**This Cost Center discontinued and account removed from records.**

1. Cash is used to provide aid and assistance to veterans in accordance with COVA Policy and procedure.
2. The COVA team leader will be the cost center manager.
3. The account is funded by the General Fund (reported as Charitable Donations, COVA distributions) and earmarked donations. The cost center manager shall request cash from the General Fund as needed to keep the cash on hand at the minimum level provided in the COVA Policy.

*c. Investment funds:*

**i. Savings:**

1. Money that is not needed for short term operating expenses should be placed in conservative interest bearing instruments that allow reasonable ability to retrieve money when needed.
2. The investments, both amount and type, should be determined by the BOD and the Finance Officer shall make the investments.
3. Money can be withdrawn to fund any specific fund or project, other than the Bingo account except as allowed by law, as needed and authorized by the BOD.

**ii. Anderson memorial:**

1. This is a trust fund established from a specific donation that is to be used to pay expenses and rewards for the Post Oratorical Contest. Funds from other cost centers may also be used to defray these expenses.
2. Funds may be added to this investment from earmarked donations.

## Finance Policy Appendix

### *Cost Center Managers as of 9/01/2011:*

1. General Fund	Finance Officer
2. Building Fund	Jim Harbison
3. Bingo Account	Closed
4. Baseball Account	Athletic Director
5. Museum Fund	Historian
6. Food Services	Jim Harbison
7. COVA	Closed
8. Shooters	Leah White
9. Honor Guard	Ken Barton

**EXPENSE/CASH ADVANCE FORM**

**NAME** \_\_\_\_\_

**ADDRESS** \_\_\_\_\_

**CITY** \_\_\_\_\_ **ST** \_\_\_ **ZIP** \_\_\_\_\_ **PHONE** \_\_\_\_\_

**REIMBURSEMENT / ADVANCE (SELECT ONE)**

**COST CENTER AFFECTED:** \_\_\_\_\_ (General, Building, Baseball, Food, Museum, Shooters, Honor Guard)

**1. PURCHASES** \_\_\_\_\_ \$ \_\_\_\_\_

**2. TRANSPORTATION** \_\_\_\_\_ \$ \_\_\_\_\_

**3. PER DIEM / MEALS (as authorized before trip)** \_\_\_\_\_ \$ \_\_\_\_\_

**4. LODGING (as authorized before trip)** \_\_\_\_\_ \$ \_\_\_\_\_

**5. OTHER (SPECIFY)** \_\_\_\_\_ \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**RECEIPTS MUST BE ATTACHED FOR REIMBURSEMENT OR SUBMITTED AFTER EXPENSE FOR ADVANCES**

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**APPROVED BY** \_\_\_\_\_

**DATE** \_\_\_\_\_

**CHECK NUMBER** \_\_\_\_\_

**PURCHASE ORDER FORM**

DATE \_\_\_\_\_

PERSON PLACING ORDER \_\_\_\_\_

MERCHANT/COMPANY ORDER PLACED WITH \_\_\_\_\_

COST CENTER AFFECTED: \_\_\_\_\_

ITEM(S) CHARGED \_\_\_\_\_

AMOUNT CHARGED           \$ \_\_\_\_\_

SIGNATURE OF REQUESTOR \_\_\_\_\_

RECEIPT FOR CHARGE MUST BE ATTACHED

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AUTHORIZED BY \_\_\_\_\_

DATE \_\_\_\_\_

*RETURN TO FINANCE OFFICER WHEN PURCHASE HAS BEEN COMPLETED*

COST CENTERS: General, Building, Baseball, Food Services, Museum, Shooters, Honor Guard

*Summary of changes to existing practice and new policy:*

1. 2<sup>nd</sup> Vice Commander temporarily assumes duties of Finance Officer when vacancy occurs.
2. All cost center managers allowed \$200 spending authority without BOD approval.
3. Cost Center managers authorized to conduct fund raising activities without BOD approval.
4. At least two people authorized to sign checks on each checking account (single signature only on checks.)
5. Finance officer presents written report to BOD monthly.
6. Finance officer prepares and submits tax reports.
7. Bank reconciliation will occur monthly on all bank accounts.
8. Financial review will be conducted every other year.
9. Cash advance/reimbursement form and procedure established.
10. Provision for secure storage of finance passwords.
11. Provision for Direct bill authorization via Purchase Order.