

Governance Documentation of **East Coast Pride**

Finance Policy and Operating Practices
East Coast Pride

Version 1.0

Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at East Coast Pride and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All East Coast Pride Management Team members with a role in managing fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually, revised as needed by all Management Team members, and approved by the Management Team.

Division of Responsibilities

East Coast Pride Management Team

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Two members of the Management Team, one being the Chairperson will be appointed by the Management Team to be authorised signatories on the bank account(s)
4. Reviews and approves all contracts
5. Reviews and approves all non-budgeted expenditures
6. Review and advise all members on changes to the Financial Accounting and Accuracy Policy

East Coast Pride Chairperson

1. Reviews and approves all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and approves all grant submissions
4. Approves inter-account bank transfers
5. Is on-site signatory for all bank accounts
6. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
7. Oversees the adherence to all internal controls

East Coast Pride Management Team Officer (can be Vice-Chairperson)

1. Is one of the signatories for the bank account
2. Monitors programme costs and expenditure against projected project costs
3. Opens all bank statements, reviews for any irregularities, and completes monthly reconciliations
4. Processes all account bank transfers
5. Assists the Chairperson with the development of annual and program budgets
6. Reviews all incoming and outgoing invoices
7. Manages the petty cash fund
8. Monitors and manages all expenses to ensure the most effective use of assets
9. Completes and submits grant applications
10. Initiates donors thank you letter acknowledgements
11. Overall responsibility for completing East Coast Pride accounting and general ledger
12. Processes invoices and prepares cheques for signature
13. Makes bank deposits
14. Prepares quarterly financial report for the Management Team
15. Prepares annual year-end financial accounts and report
16. Prepares accounts for auditing by an independent auditor

General Ledger

The Chairperson (or nominated Officer) is responsible for maintaining the general ledger.

The East Coast Pride Chairperson should review the general ledger periodically for any unusual transactions.

Cash Receipts

Cash receipts generally arise from:

1. Grants
2. Direct donor contributions
3. Fundraising activities

The main steps in the cash receipts process are:

The checks are received by the Nominated Officer for processing and deposit.

The Nominated Officer processes the deposit and takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement. The deposits are audited by the East Coast Pride Chairperson every month.

All cash received will be counted, verified, and signed off by the Nominated Officer and another available Management Team member. A receipt will be provided by the Nominated Officer to the person providing the cash donation. The cash will be deposited immediately within 24 hours or as quickly as possible.

Cash Disbursements

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Any fees
3. Marketing/promotional materials

Cheques are processed weekly. Invoices are to be submitted and signed by the Nominated Officer and the other signatory. Cheques can be prepared manually within one day, but this should be limited to urgent situations where no other alternative is available.

All invoices must be submitted to the Nominated Officer for accounting and processing for payment.

Every contractor, act, and management team member detailing the reason for expense:

Lodging - an itemised receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The East Coast Pride Nominated Officer reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Immediately enters them into the Account
6. Completes cheques for payments
7. Submits **cheques**, with documentation to other signatory for approval and signature.
8. Stamps invoice "paid"
9. Mails checks and appropriate backup documentation
10. Files all documentation appropriately

Accruals

To ensure a timely close of the General Ledger, East Coast Pride may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses

Bank Account Reconciliations

1. All bank statements are given unopened to the Chairperson. The Chairperson reviews the statements for unusual balances and/or transactions.

2. The Chairperson gives the statements to the Nominated Officer for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown on the receipts and the statement, a comparison of cleared cheques with the cheque stub records including amount, payee, and sequential **cheque** numbers.
3. The Nominated Officer will verify that voided cheques, if returned, are appropriately defaced, and filed.
4. The Nominated Officer will investigate any **cheques** that are outstanding over six months.
5. The Nominated Officer will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and **initialed** by the Chairperson.

Petty Cash Fund

Petty cash funds are maintained by the organisation. The funds are to be used for miscellaneous or unexpected purchases, and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed £250
2. The Nominated Officer oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Nominated Officer and another Management Team Officer. Receipts for items purchased with petty cash must be included with the return.
5. The Chairperson and the Nominated Officer together will periodically count the cash in the petty cash fund.
6. No cheques will be cashed by the petty cash fund.

End of Quarter and Fiscal Year-End Close

1. The Chairperson will review and sign off on all quarters and year-end accounts. They will be maintained and filed for audit purposes.
2. At the end of each month and fiscal year-end, the Chairperson will review all balance sheet accounts, including verification of the following balances: cash accounts match the bank reconciliations, match outstanding amounts due and owed.
3. The income and expense accounts review will include reconciling amounts received and expended.
4. Once the final monthly and fiscal year-end financial statements are reviewed and approved by the Chairperson and Nominated Officer, no more entries or adjustments will be made into that month or year's ledgers.
5. At the end of the fiscal year, the Nominated Officer will prepare the accounts and close the books. Once completed and closed, the accounts will be passed to the independent auditor for verification and sign-off.

Financial Reports

The Nominated Officer will prepare the monthly and annual financial reports for distribution to the Management Team. The reports will include balance sheet, statement of income and expenses, a budget versus actual report for the organisation and any other requested reports.

Monthly and annual financial reports will be submitted to the Management Team for review and approval.

Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by East Coast Pride will be held in financial institutions insured by the FCA.
2. Personal cheques will not be cashed through the petty cash fund.
3. No advances will be made except under special conditions and pre-approved by the Chairperson.
4. Any donation will be recorded, and a letter acknowledging the donation will be sent to the donor within two weeks of the donation receipt.
5. All volunteer time shall be recorded as in-kind donations.
6. The Chairperson and one designated Officer are the signatories to East Coast Pride bank accounts. Disbursements exceeding £100 require a second signature by an authorised Management Team Officer. **Cheques** over £250 require approval from the Management Team.
7. Bank statements will be reconciled monthly. All bank statements will be given unopened to the Chairperson for review.
8. Correction fluid and/or tape will never be used in preparing accounting documents.
9. Accounting will be kept in locked file cabinets by the Nominated Officer.