# Accounting Policies and Procedures Manual

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# Concordia Volunteer Abroad Program

# Accounting Policies and Procedures Manual

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# Introduction

This manual has been prepared to document the internal accounting procedures for Concordia Volunteer Abroad Program (CVAP). Its purpose is to ensure that assets are safeguarded, the financial statements are in conformity with generally accepted accounting procedures, and that finances are managed with responsible stewardship.

All personnel with a role in the management of CVAP's fiscal operations are expected to uphold the policies in this manual. It is the intention of CVAP that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

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## Division of Duties

The following is a list of Concordia Volunteer Abroad Program's personnel and their responsibilities within the accounting framework:

*Executive Director:*

1. Reviews and approves all financial reports
2. Reviews and approves annual budget
3. Reviews all vouchers and invoices
4. Reviews and approves all contracts
5. Approves all vouchers, invoices, and cheques
6. Develops the annual budget
7. Reviews and approves all financial reports
8. Reviews all bank reconciliations
9. Reviews the timesheets for the hours worked and cheque amounts
10. Approves all reimbursements
11. Manages the assets accounts

*Outreach Coordinator:*

1. Collects payments from student volunteers
2. Responsible for the amounts collected

*Administrative Assistant:*

1. Processes all receipts and disbursements
2. Maintains and reconciles the general ledgers monthly
3. Prepares all financial reports, including requests of reimbursements
4. "manages the petty cash fund"
5. Reconciles the bank statements
6. Double-checks all reimbursement requests against receipts provided
7. Receives all incoming mail
8. Prepares cash receipt log and invoices log.

# Cash Receipts Procedures

The administrative assistant receives all incoming mail. All cheques received by the administrative assistant should be recorded in the cash receipts journal and stamped for deposit. The administrative assistant then makes a copy of the cheque.

Next, the executive director prepares a deposit slip and deposits the funds into the organization's bank account. The validated deposit slip should be filed. All cheque copies should be filed according to month received.

A deposit not forwarded or mailed to the bank should be locked in the lock box. No deposit should be locked in the file cabinet for more then 24 hours. No single bank account should contain an amount over which the "government" will not insure.

*Funds received by Wire transfer:*

The executive director manages the funds held in the organization's PayPal account. Once a payment or donation is received, the administrative assistant needs to be notified.

Next the administrative assistant records the transaction as outlined in the "Accounting Guide".

## Cash Disbursements Procedures

1. Incoming invoices would be logged in by the administrative assistant (naming the staff person responsible for ordering the product or services) and delivered to the responsible staff person for his or her approval and to prepare a cheque request voucher prior to disbursement dates.
2. The staff person responsible for ordering the product or service will check the validity of the invoice against proposals or bids and work accomplished or delivered and prepare a cheque request voucher prior to disbursement date.
3. Twice monthly on the 1st and 16th days (or the next business day if the date falls on a weekend or holiday), cash disbursements should be prepared by the administrative assistant for signature by the executive director or authorized CVAP official.
4. The administrative assistant is responsible for the preparation of all the disbursements. All disbursements are to be made by cheque unless the item is considered a petty cash item.
5. A cheque request voucher should then be completed by the purchasing staff person and attached to the original invoice, and/or any other supporting documents. The voucher should include the account codes to which the expense will be applied. Approval for an expense by the executive director must be indicated on the cheque request voucher.
6. After inputting all cheque requests, the administrative assistant will prepare a master list of all the cheques to be paid for approval by the executive director. If there are any questions or concerns about the amounts, the administrative assistant should provide necessary information prior to running any disbursements. If there are any items removed from the batch, the total of the payment summary form should be corrected, initialed and dated by the executive director.
7. Once the amounts to be disbursed has been approved, the administrative assistant should make the cheques. The cheques need to be attached to the invoice and submitted for signatures. A cheque register should be run and updated.
8. While the executive director signs each cheque, he/she should double check the cheque request voucher. This approval is to ensure that the account is charged to the correct expense account.
9. After the cheques have been signed, cancel the invoice by stamping "PAID" on it in red ink, and pass the cheques on to the administrative assistant for mailing. In the event that the administrative assistant is not present, either the outreach coordinator or the executive director will assume these duties.
10. All cheques should be mailed as soon as this process is completed.
11. Supporting documentation should be filed by the administrative assistant in appropriate vendor/service provider files.
12. Once monthly, the administrative assistant will check the invoice log to determine if there are any outstanding invoices which have not been paid. In this case, it should be investigated with the responsible staff person.

## Reconciliations

*Cash Flow:*

CVAP is to maintain a minimum of  % of the operating budget between its internal and  bank accounts at all times.

*Bank Reconciliation:*

1. Bank statements are to be received unopened by the executive director. The receiving party should review the contents for inconsistent cheque numbers, signatures, cash balances, and payees. After this cursory review is conducted, the executive director should initial and date the bottom right hand corner of the first page of each bank statement reviewed. The reviewed bank statement should then be forwarded to the administrative assistant to reconcile the bank accounts.
2. The person charged with this responsibility should reconcile each account promptly upon receipt of the statements. All accounts should be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this time period, a memo should be issued.
3. When reconciling the bank accounts, the following items should be included in the procedures:

a. A comparison of dates and amounts of deposits as shown on the bank statements with the cash receipts journal

b. An investigation of items rejected by the bank, i.e. returned cheques or deposits

c. A comparison of wire transfers dates received with dates sent

d. A comparison of canceled cheques with the disbursement journal as to cheque number, payee, and amount

e. An accounting for the sequence of cheques both from month to month and within a month

f. An examination of canceled cheques for authorized signatures, irregular endorsements, and alterations

g. A review and proper mutilation of void cheques

h. Investigate and write-off cheques which have been outstanding for more than six months

i. Completed bank reconciliations should be reviewed by the executive director and initialed and dated by the reviewer

j. The administrative assistant upon receipt of the completed bank reconciliations, prepares any general ledger adjustments.

*Reconciliations of other General Ledger accounts:*

1. Each month, the executive director should review the ending balance shown on balance sheet accounts such as the cash accounts, accounts receivable, and accounts payable. The executive director should review the bank reconciliations, schedules of accounts receivable to support the balances shown on the balance sheet.
2. Assets - These accounts will include fee-levy, donations, grants, petty cash, property equipment and fixtures, and accounts receivable.

a. Donations, grants, cash from sales , fee-levy account - the total of these accounts should agree with the balances shown on the bank reconciliations of each month

b. Petty cash - the balance in this account should always the maximum amount in the petty cash fund. The amount equals to $

c. Property, equipment and fixtures - the amounts in this account should equal to the total generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly

d. Accounts receivable– the balance in this account should equal the total on the accounts receivable journal.

3. Liabilities - these accounts are described as current and long-term accounts payable
4. Income/Expenses - these accounts are described as income from membership, contributions, sales at events and other expense line items such as salaries, consulting fees, etc.

## Petty Cash Fund

1. The petty cash fund should never exceed $
2. “ ” is the custodian of the petty cash fund
3. A single disbursement from petty cash shall never exceed $
4. The petty cash fund shall be on an imprest basis. This means that when it is time to replenish the petty cash fund, the administrative assistant should total out the expenses made and identify those expenses by general ledger account number. When the cheque request is submitted for payment, it should indicate the total amount needed to bring the fund back up to $ . Also, the cheque request should breakdown the various expense accounts being charged and the amount charged to each.
5. When a request is made for petty cash reimbursement to the executive director, the supporting documents must be attached to the request (i.e. vendor receipts) in order for the request to be approved. The recipient of the funds must sign the sheet to indicate the receipt of the fund. The paid receipt should be attached to the sheet. All paid information should remain in the petty cash box until it is time to replenish the fund. At that time, the petty cash reconciliation sheets and associated receipts are attached to the cheque request voucher.
6. The petty cash box is to be locked at all times when the executive director is not disbursing or replenishing the fund. The locked petty cash box is to be kept in a “locked” file cabinet.
7. It is a policy of CVAP not to cash cheques of any kind through the petty cash fund.

## Purchases

*To prompt a purchase:*

1. When the normal cash disbursement procedure is not appropriate (i.e. postage, petty cash...etc.), a cheque request should be completed and forwarded with any order form or other documentation to the executive director. If the cheque is made out to the executive director, that individual cannot approve the cheque request voucher.
2. In the absence of back up materials, receipts for the purchase must be provided to the administrative assistant for attachment to the cheque request within two weeks from the cheque date.

*Credit card purchases:*

1. Only the authorized staff can carry the organization's credit card. The purchase of airline tickets and other authorized business expenditures may be made by other employees and Board members using the organization's credit card. In every case of credit card usage, the individual charging a CVAP's account will be held personally responsible in the event that the charge is deemed personal or unauthorized.
2. Authorized uses for the credit card include:

a. Airline or rail tickets for properly authorized business trips.

b. Lodging and meal charges that do not exceed the authorized reimbursement rate for persons traveling on official CVAP business.

c. Car rental charges for properly authorized business trips.

d. Properly authorized business expenditures for which a credit card is the only allowed method of payment.

e. Properly authorized entertainment at a rate which is consistent with the limits of approved budget.

3. Receipts should be compiled and submitted with an expense report.
4. Unauthorized use of credit card includes:

- Personal or non business expenditure of any kind
- Expenditures which have not been properly authorized
- Meals, entertainment, gifts or other expenditures that are prohibited by (1) CVAP budget and/or policies, (2) federal, province, or local laws.

*Proper documentation for all purchases, including CVAP credit card purchases:*

Every instance of credit card or other purchase use must be documented with travel authorization, receipts, individuals paid for, nature of business...etc. before the expense will be considered authorized and will be approved for reimbursement. See details below:

- Lodging - provide an itemized receipt from the hotel detailing every charge and the name of the person (s) for whom lodging was provided
- Meals/Entertainment - provide a receipt showing the cost for food/beverages and gratuities, including the names of every person for whom food or beverage was provided and the specific business purpose. For example: a lunch meeting with Mrs. Nicolas Foucault, CSU president and Matthew Jones, VP external and projects to finalize the speakers and program for the fall 2014 orientation.
- Other expenditures - a receipt for the vendor detailing every individual good or service purchased (including class of service for commercial transportation) accompanied by an explanation of the specific business which was furthered by each expenditure. For example: a round trip coach flight Montreal to Toronto for outreach coordinator Jane Doe to review facilities for 2012 sustainability conference.

*Consultants:*

Contracts with consultants must include rate and schedule of pay, time frame, deliverables, and other information if applicable such as work plan...etc. Justification for payment should be submitted to file. For example: if CVAP hired a writer for a publication, a copy of the final version should be included in the file.

*Contracts:*

Contracts for purchasing products or services should be created and maintained for the file whenever appropriate. All contracts to exceed $ over the course of the year should be approved by the Board of Directors.

## Fixed Asset Management

1. A permanent property log or database is to be maintained by the administrative assistant for all fixed assets purchased by CVAP.
2. The log should contain the following information:

- Date of purchase
- Description of item purchased
- Received by donation or purchased
- Cost or fair market value on the date received
- Donor or funding source if applicable
- Funding source restrictions on use or disposition
- Identification/serial number if appropriate
- Depreciation period
- Vendor name and address
- Warranty period
- Number of the CVAP cheque to pay for the equipment

3. At least annually, a physical inspection and inventory should be taken of all CVAP fixed assets and reconciled to the general ledger balances. Adjustments for dispositions should be made.
4. The administrative assistant should be informed in writing of any material changes to in the status of property or equipment. This should include changes in location, sale of, scraping of, and any sale or purchase of property or equipment.

# Payroll

*Personnel:*

1. The administrative assistant is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information:

a. Employment application or Resume

b. Date of employment

c. Position, pay rate and changes therein

d. Termination data if applicable

3. All personnel records are to be kept locked in a file cabinet. Access to these files is authorized to the executive director and administrative assistant.

*Payroll preparation and time keeping:*

1. Timesheets are to be prepared by all staff persons and submitted semi-monthly on the 15th and last day of the month. Time should be input on a daily basis, and if in writing , completed in ink. If an error should be corrected, a line should be drawn through the item and the corrected information recorded, and initialed by the person who made the correction.
2. Timesheets are to be signed by the staff person and the executive director.
3. A paycheque should be distributed no later than a week after the pay period. The paycheque must be collected by the staff person. In special circumstances, a designated person other than the staff person can collect the paycheque. A signed memo should be received in writing from the staff person and proper identification should be requested form the party picking up the paycheque.

## Financial Reporting

*Monthly reports:*

The administrative assistant should prepare a set of monthly financial reports. The reports should include a balance sheet and a statement of income and expenses. The monthly reports should be reviewed and approved by the executive director.

*Year end report/Audit:*

At fiscal year end, a  year end report should be prepared summarizing the total income and expense activity for the year. A balance sheet should be prepared as of December 31st and should be attached to the income and expense report. This reports should be viewed and signed by the executive director prior to the distribution at the Board meeting.

## Fiscal Policy Statements

1. All cash accounts owned by CVAP will be held in financial institutions which are insured
2. Employee paycheques and/or personal cheques will not be cashed through CVAP's petty cash fund.
3. No salary advances will be made under any circumstances.
4. No travel cash advances will be made except under special conditions. Reimbursements will be paid upon full expense reporting using the authorized CVAP form within the disbursement schedule.
5. It is the policy of CVAP to reimburse out of pocket expenses only when supporting documentation has been presented for approved costs incurred.
6. It is the goal of CVAP to keep % of the operating budget in its internal and bank accounts at all times.
7. Bank statements will be reconciled monthly in order to account for any outstanding or lost cheques.
8. Expense reports will be maintained which will disclose the nature of expenses, and the dates incurred.
9. Files will be kept separately for each fiscal year.
10. The services of a Certified Accountant will be engaged to prepare a formal financial audit of the CVAP's fiscal year end.
11. Correction fluid should never be used in preparing timesheets or any accounting documents.