

## **EVC INTERNAL CONTROLS POLICY**

### **1. GENERAL**

The EVC board of directors is responsible for authorizing all bank accounts, cash spending and check signers. Financial institutions where EVC accounts are maintained are notified on an annual basis of any changes in check signers, following the transition of officers or changes in staff with check signing responsibilities. The Board of Directors approves an annual budget that outlines all spending and projected revenue, prepared by the Executive Director. At quarterly Board meetings, the Board reviews the following financial reports: Quarterly Financial Summary report and Monthly Cash Flow report and makes amendments to the budget in the case of shortfalls in revenue. At the close of the fiscal year, the Board reviews and certifies the Annual Financial Statement that will be included in the published Annual Report.

Annually, a qualified outside accountant completes/conducts the following, based on annual revenue:

- Under \$50,000: IRS 990-N Postcard
- \$50,000 or over but less than \$250,000: IRS 990;
- \$250,000 or over but less than \$500,000: IRS 990 and Independent Accountant's Review (IAR)
- \$500,000 or over: IRS 990 and Audited Financial Statement.

### **2. RECEIPT OF FUNDS**

EVC receives funds in the form of checks, cash, Paypal payments (for tuition and donations), and Electronic Fund Transfers (for grants).

#### **A. Procedures for checks and cash**

Incoming checks (via mail or hand delivery) are restrictively endorsed with the organization's personalized endorsement stamp that provides that the check is "For Deposit Only" and will be paid to the order of the corporate bank and lists the organization's name and account number. Deposit slips with copies of the checks will be kept on file.

Incoming cash money must be acknowledged with a written receipt.

Incoming cash and checks are stored in a locked box until they are deposited (within 4 days of receipt).

#### **B. Procedures for Paypal payments**

EVC has a Paypal account that receives credit card payments for tuition and donations. The Paypal account is linked to EVC's corporate bank account (and only that bank account). Monies remain in the Paypal account until they are transferred to the EVC bank account. The Business Manager oversees this transfer process. The Executive Director and Treasurer review monthly Paypal statements that document the receipt of payments and transfer of payments to the EVC bank account.

#### **C. Procedures for documentation of incoming funds**

All incoming funds are documented in EVC's Record of Finances, which is maintained by the Business Manager and reviewed by the Executive Director and Treasurer.

Received funds are documented in the Record of Finances at the following points:

1. when received by EVC (for checks and cash)
2. when deposited in the bank (for checks and cash) or transferred to the bank (Paypal and EFT's)
3. when they appear in the electronic record of banking

Once they appear in the electronic record of banking, deposit transactions are downloaded to EVC's bookkeeping software, Quicken. The transaction record generated by Quicken is then used to populate the monthly statements of Cash Flows and provide the banking data for monthly reconciliation.

### **3. DISBURSEMENT OF FUNDS**

#### **A. Check Authorization**

The Executive Director must provide approval for all disbursements, and all disbursements are made by check. All disbursements must be in payment of an invoice that is numbered and filed. Invoice numbers are indicated on all checks and in the transaction records for all checks. Dual signatures from the Executive Director and Board President are required for all checks.

#### **B. Procedures for Checks**

Only pre-numbered checks shall be used and always in sequence. All check numbers must be accounted for. Checks must be made payable to specific payees based upon appropriate documentation; and never to "cash" or "bearer." Access to blank checks must be limited to persons authorized to prepare checks. Blank check stock must be locked in a secure place when not in use. Any voided/spoiled checks must be marked "Void," shredded with the signature portion removed and retained in a secure place. Checks outstanding over 90 days must be periodically investigated, with payment stopped and an entry made restoring such items to cash if appropriate.

#### **C. Reimbursement**

Requests for reimbursement are assigned invoice numbers. Employees must submit a detailed expense record, with supporting documentation, in order to be reimbursed for expenses. Reimbursements are paid by check.

#### **D. Credit Card**

Access to the EVC Credit Card is limited to the Executive Director and Business Manager. All credit card charges must first be approved by the Executive Director. Credit card usage is limited to budgeted resources for Every Voice Choirs. Credit card statements are numbered and filed as invoices.

#### **E. Documentation**

All disbursements are documented in the EVC checkbook when written, and in the Statement of Finances at 2 points:

1. When the check is written

## 2. When the check clears

Once checks clear, the transaction is downloaded into EVC's bookkeeping software, Quicken. The transaction record generated by Quicken is then used to populate the monthly statements of Cash Flows and provide the banking data for monthly reconciliation.

## **4. BANK RECONCILIATIONS AND REVIEW OF RECONCILIATION**

Bank accounts are reconciled monthly by the Business Manager. Reconciliation consists of comparing the balance in the EVC corporate bank account to the computed balance in the Financial Record. Discrepancies (such as for checks written but not cashed) are to be documented in the monthly reconciliation report.

Monthly reconciliations, quarterly statements of cash flow, and annual financial statements will be reviewed by the Treasurer and presented to the Board of Directors in meetings in the Treasurer's Report. The Treasurer must have full access to bank statements, including all invoices and canceled checks.