



Maintaining Chapter Fiscal Integrity

Implementing Good Financial Practices and Recognizing Red Flags at the Chapter Level

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PRESENTED BY SEAN CARROLL, NIGP CHAPTER AMBASSADOR

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Financial Management Basics

- ▶ Who are we financially?
 - ▶ Basic Financial Information
 - ▶ Bank Account Numbers, Name, Location, Key Contacts, Signatories, Rules attached to each account
 - ▶ Brokerage/Investment Account Numbers, Name, Location, Key Contacts
 - ▶ CPA Firm Name, Address, Key Contacts
 - ▶ Insurance Coverages, Accounts, Insurers, Key Contacts
 - ▶ Law Firm/Internal Auditor Name and Key Contacts
 - ▶ Philosophy
 - ▶ Why we charge membership or event fees
 - ▶ What our policy is on reserves
 - ▶ What our goals are for the money we raise and spend - what is the money meant to accomplish

Financial Management Basics (cont)

▶ Philosophy becomes policy

- ▶ The organization may already have financial policies that reflect their philosophy. If there are no policies in place you may need to implement them. If there are policies in place you should review them regularly to make sure they still reflect the organizational philosophy. Some policies may include:

- Check Signing
- Check-Writing Schedules
- Investments and Reserves
- Bookkeeping Codes
- Invoice Preparation
- Dues Billing Schedules
- Credit Card Handling
- Board Reimbursement Policies
- Staff Reimbursement Policies
- Access to Accounts
- Financial Statements Schedule
- Definitions and Terms
- Record Retention Policy
- Budget Process
- Financial Reserve Policy and Goal
- Passwords - Confidential

QUESTIONS?

Responsibility and Accountability

Responsibility is the formal Role Individuals and Groups play in financial management. **Accountability** is their informal role in being informed and providing oversight, checks and balances.

- ▶ Treasurer - The Treasurer is responsible for the day to day financial management and transactions of the organization. This includes development of and management to the budget. Although many people believe the treasurer is the only role with financial responsibility this is not true
- ▶ President - The president is responsible for making sure the right controls are in place to oversee the treasurer and any other organization member who may engage in financial activities, including submitting for reimbursement. The president is also responsible for developing the budget with the treasurer
- ▶ Board - The Board is responsible for making sure the policies in place are followed, and that they regularly review the financial state of the organization. Approval of the budget and making sure the budget matches the mission.
- ▶ Membership – The membership is responsible for holding the board accountable to the organization's philosophy. Is the board spending money to better the organization, etc ?

Fundamentals of Strong Financial Chapter management

- ▶ Integrity
- ▶ Oversight and Controls
- ▶ Timeliness
- ▶ Planning
- ▶ Organization

Integrity

- ▶ **Handle money with high standards and set a tone of integrity.**
- ▶ Oversight of cash, checks, and deposits is vital.
- ▶ It may not be possible to divide up financial duties as part of an internal control system. This may be because of the size of your organization or the geography separating officers.
- ▶ Ideally, the person who reconciles bills, including reviewing appropriateness against policy, the person who authorizes payments and the person who has control over the accounts will all be different people. The more overlap there is between these roles, the more oversight you need to reduce risks such as errors, fraud, and theft.
- ▶ Example: If the treasurer reconciles the bills as appropriate and pays the bills, there must be oversight by the president or board to authorize the payment

Oversight and Control

- ▶ OVERSIGHT AND CONTROLS
- ▶ Develop and enforce strong internal controls and financial management policies
- ▶ Ensure accurate and complete financial reporting and proper maintenance of financial records and information/tax returns
- ▶ Regularly assess risks and whether and how such risks should be mitigated
- ▶ Have the organization's financials audited whenever required or advisable



NIGP Chapter
Internal Control Check List

GENERAL	YES	NO	N/A
Are there documented procedures for gathering financial information and financial transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the chapter considered insuring individuals involved in recordkeeping and custody of assets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is a meaningful chart of accounts in use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are all bills paid by check?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the journals and general ledger kept up to date and balanced monthly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there support documents available for each transaction recorded in the chapter's books?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are bank reconciliations prepared monthly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is a balance sheet prepared monthly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have all relevant federal, state and local tax forms been filed on time?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the board filed updated bank resolutions with correctly designated check signers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CASH RECEIPTS			
Are cash receipts deposited intact and on a timely basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Timeliness

- ▶ **Prepare timely financial reports**
- ▶ Timely and reliable financial information is the underpinning of good stewardship and sound financial decision making. Without this information there's no way to track budget performance.
- ▶ For small chapters with low cash flow or whose finances revolve around a single event, paper-based record keeping may be acceptable and a simple monthly reconciliation of bank account activity may be enough to form the basis for a summarized quarterly financial report to the board. As the chapter grows, consider a switch to commercial accounting software such as QuickBooks.

Planning

- ▶ **Plan and evaluate with a budget:** A budget is a map that shows what you plan to do and how you plan to get there.
- ▶ It is also a key tool for managing the present financial state. An unexplained variance between a budgeted and actual line item of revenue or expense, for example, may be the first red flag signaling a more serious problem.
- ▶ Preparing an effective budget starts with estimating what you will need and to provide specific proposals for financing it.
- ▶ Reviewing last year's budget is a key part of the process. Cost and revenue estimates need to be reasonable and attainable.
- ▶ Avoid the temptation to 'wing' estimates or to be overly optimistic about contribution increases. At the same time, don't oppose all new funding proposals with knee-jerk resistance.

Organization

- ▶ **ORGANIZATION**
- ▶ **Keep a calendar** of mandatory documents and filing requirements and stick to the schedule. Make sure to account for the time it will take to get all the right signatures if your board is spread out over a large area.
- ▶ **Divide and conquer** the accounting so that each step is a smaller easier process.
- ▶ Make it **easy to re-create** financial records when things get messed up.
- ▶ Make it **easy to trace** the money spent and the money received.
- ▶ **Reimburse quickly** - You will quickly lose volunteers if you don't reimburse them for weeks or months.

Budgeting

- ▶ What is a Budget
 - ▶ Expressed in financial terms, a budget is a map that shows what you plan to do and how you plan to get there. It's a key tool for getting everyone to agree on what your group will and won't do in the coming year. It is also a critical management tool for the present. An unexplained variance between a budgeted and actual line item of revenue or expense, for example, may be the first red flag signaling a more serious problem.
- ▶ Fiscal Year or Calendar Year
- ▶ Cash or Accrual basis
- ▶ Money that bridges from one year to another
- ▶ Sample budgets

Sample Budget

Account	Account Description	Line	Line Description	2015 Proposed	Account	Account Description	Line	Line Description	2015 Proposed
5	Administrative	101	Dues	25,000	5	Administrative	204	Equipment	1200
5	Administrative	102	Interest	100	5	Administrative	205	Postage	100
5	Administrative	103	Miscellaneous	0	5	Administrative	206	Supplies	400
	Total Administrative Income			25,100	5	Administrative	202	Travel Board members	10,000
					5	Administrative	209	Miscellaneous Expenses	0
					5	Administrative	210	Gifts	200
					5	Administrative	211	Insurance	1700
					5	Administrative	212	Bank Charges and Fees	300
								Dues/Subscriptions (other than	
					5	Administrative	213	NIGP)	0
					5	Administrative	214	NIGP	13730
					5	Administrative	215	Advertising	360
					5	Administrative	217	Board Meetings	1200
					5	Administrative	220	Scholarships	20,000
					5	Administrative	221	Retreat	0
					5	Administrative	222	Professional Fees	40110
						Total Administrative Expenses			89300

QUESTIONS?

Succession Planning

- ▶ Chapter financial handbook
- ▶ Recruiting the next Financial Managers
- ▶ Training the next team and supporting them

NIGP resources

- ▶ NIGP has paperwork that is required of all chapters
- ▶ NIGP chapters **MUST** fill out their taxes annually
- ▶ NIGP chapters **MUST** keep their leadership information and organizational rules (bylaws etc) current and on File with NIGP
- ▶ Missing these steps could affect your chapter's status, or even, in the case of taxes, prevent the organization from being able to function at all in the future.
- ▶ NIGP has a section of the website dedicated to these forms and processes (screen shots on the next slides) The link is included here. <https://www.nigp.org/home/chapters/resources>
- ▶ Contact Chapter Ambassadors with questions if you need help
- ▶ Reach out on Nsite if you have questions or want to see sample policies from other chapters. * Remember – advice from a fellow chapter should not be considered legal advice. Do not substitute Nsite for formal legal counsel*



Hosting
NIGP
Classes =
**Money for
Your
Chapter**
Here's How

-  ANNUAL REPORTING FORMS 
-  REVENUE PROGRAMS 
-  RESOURCES 
-  FINANCIAL MANAGEMENT 
-  MEMBERSHIP/MARKETING 
-  GOVERNANCE 

LEGAL AND TAXES



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ANNUAL REPORTING FORMS



Summary of Required Reporting Forms

Due January 31

- Chapter Leadership Reporting Form
- Chapter Member Data Form

Due March 1

- Chapter Financial Form
- Group Exemption Update Form

Due May 15 or November 15

- Email your Chapter's 990 or 990N to chapters@nigp.org

(Due date depends on whether your chapter runs on a calendar or fiscal year)

Due June 30

- Chapter Seminar Agreement
- Upload Chapter Roster



CHAPTER AMBASSADORS

by Area

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

Area 7



RESOURCES



FINANCIAL MANAGEMENT



- Financial Management
- Chapter Banking
- Debit Card Procedures
- Sample Financial Documents
 - Cash Disbursement Policy
 - Chapter Cash Disbursement
 - Chapter Cash Receipt
 - Chapter Statement of Receipts and Disbursements
 - Chart of Account
 - Purchase Authorization
 - Check list for Treasurers
- Record Retention Schedule
- Internal Financial Controls Checklist



MEMBERSHIP/MARKETING



GOVERNANCE



Area 9

LEGAL AND TAXES



RESOURCE DOCUMENTS



GENERAL DOCUMENTS



- Legal Tax Issues for Non-Profits - Forum 2014 Presentation
- IRS 990-N (e-postcard)
- IRS 990 EZ Form
- Chapter Insurance
- Rules on Fax Transmissions



SAMPLE DOCUMENTS



QUESTIONS?

▶ Contact Information

Sean Carroll

Chief Procurement Officer, New York State Office of
General Services

Chapter ambassador, NIGP

sean.carroll@ogs.ny.gov

518-417-6579

