

**Advance CTE/The Center to Advance CTE
FINANCIAL MANUAL
Approved on November 9, 2021**

Advance CTE/The Center to Advance CTE Financial Policies and Procedures Manual

Introduction:

The policies and procedures described in this manual provide guidance for any staff members who handle financial matters for Advance CTE/The Center to Advance Career Technical Education (Advance CTE/The Center). Advance CTE/The Center embraces high quality and ethical standards in all matters of its operations, especially its fiscal responsibilities.

Overall, financial matters are to be completed promptly and in a manner that assures completeness, accuracy and compliance with all applicable federal, state, and local statutes and regulations.

Accountant Duties:

As part of its fiduciary responsibility, as well as to ensure proper compliance with all applicable legal and accounting laws, regulations and codes, Advance CTE/The Center will retain an accounting firm. The firm shall provide expert advice and consultation on all fiscal matters and shall have the following duties: monthly reconciliation of all investment and bank statements, assist with audit preparation, 990 tax preparation, journal entry support, and other duties as assigned. The Finance/Audit Committee and Boards of Directors shall have direct access to the accountant.

Finance Manager Duties:

Advance CTE/The Center to Advance CTE has employed the services of a Finance Manager. The Finance Manager is responsible for ensuring all entries into the accounting software program are created completely and accurately. The Finance Manager is responsible for all accounts payable and receivable entries, monthly payroll and benefits entries, and the Executive Director's monthly Expense Reports. In addition, the Finance Manager stores all records in the online cloud storage system.

Accounts Payable:

The Executive Director or relevant project manager will initially receive all bills, verify them for accuracy and then approve payment. The Executive Director, Deputy Executive Director, or Director of Operations will approve all bills for payment before the bills are sent to the Finance Manager for entry into the accounting software. The Finance Manager will save all bills and supporting documentation in organization's cloud storage system.

All bills must be paid in a timely manner without incurring late fees. Once the approved bill is received by the Finance Manager, he/she will enter the bill into the accounting software program. To ensure accuracy, the Finance Manager should pay careful attention to the amount, payee, remittance address, expense category and project to which the expenses are charged. After the bill has been entered into the software and its accuracy verified, the Finance Manager will process the payment using the bill pay feature of the accounting software. The Secretary/Treasurer must approve all bills over \$10,000 prior to payment being processed. Payroll, benefits and rent expenses do not require approval by the Secretary/Treasurer each

month as these are core operating costs and their aggregate expenses are approved by the annual budget.

Accounts Receivable:

For all invoices except dues (which are governed by a separate policy), when the receivable exceeds 30 days past the due date and staff has received no communication from the company/individual as to the status of payment, staff will:

1. Email a copy of the outstanding invoice to the customer taking care to note PAST DUE in the topic of the email.
2. Should the customer not remit payment or respond to communications within 30 days after the emailed invoice, a hard copy of the invoice will be mailed and stamped PAST DUE.
3. Beyond 60 days past due and depending on the customer and the size of the outstanding payment, the Executive Director, or designated staff member, may call the customer to inquire as to the status of payment.
4. The Executive Director shall review all outstanding accounts receivable at the end of each fiscal year to determine which invoices to write off.

Accounts Receivable – Miscellaneous:

Staff often attend/present at events for which their travel will be reimbursed. The staff member will fill out the reimbursement form for the company we are to receive reimbursement from and scan a copy to the Finance Manager. The Finance Manager will create an accounts receivable invoice in QuickBooks Online that includes the reimbursement form and all receipts. The Finance Manager will submit the invoice to the company for reimbursement.

1. A copy of the reimbursement form and receipts must be provided for each item entered into *accounts receivable*, and shall be stored in the A/R miscellaneous file in the organization's cloud storage system.
2. When reimbursing the staff for travel in the accounting software, note name of company/organization in the Description line with A/R noted next to the name of the company/organization. This is to quickly identify relevant reimbursable expenses associated with an event, vendor or organization.
3. A list of outstanding accounts receivable can be generated from the accounting software by running the reports.
4. A review of outstanding accounts receivable miscellaneous invoices should be conducted monthly by the Finance Manager.

Audit:

As part of our continuous improvement process and ensuring that the Boards are meeting their fiduciary responsibilities, Advance CTE/The Center must undergo a full audit annually. The Finance/Audit Committee has recommended the following requirements for reviewing the current audit firm.

1. Maintain the RFP requirement to benchmark costs every five years. If the financial position of the organization changes substantially, or there is dissatisfaction with the firm's performance, benchmarking should be conducted on an as needed basis.
2. If engaging the same auditing firm for more than three consecutive years, request a partner rotation as early as every three years, if warranted, but a partner change is required after five consecutive years of engagement.

The goal is to conduct the prior year audit as close to the completion of a fiscal year as possible. Ideally, the draft audit report will be available to the Finance/Audit Committee by the end of the calendar year to review, approve and advance to the Advance CTE/The Center Boards for final approval. The draft audit report will be presented to the Advance CTE/The Center Boards by the Auditors during the January Board call. The audit should be finalized in time to submit the 990 tax forms by February 15, with an approved extension from the IRS. On the January Board calls, the Advance CTE/The Center Boards will be presented with the audit and management letter and final year-end financial statements. The Advance CTE/The Center Boards and Finance/Audit Committee shall have direct access to the auditors and accountant and may request to meet with them to review the audit/financial reports at any time.

Staff will work with the accountant and Finance Manager to prepare all required documents for the auditing firm. The Finance Manager will review all financial records and reports for accuracy prior to submission to the auditor. The primary contact for the auditor is the Finance Manager.

The auditing firm will present the draft audit to the Finance/Audit Committee. If there is a management letter, the Finance/Audit Committee will review the findings and develop a set of recommendations to be provided to the Advance CTE/The Center Boards for consideration and action.

Bank and Investment Reconciliations:

To ensure appropriate internal controls, the accountant will, on a monthly basis, reconcile the Advance CTE/The Center bank and investment accounts. The accountants will provide copies of the original reports, as well as the reconciliation reports, investment spreadsheet, balance sheet and year-to-date profit and loss statements to the Executive Director for review.

Board meeting materials:

At each meeting of the Board of Directors, not less than two times per year, the Board will be presented with the most up-to-date financial documents including a profit and loss statement, balance sheet, budget comparing actual income and expenses to the budget, and an investment summary. The Secretary/Treasurer will present the financial report to the Board of Directors. The Advance CTE Board of Directors shall receive a copy of all The Center financial documents, given the legal and related nature of the organizations.

Budget:

Budgeting is a critical component of effective and efficient management of the organizations. The budget is an important management tool that should be actively used in decision-making throughout the year. Staff is responsible for creating a first draft of the proposed budget based on the projected program of work and historical expenditures. The budget proposals will include projected expenses contrasted with the current budget. Explanations for fluctuations in the recommended budget should be provided. The budget proposal will be presented to the Finance /Audit Committee for review and approval. If the Finance/Audit committee does not approve, modifications shall be made to the budget then returned to the committee for reconsideration. Upon approval, the Finance/Audit Committee will forward the budget to the appropriate Board of Directors for approval. Quarterly, budget reports (with supporting balance sheet and profit and loss statements) should be presented to the Finance/Audit Committee. As project plans are initiated, project-based budgets may be used and aligned to the overall organizational budget.

Cash:

When cash is received, a written receipt should be provided to the individual. This written receipt must be from a cashbook that allows a carbon copy to be retained. The individual providing the cash should initial the receipt prior to the receipt being removed from the cashbook, thereby their initial acknowledging the transmittal of cash to the organization. The receipt should indicate the date, amount of cash received, the person providing the cash, and the purpose for the transmittal of the cash.

The cash should be deposited into the bank as soon as possible, preferably within twenty-four hours of being received. If the cash is received while staff is at an off-site location, the cash should be placed in a safe deposit box until staff leaves the site.

When cash is deposited, the carbon copy of the written receipt from the cashbook should be scanned to the Finance Manager to be stored in the company's cloud storage system with the deposit documentation.

Credit cards:

Customers can pay invoices using a credit card. When an invoice is sent to a customer via the accounting software, it contains a link for the customer to securely pay using their credit card online. If a customer calls Advance CTE/The Center to pay their invoice, they should be transferred to the Finance Manager so he/she can assist the customer with payment. The accounting software stores all records of the transaction. Advance CTE/The Center does not retain copies of credit card numbers. Each month, the Finance Manager will appropriately categorize all credit card fees in the accounting software so they are applied to the appropriate budget account.

Delegation of duties:

It is important, given the staff size of Advance CTE/The Center, that responsibility for financial matters be shared for internal controls while also retaining a high degree of efficiency and quality. These staff responsibilities will be determined by the Executive Director, based on the workload and expertise of staff.

Background and Credit Checks:

Any employee who will be handling Advance CTE/The Center funds will be subject to a background and credit check to ensure fiscal responsibility.

Deposits:

Deposits should be made in a timely manner but may need to be made more or less frequently when the volume or amount of checks warrants. The deposit procedures written in the attached Addendum A are to be followed as policy. During the reconciliation process, the accountant will assure that the deposit entered in the accounting software corresponds with what was deposited into the bank. The accountant will enter any transfer of funds or bank fees into the accounting software via journal entry. See deposit procedures-Addendum A.

Expense reports:

Staff shall prepare and submit expense reports in compliance with the approved reimbursement policy. The reports must include itemized receipts for all requested reimbursements. Scanned/digital copies of itemized

receipts are acceptable. If travel is being reimbursed by another organization, then the staff member must retain their original receipts for six months to ensure they are not required by the reimbursing organization. Reports are submitted to the Executive Director for approval. Once approved, the Finance Manager will enter the expense reimbursement into the accounting software and process the payment via online bill pay. The expense report, receipts and approval will be stored online in the company's cloud storage system.

The Executive Director's expense reports are reviewed for compliance by the Finance Manager, reconciling receipts with the report. Quarterly, the reports are emailed to the Executive Committee members for their review. Receipts are available to the Executive Committee upon request. Executive Committee members must acknowledge approval of the expense reports. All approval letters/emails are attached to the quarterly expense reports and filed. The schedule for distribution of the Executive Director's reports to the Executive Committee is July 31, October 31, January 31, and April 30.

Fiscal year:

Advance CTE/The Center's fiscal year is July 1 through June 30.

Meeting registrations:

Upon receipt of a meeting registration, in the meetings@careertech.org email box, the Finance Manager will invoice the meeting attendee and appropriately file the registration email once invoiced.

If a meeting attendee or sponsor has poor payment history, Advance CTE/The Center can request a credit card number at time of registration. Advance CTE/The Center will charge the card if payment has not been received within 30 days of the event.

Membership Dues Invoices:

See Board policy as reference.

Advance CTE has three types of membership: State Membership, Associate Membership and Organizational Membership. A state membership entitles a state, not an individual, membership status and benefits. Under this membership category, the State Director or designee receives membership benefits on behalf of that state, as well as up to four other members (see Board policy for more details).

An associate membership provides benefits for an individual. There is a two-tiered dues structure for associate members, one rate for state agency employees and one rate for all other individuals interested in being a member. The organizational membership provides for three individuals at the same company to receive membership benefits. Additional employees at the company will receive a reduced membership rate.

Early in the calendar year, staff will research the current Consumer Price Index. Per Board policy, this rate will be presented to the Executive Committee or Board of Directors for approval as the percentage the following year's state dues will increase. No later than February of each year, staff will send a dues chart to states indicating the increase for state dues the next membership year.

Advance CTE will issue dues invoices to members no later than mid-May of each year. Prior to invoicing, the Finance Manager should generate a report listing current members to ensure that the invoices accurately reflect the current and potential membership. Invoices should include the most up-to-date contact

information. Each dues invoice should have a statement indicating dues are not tax-deductible.

After the Finance Manager generates the current list of members, a dues intent form is sent to each State CTE Director that is a current member. The dues intent form should provide a space for the State Director to indicate the source of payment (Federal or Non-Federal). Once the dues intent form is returned to Advance CTE, the Finance Manager will send an invoice to the member.

See the dues policy for schedule of collections. Purchase orders, intent forms or other relevant information related to the invoice should be saved in the company's cloud storage system.

When an invoice is paid, a copy of the check or other method of payment, such as a wire transfer, should be stored in the company's cloud storage system by the Finance Manager. A thank you email should be sent within five business days to the State CTE Director/associate member/organizational member upon receipt of their dues payment.

Payroll:

The Executive Director shall be the primary contact for all payroll matters. All employees are paid twice a month. Refer to the Personnel Policies for guidance on payroll related items.

Purchase of products/supplies:

When products or supplies are needed, the requestor should send an email to either the Finance Manager or Executive Director indicating the item(s), quantity, and cost. The Executive Director will review the request and, if approved, direct the Finance Manager to acquire the item(s). Upon receipt of the supplies the Administrative Associate, or person receiving the box, should verify the correct items have been received. If there are discrepancies, the receiver should notify Finance Manager. When product/supply purchases are made, the approval email, invoice, and receipt should be saved in the company's cloud storage system.

Signature Authority:

The Executive Director, Deputy Executive Director, and Director of Operations have the authority to sign checks, contracts and legal documents on behalf of Advance CTE/The Center. At the start of each fiscal year, the Secretary/Treasurer and Board President will be added to all of the investment and bank accounts as authorized signers. Any officer that resigns or retires from the Board will have their signing authority revoked.

Secretary/Treasurer responsibilities:

According to the organizational bylaws, " In his or her capacity as *Treasurer*, the Secretary/Treasurer shall present reports on the finances of the Corporation at Board of Directors meetings; present the annual budget for approval by the Board of Directors; serve as Chair of the Finance Committee; ensure that the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; and in general perform all the duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors."

The Secretary/Treasurer has three primary roles:

1. Serve as an officer of Advance CTE and The Center.

2. Have charge, and custody of, and responsibility for all funds and securities of both Advance CTE and The Center.
3. Provide ongoing oversight of all aspects of the finances for both Advance CTE and The Center.

Specific Responsibilities include:

Chair the Advance CTE/The Center Finance/Audit Committee:

- Review and recommend approval of an annual operating budget.
- Regularly review financial reports.
- Ensure the maintenance of an appropriate capital structure.
- Oversee the management of organization-wide financial assets.
- Present all financial reports to the Advance CTE and The Center Boards of Directors and membership.
- Present minutes to the Advance CTE and The Center Boards of Directors and membership.
- Review and approve bills over \$10,000.
- Serve as a liaison to the ACTE Board of Directors.
- Review and recommend for approval all changes and updates to the finance policy.

Voided Checks:

Voided checks are marked void in permanent ink/marker across check. The voided checks will be noted in the accounting software and soft copies of the voided checks will be stored in the company's cloud storage system, while the original voided check will be shredded.

Schedule of Regular of Activities

Daily:

- Receive and record deposits
- Pay bills
- Update spreadsheets (e.g. registration, membership)

Weekly:

- Make deposits at bank
- Check and report bank balances/transfer funds as appropriate
- Reconcile A/R (misc., conference registrations, and dues)

Bi-Monthly:

- Process payroll and benefits
- Timesheet reconciliation

Monthly:

- Bank and investment reconciliations by accountant
- Payroll allocation entries made by Finance Manager

Quarterly:

- Executive Director's expense reports are sent to Executive Committee
Finance/Audit Committee receives budget reports

Overview of Yearly Activities:

- January - determine CPI/dues increase for states; approve audit and 990s
- February - notice of dues increase to states
- Spring - Board of Directors' Meeting/Conference
- May – All Dues invoices sent; beginning preparations year-end
- May/June – Budget development and approval
- July 1- Beginning of fiscal year; year-end turnover begins
- Fall -Board of Directors' Meeting/Conference and annual audit
- November - Tax returns due (unless extension has been approved by IRS for them to be paid by February 15)

Addendum A: Mail and Check Deposit Process:

MAIL RECEIVING PROCEDURE

- Invoices/mail/checks directed to the company are opened by the Administrative Associate
- Administrative Associate should deliver mail and packages to the indicated recipient
- For mail directed to the Executive Director, the Administrative Associate should separate the mail into the following folders in the Executive Director's inbox
 - Invoices – all invoices pending approval for payment
 - Signature Required – Anything that is not an invoice that requires the signature of the Executive Director (e.g. contracts)
 - Scanned Invoices – Invoices that have been previously approved by the Executive Director and scanned to the Finance Manager
 - Invitations – Any document or communication that requests the Executive Director attend, speak at, or present at, an event
 - Miscellaneous – Copies of scanned checks (three hole-punched), anything that cannot be applied to another category
- If the Administrative Associate is out of the office or if the position is vacant, the Executive Director opens mail and scans all checks and approved invoices directly to the Finance Manager

CHECK RECEIVING PROCEDURE – Receiving and Copying

- Checks are received and opened by the Administrative Associate
- Checks, including the stub (if applicable) are scanned to the Finance Manager
- Finance Manager receives check scans and enters them into the accounting software
- A copy of the check is made (including the stub is not necessary), three-hole punched, initialed and dated by the Administrative Associate and put into the “Miscellaneous” folder in the Executive Director's inbox
- Checks are put into a manila folder in the safe, located in the IT closet, to await the weekly deposit
- If the Administrative Associate position is vacant, the Executive Director assumes these responsibilities.

DEPOSIT PROCEDURE

Checks are either deposited physically at the bank or via mobile banking. The deposit procedures are outlined below.

Mobile Banking:

- Executive Director, Deputy Executive Director, or Director of Operations scans checks into the mobile banking app and forwards a copy of the deposit confirmation to the Finance Manager
- Finance Manager enters the deposit into the accounting software program and saves a copy of the deposit confirmation to the organization's cloud storage system
- Hard copies of the checks are saved for 30 days before shredding to ensure there were no issues with the deposit. After the 30 days, if the bank cleared the deposit, the check will be shredded.

In-Person Bank Deposit:

- On day of deposit – Administrative Associate gathers the envelope with checks
- Executive Director reconciles the checks, copies and accounting software deposit summary
- Administrative Associate creates handwritten deposit slip based on deposit summary created by the accounting software and the checks that have been received
 - The deposit slip should match the checks to be deposited and the deposit summary
 - Double check the amounts of the checks against the deposit summary
 - If the Administrative Associate observes discrepancies, she/he will immediately notify the Executive Director or Finance Manager for correction or clarification
 - Possible errors:
 - Missing check
 - Check numbers do not match
 - Check amounts do not match
 - A copy of the deposit slip is made before the deposit is taken to the bank
 - Deposits are to be completed at least once a week, unless there are no funds to be deposited. The Administrative Associate should obtain deposit receipts from the bank
 - Once the deposit has been completed, the deposit summary, deposit slip, and bank deposit receipts are scanned to the Finance Manager for storing in the cloud storage system.
 - Once the deposit summary, deposit slip and the bank deposit receipt have been scanned to the Finance Manager, they should be filed under the appropriate month in the deposit binder, located in the IT closet.
 - If the Administrative Associate position is vacant, the Executive Director fulfills the duties of the Administrative Associate.

Deposit Reconciliations

For mobile bank deposits, the Finance Manager compares the check to the deposit confirmation and bank account to confirm all information matches and the deposit was successfully made into the bank.

For in-person bank deposits, two different reconciliations happen. The two reconciliations are outlined below.

First Reconciliation (by deposit preparer)

- Administrative Associate compares copies of the checks with accounting software deposit summary and the handwritten deposit slip. All should match
 - If it does not match up, hold the deposit. The Administrative Associate will need to determine where the error occurred and determine the appropriate remedy

Second Reconciliation (by Finance Manager)

- After deposit is made – Deposit summary, deposit slip and bank deposit receipt are scanned to the Finance Manager. The Finance Manager will save a copy of each in the company's cloud storage system
- Finance Manager compares all checks copies with the accounting software deposit summary

- Checking the amount reported on the accounting software deposit summary against the check amount
- Verifying the check number using the check number entered on the deposit summary
- The Executive Director is to be notified if any check/summary or any issues appear