

NASDCTEc/NCTEF Finance Committee
FINANCIAL MANUAL
Approved April 29, 2015

NASDCTEc/NCTEF Financial Policies and Procedures Manual

Introduction:

The policies and procedures outlined in this manual were developed as guidance for staff when are handling any financial matter for The National Association of State Directors of Career Technical Education/National Career Technical Education Foundation (NASDCTEc/NCTEF).

NASDCTEc/NCTEF embraces high quality and ethical standards in all matters of its operations but especially for its fiscal responsibilities.

Overall, financial matters are to be handled in a timely fashion and in a manner that assures completeness and accuracy, as well as are compliant 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, NASDCTEc/NCTEF will hire 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, payroll and selected benefits entry into accounting system, and other duties as assigned. The Finance/Audit Committee and Boards of Directors shall have direct access to the accountant.

Accounts payable:

All bills should be paid in a timely manner without incurring any late fees. To expedite the payment of a bill the Finance Manager may process the bill for immediate payment by entering in the accounting software and printing the check. Careful attention should occur during the check writing process to ensure accuracy, double-checking the amount, who the check is made out to, the address the check is being mailed to and the expense category and sub-category to which the expenses are charged. Once the checks are printed, they should be attached to the bill. The Executive Director will verify the check's amount and information for accuracy and then sign the check and approve the payment of the bill. Signed checks should be mailed that day. Copies of the check stubs should be stapled to the bill receipt, stamped paid with date, check number and then filed. The Secretary/Treasurer must approve all checks that are written over \$10,000.

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 noting PAST DUE in the topic of the e-mail.

2. 30 days after the e-mailed invoice, if there is payment is not received and there is no communication from the payee, a hard copy of the invoice will be mailed and stamped PAST DUE.
3. Depending on the payee and the size of the outstanding payment, the Executive Director and/or finance staff member may also call the payee to inquire as to status of payment.
4. The Executive Director shall review all outstanding A/R at the end of the fiscal year to determine which to hold over and which to write off.

Accounts Receivable - Miscellaneous

Staff often attends/presents at events for which their travel will be reimbursed. The accounts receivable invoice should be created as close to the completion of the travel as possible.

1. An A/R miscellaneous binder must be created.
2. Depending on the reimbursing state or company policy, the provided reimbursement form should be used in addition to NASDCTEc/NCTEF issuing an invoice generated from the accounting software.
3. In that A/R miscellaneous binder, a copy of the invoice, reimbursement form and receipts/documentation must be provided for each item entered into A/R.
4. When reimbursing the staff for travel in the accounting software, note name of company in capital letters in the description line with A/R noted next to the name of the company/organization. This is to easily identify relevant reimbursable expenses with that event, vendor or organization.
5. An update of outstanding A/R can be pulled from the accounting software by running the reports.
6. A review of outstanding A/R miscellaneous invoices should be conducted regularly but not less than once a month.

Audit:

NASDCTEc/NCTEF must undergo a full audit annually as part of our continuous improvement process and ensuring that the Boards are meeting their fiduciary responsibilities. The Finance/Audit committee has recommended the following requirements for reviewing the current audit firm.

1. Maintain the required RFP requirement to benchmark costs at least every five years. If the financial position of the organizations changes substantially or there is dissatisfaction with the firm's performance, benchmarking should be conducted on an as needed basis.
2. If staying with the same auditing firm for more than three years, require partner rotation as early as every three years, if warranted, but a partner change is required at five years.
3. Based on these recommendations, an RFP will need to be conducted in FY16 for price benchmarking purposes.

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 Boards for final approval. The draft audit report will be presented to the 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 Boards will be presented with the audit and management letter and a final set of year-end fiscal statements. The 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 to prepare all records, requests, etc. from the auditing firm. The Finance Manager will review all financial records and reports for accuracy prior to them being provided 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 Boards for consideration and action.

Bank and Investment Reconciliations:

To ensure appropriate internal controls, the accountant will, on a monthly basis, reconcile the NASDCTEc/NCTEF bank and investment accounts. Copies of the original reports, as well as the reconciliation reports, investment spreadsheet, balance sheet and year-to-date profit and loss statements will be provided to the Executive Director for review and sign off.

Board meeting materials:

At each physical meeting of the Board of Directors, not less than three 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 NASDCTEc Board of Directors shall receive a copy of all NCTEF financial documents, given the legal related nature of the organizations.

Budget:

Budgeting is a critical component of effective and efficient management of the organizations. Based on the projected program of work and historical expenditures, staff is responsible for crafting a first draft of the proposed budget based on these conditions. The proposed budget proposal will include projected expenses contrasted against the current budget. Explanations for fluctuations (plus or minus) in the recommended budget should be provided. The budget proposal will be presented to the Finance /Audit Committee for review and approval. If approval is not obtained, modifications will be made to the budget and the budget will be returned to the committee for reconsideration. Upon approval, the Finance/Audit Committee will forward the budgets to the appropriate Board of Directors for approval. The budget must be balanced. The budget is an important management tool that should be actively used in decision-making throughout the year. No less than quarterly, budget reports (with supporting balance sheet and profit and loss statements) should be presented to the Finance/Audit Committee. As project plans are put in place, 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 for 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 a twenty-four hour

period from when it is 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 attached to the deposit documentation.

Credit cards:

If staff receives credit card information to pay for an activity/fee while staff is at the headquarters office in Silver Spring, Maryland:

- Run the charge virtual terminal.
- Print a receipt form from the virtual terminal.
- Receive payment into the accounting software by either entering a sales receipt for the charges or by receiving the payment for the invoice. Mark invoice/sales receipt with date of payment received, MasterCard or Visa and authorization number and send electronically to customer, unless otherwise requested.
- Attach the copy of the credit card receipt to the appropriate invoice and mark the invoice paid.

The next business day, a summary report should be printed for the previous day charges. The Finance Manager should review the summary against the individual charges made to ensure that no errors have been made. The summary should then be attached to the deposit summary and filed in the Deposit Book.

If staff is presented with a credit card for payment of an activity/fee while at an off-site location:

- Take an imprint of the credit card using the credit card machine and the appropriate charge slip.
- Complete the charge slip completely, including the customer's name, credit card number, expiration date, billing zip code, what is being charged, and the amount of the charge. Be sure the customer signs the slip.
- A copy of the charge slip should go to the customer.
- The remaining copies should be attached to the appropriate invoice or registration form.

The Finance Manager should complete the transaction on the virtual terminal the day the staff returns to the office or by the end of the day if a secure internet connection is available.

Delegation of duties:

It is important that given the NASDCTEc/NCTEF staff size, that responsibility for financial matters be shared distributed 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.

Deposits:

Deposits should be made at least weekly but may need to be made more frequently when the volume or amount of checks warrants. The deposit procedures written in the attached addendum A will be followed as policy. The accountant will then assure that the deposit made in the accounting software match what was deposited into the bank during the reconciliation process. The accountant will also 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 original receipts for all requested reimbursements unless original receipts are required for a reimbursement from another organization for travel. In these instances, copies of the receipts are acceptable. Reports are submitted to the Executive Director for approval. Checks are processed for reimbursement. The expense report is marked paid, with the check number noted and the date the payment was made. In addition, a check stub will be attached to the paid expense report.

The Executive Director's expense reports are reviewed for compliance by the Finance Manager, checking receipts against the report. In addition, on a quarterly basis, these reports are scanned and e-mailed 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/e-mails 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:

NASDCTEc/NCTEF's fiscal year is July 1 through June 30.

Meeting budgets:

Budgets are an important management tool. A budget should be prepared before each meeting. The budget should be built upon meeting expectations, history, event location/information and the project starter sheet. The Executive Director must approve this budget at the start of the meeting planning phase. This budget should inform the development of the BEO's, which detail meal, audiovisual, travel, materials production, etc. expenses. After the meeting is completed, the actual expenses should be completed on the budget. A copy of the budget should be kept with the conference documentation (hotel bill, etc.). Any budget variances that are 10% +/- projections should be explained on the final budget report submitted to the Executive Director.

When the hotel bill is received, it should be compared to the budget and BEO's and must be broken down by event using a detailed spreadsheet. This information will be used in approval of the bill. The Secretary/Treasurer must approve any bill payments in excess of \$10,000. Most meeting bills exceed this limit. Therefore, Secretary/Treasurer should receive a copy of the hotel bill, conference budget, and detailed spreadsheet comparing the BEOs with the hotel and explaining any variances.

Meeting registrations:

Upon receipt of a meeting registration form, it should be given to the Finance Manager or Administrative Assistant to be invoiced. After invoicing it should be placed in the appropriate binder in alphabetical order. When payment is received a copy of the check should be attached to the registration form. The form should then be stamped paid, with the date of payment and check number noted.

If the registrant is paying an invoice by credit card, the registration fee should be processed the day it is received and the credit card policy followed. A copy of the completed credit card receipt should be attached to the registration form and marked paid with the date of payment and authorization number noted. When payments are generated online with the online registrations, make note of credit card

authorization number and note that it's been entered into the accounting software.

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

Membership Dues Invoices:

See Board policy as reference.

NASDCTEc 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. 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, the staff will research the current Consumer Price Index. Per Board policy, this rate will be taken to the Executive Committee or Board of Directors for approval as the percentage the following year's dues will increase. Not later than February of each year, staff will send a dues chart to states indicating the increase for the upcoming year. This will allow states to have the most up-to-date information on their dues amount during their budget cycle.

Dues will be billed not later than mid-May of each year. Prior to billing, the finance staff member should run a current listing of members to ensure that the invoices accurately reflect the current and potential membership. Invoices should include the most up-to-date contact information. Each invoice should have a statement indicating dues are not tax-deductible. In addition, the invoice should provide a space for the payees to indicate the source of the payment (Federal or Non-Federal).

One copy of all dues invoices should be printed and placed in the state or associate dues binder in alphabetical order. An electronic copy is sent to the member, with an intent form.

See the dues policy for schedule of collections. Purchase orders, intent forms or other relevant information related to the invoice should be attached to the invoice for reference.

When an invoice is paid, a copy of the check or check stub should be attached to the invoice. The invoice should be stamped paid with the date and check number noted.

A thank you e-mail should be sent within five business days to the State CTE Director/associate member/organizational member upon receipt of dues.

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 timesheets, pay periods, etc.

Purchase of products/supplies:

An email request to order supplies must include quantity needed and cost before being approved by the Executive Director Approval can be provided electronically. Upon receipt of the supplies the person receiving the box should check each item to acknowledge receipt of the correct item and cost.. When payment is made either by check or reimbursed to staff, all items (invoice, receipt and approval email) should be attached to our copy of the check stub or expense report.

Signature Authority:

The Executive Director has the authority to sign checks, contracts and legal documents on behalf of NASDCTEc/NCTEF. At the start of each fiscal year, the officers will each be added to the investment and bank accounts as authorized signers.

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 NASDCTEc and NCTEF.
2. Have charge and custody of and be responsible for all funds and securities of both NASDCTEc and NCTEF.
3. Provide ongoing oversight of all aspects of the finances of both NASDCTEc and NCTEF.

Specific Responsibilities include:

- Chair the NASDCTEc/NCTEF 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 NASDCTEc and NCTEF Boards of Directors and membership.
- Present minutes to the NASDCTEc any NCTEF Boards of Directors and membership.
- Review and approve and disbursements 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. Hard copies of the voided checks placed in a voided check folder.

Schedule of Regular of Activities

Daily:

Receive and record deposits
Run credit card payments
Update spreadsheets (e.g. registration, membership)

Weekly:

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

Bi-Monthly:

Process payroll and benefits
Timesheet reconciliation

Monthly:

Bank and investment reconciliations by accountant
Payroll and vacation entries made by accountant

Quarterly:

Expense Reports 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 - Dues invoices July; beginning preparations year-end
May/June – Budget development and approval
July 1- Beginning of fiscal year; year-end wrap up 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 IS RECEIVED AT THE FRONT DESK

- All Mail/checks received
 - If Finance Manager is out of the office; mail and checks go in the Executive Director's in box, broken down by folder (checks, bills, etc.).
 - If Finance Manager is in the office; give regular mail to Finance Manager and checks go in the folder marked 'checks.'

MAIL PROCEDURE

- Invoices/mail is opened by Finance Manager or Executive Director.
- If Finance Manager is out of the office:
 - Executive Director opens mail and gives invoices and checks to Administrative Assistant to scan and email to Finance Manager.
 - Do not scan Merrill Lynch, Bank of America or credit card processing statements – no need to open – placing in box on desk is sufficient.
 - Administrative Assistant puts scanned invoices in folder for scanned mail in box on Finance Manager desk. If possible, invoices should be approved by Executive Director prior to scanning but this is not a requirement.

CHECK PROCEDURE – Receiving and Copying

- Checks are received and opened by Executive Director - Two options are available
 - **First Option:** Executive Director will copy checks and carry out the following procedures below:
 - Checks are stamped “for deposit only.”
 - Check copies should be hole-punched.
 - Copies should be grouped by organization, NCTEF together and NASDCTEc together.
 - 1st copy is retained by the Executive Director for deposit reconciliation.
 - 2nd copy and original checks with any backup included in the envelope with the check are given to Administrative Assistant to add detail/notes to check copy and scan to the Finance Manager.
 - The 2nd copy of the check is kept in a binder as back up to Executive Director's copies.
 - The Administrative Assistant must return the checks to the Executive Director the same day they were copied.
 - All copies of the checks should be signed and dated by the person who made the copies.
 - Checks and one copy are put in check envelope and locked in Finance Office until the deposit is made.

- **Second Option:** Executive Director gives checks to Administrative Assistant to copy after they are opened.
 - Administrative Assistant receives checks from Executive Director.
 - If they have not been stamped “for deposit only” Administrative Assistant will stamp the checks.
 - Two copies will be made and should be hole punched.
 - Copies should be grouped by organization, NCTEF together and NASDCTEc together.
 - 1st copy is returned to the Executive Director for deposit reconciliation along with the original checks after next steps are completed.
 - All copies of the checks should be signed and dated by the person who made the copies.
 - 2nd copy and original checks with backup are used by the Administrative Assistant to add detail/notes to check copy and scan to the Finance Manager.
 - The 2nd copy is kept in a binder as back up to Executive Director’s copies.
 - All checks, any back up and one copy must be returned to the Executive Director on the same day they were copied.
 - Checks and one copy are put in check envelope and locked in Finance Office.

DEPOSIT PROCEDURE:

- Finance Manager receives check scans and enters them into QuickBooks.
- On day of deposit – Finance Manager obtains checks from envelope with checks and copies that has been secured in the Finance Manager’s office.
- Finance Manager reconciles the checks, copies and QuickBooks.
- Finance Manager or Administrative Assistant creates handwritten deposit slip based on deposit summary created by QuickBooks and the checks that have been received.
 - The deposit slip is created from the checks to be deposited and compared to the deposit summary.
 - Double check the amounts of the checks against the deposit summary.
 - If the Administrative Assistant notices any discrepancies, she/he will immediately notify Finance Manager for correction or clarification.
 - Possible errors:
 - Missing check
 - Check numbers don’t match
 - Check amounts don’t match
- A copy is made of the deposit summary and scanned to the Finance Manager if not in the office for comparison.
- The deposit is brought to the bank once the deposit slip is received and approved by the Finance Manager.
- If deposit is made by anyone other than the Finance Manager, the bank deposit receipt will be scanned to Finance Manager for final reconciliation with the deposit summary. and deposit slip. This should occur the day the bank deposit is brought to the bank.

- Once the deposit summary, deposit slip and the bank deposit receipt are reconciled by the Finance Manager – they can be filed in the deposit binder.
- The summary, deposit slip and bank receipt must be stapled together.

Deposit Reconciliations – Two different reconciliations happen

First Reconciliation (by deposit preparer)

- Administrative Assistant or Finance Manager compares copies of the checks with QuickBooks deposit summary and the handwritten deposit slip. All should match.
 - If it does not match up, hold the deposit. The Finance Manager will need to determine where the error was made and determine the appropriate remedy.

Second Reconciliation (by Executive Director)

- After deposit is made – Deposit summary and check copies are paper clipped together and given to the Executive Director.
- Executive Director compares all checks copies with the QuickBooks deposit summary.
 - Checking the amount reported on the QuickBooks deposit summary against the check amount.
 - Checking the check number against the check number entered on the deposit summary
 - File check copies in binder kept in Executive Director's office and sign off on those checks being checked.
 - If any check/summary or any issues appear – report this to Finance Manager for clarification.