

**NASDCTEc/NCTEF Finance Audit Committee**  
**FINANCIAL MANUAL**  
**Approved by Electronic Vote October 13, 2010**

---

**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. All expense reimbursements will be governed by the reimbursement policy.

**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 preparations, 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. If a supplies order form relates to this bill, this form(s) should be attached to the bill. Upon approval by the Executive Director, the bill should be processed for payment. 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. 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. E-mail 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

3. An A/R miscellaneous binder must be created.
4. 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 QuickBooks.
5. 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.
6. When creating the invoice for a reimbursable expense, note name of company in capital letters in the description. This is to easily identify relevant reimbursable expenses with that event/vendor.
7. An update of outstanding A/R can be pulled from QuickBooks by running the reports
8. 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. In keeping with Sarbanes-Oxley, NASDCTEc/NCTEF will distribute an RFP at least every 5 years to select an auditing firm. The Finance Committee will review all responses to the RFP and make the selection of the firm to engage.

The goal is to conduct the prior year audit as close to the completion of a fiscal year as possible. Ideally the final audit report will be completed and available for presentation to the Boards at the annual fall meeting. While this may not always be possible, the audit should be finalized prior in time to submit the 990 tax forms in November. Upon completion of the audit, 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 Executive Director 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 Executive Director.

The auditing firm will make present the final 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.

In addition, a set of current state account spreadsheets and meeting budgets should be provided to the Executive Director for reference should the Board request these documents. 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 through the machine or virtual terminal.
- Print a receipt from the charge machine or authorization form from virtual terminal.
- Receive payment into QuickBooks 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.

At the end of the day, a batch record should be run from the credit card machine. For the virtual terminal a summary report should be printed for the previous day charges. The Office Manager should review the batch record or summary against the individual charges made to ensure that no errors have been made. The batch record or summary should 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 conference 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..
- Office manager should complete the transaction on the credit card machine the day staff returns to the office. If virtual terminal is available transaction should be processed before the end of the day.

### **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. A staff member other than the finance staff member will open all mail. That person will then make photocopies of each check that is received for deposit and place in a binder that is organized by month, as well as stamp the check with the FOR DEPOSIT ONLY stamp. The finance staff member receives the checks by entering them into QuickBooks and marking the corresponding invoice paid along with the date, check number, and their initials. A copy of the check and/or check stub should be attached to the paid invoice. In addition, at this time the check should be stamped with the appropriate organizational deposit stamp. The finance staff member will complete the deposit form and make the deposit at the bank. Two copies of the deposit summary will be printed from QuickBooks. One will be placed into the Deposit binder attached with the bank receipt and hand written deposit form; the other will be placed in a folder in the Executive Director's office. Monthly, the Executive Director will reconcile the checks received to those that were deposited. The accountant will assure that the deposit made in QuickBooks match what was deposited into the bank. The accountant will enter any

transfer of funds or bank fees into QuickBooks via journal entry.

### **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 staff member, 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 15, October 15, January 15, and April 15.

### **Finance/Audit Committee:**

The Finance/Audit Committee is comprised of the Secretary/Treasurer, Past President, a member of the NASDCTEc Board of Directors, a member of the NCTEF Board of Directors (from the public offices) and a representative of the NASDCTEc Associate members. The Secretary/Treasurer and Past President positions will change annually with the election of officers. The other positions will serve two-year terms, a rotating basis to offer continuity of service.

The Finance/Audit Committee (Committee) will assist the Board of Directors in its oversight responsibilities relating to fiscal management. In furtherance thereof, the Committee will:

- Review and recommend approval of an annual operating budget;
- Regularly review financial results;
- Ensure the maintenance of an appropriate capital structure; and,
- Oversee the management of organization-wide financial assets.

In addition, in order to assist NASDCTEc/NCTEF in the proper and prudent management of its financial resources, the Committee will ensure that management employs personnel and systems capable of providing timely and accurate financial information to key decision-makers.

Annually, the Committee will review the proposed annual operating budget for the ensuing fiscal year as presented by management. After review and amendment, if necessary, the Committee will recommend a final operating budget to the full Board of Directors for approval.

Quarterly, members of the Committee will receive and review financial statements consisting of the then current year-to-date: **1)** statement of financial position, **2)** income statement, **3)** operating statement; and **4)** key financial performance benchmarks that the Committee deems relevant from time-to-time. These financial statements will be accompanied by a narrative from management highlighting any financial issues and, where necessary, management actions related thereto.

From time-to-time, the Committee will direct management to undertake longer term financial planning to

evaluate future financial needs.

### **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 staff member 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 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. In the case of the institute, where payments are generated online, mark registrations paid and make note of credit card authorization number. If the credit card was processed manually, then attach the receipt to registration form.

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.

If the registrant marked **state account** as the method of payment, the following steps should be followed: (1) verify the state requesting use of a state account has a current contract on file; (2) verify that the appropriate documentation and language is provided with the request; (3) verify that the account has the funds to cover the registration fee; (4) obtain the Executive Director's approval of the charge; (5) mark the registration form as paid; (7) accountant or finance staff member to make appropriate journal entry. A copy of the registration form, letter approving the withdrawal of funds should be placed behind the appropriate tab in the state accounts binder.

### **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. Copies of all correspondence related to the invoice should be attached to the invoice (purchase orders, intent forms, etc.)

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 to the state 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:**

The supplies order form must be filled out completely and approved by the Executive Director prior to the placement of any order. 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. This form should be provided to the finance staff member and be attached to the bill. When payment is made, all items (supply order form, and the bill) 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**

Per the Bylaws, the Secretary/Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation and in general perform all the duties incident to the office of 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. In addition, the Secretary/Treasurer shall chair the Finance/Audit Committee, present all financial reports to the Board of Directors and membership, review and approve all checks over \$10,000 and provide ongoing oversight of all aspects of the finances of the organizations.

## **State accounts:**

See also, the Board policy on state accounts.

States are eligible to place funds on account with NASDCTEc for the express purpose of professional development. In order to open a state account, a contract must be signed annually. All states will be made aware of the availability of opening a state account during the spring new member orientation and/or the annual state dues communication. Should a state open a state account, the state will be provided a contract to be signed by the department or division fiscal officer and the NASDCTEc Executive Director. The funds deposited on account will be governed by the contract and the state account policy.

At the start of each fiscal year, a binder must be created to hold all state account documents. Each state will have its own tab. A copy of the contract between the state and NASDCTEc should be the first item behind the tab. Following the contract, copies of reimbursement requests, with proper documentation and approval from the Executive Director, and a check stub for that reimbursement should be placed in chronological order.

1. Upon request of a disbursement from a state account, the following steps should be followed:
2. Verify there are sufficient funds are available to process the payment.
3. Verify that the request has proper documentation and signatures.
4. Provide reimbursement request to the Executive Director for approval.
5. Process the reimbursement check.
6. Mark the reimbursement request as paid, noting the date noted and check number.
7. Attach copy of the check stub should be attached to the reimbursement request.
8. File reimbursement request in State Accounts binder.

Quarterly (October 15, January 15, April 15, July 15), a copy of the state account report noting balance and reimbursements processed out of the account this fiscal year will be e-mailed to the state director. The state director will respond acknowledging receipt and acceptance of the report. A copy of the state director's acknowledgement e-mail will be printed and placed into the state account binder along with a copy of the report.

## **Voided Checks:**

Voided checks are marked void in permanent ink/marker across check. The voided checks will be noted in QuickBooks. Hard copies of the voided checks placed in retained and placed in a voided check folder.

## **Schedule of Regular of Activities**

### **Daily:**

Receive and record deposits  
Run credit card payments  
Update Spreadsheets (registration, membership, state account)

### **Weekly:**

Make deposits at bank  
Check and report bank balances/transfer funds as appropriate  
Pay Bills

Reconcile A/R (misc., conference registrations, and dues)  
Reconcile State Accounts

**Bi-Monthly:**

Process payroll and benefits  
Timesheet reconciliation

**Monthly:**

Bank and investment reconciliations  
Payroll and vacation entries made by accountant

**Quarterly:**

State Account Reports  
Expense Reports sent to Executive Committee  
Finance/Audit Committee receives budget reports

**Overview of Yearly Activities:**

January - determine CPI/dues increase for states  
February - notice of dues increase to states  
April - 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 - Audit  
September/October - Board of Directors' Meeting/Conference  
November - Tax returns due