

Oxford Hills Athletic Boosters Association

Financial Policy

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Purpose

This Financial Policy supplements **Article VI – Finances** of the organization’s Bylaws.

Purchase Policy

All purchases on behalf of the organization must be pre-approved, either through the annual budget or vote of the board or membership. The officer(s) authorized to sign contracts on behalf of the organization shall be designated in the Bylaws, or by vote of the Board of Directors or membership.

Bank Accounts

1. **Bank accounts.** All bank accounts of the organization shall be opened in an FDIC insured institution, approved by the Board of Directors, in the legal name of the organization using the organization’s own EIN (employer identification number). Bank accounts shall not use the school’s EIN.
2. **Investments.** All investments and investment accounts shall be approved by the Board of Directors. Investment accounts shall generally be limited to Certificates of Deposit in FDIC insured institutions.
3. **Bill payment.** All bills of the organization shall be paid by check from the organization’s bank account. Online or e-checks are permissible; however, all procedures for paper checks be followed, regardless of the bank’s procedures (for example, prior approval of processing an online payment should be obtained by way of email by the required number of signatories before processing).
4. **Financial controls.** The organization shall adopt appropriate financial controls to ensure the integrity of its funds. Specifically, without limitation, the organization shall maintain separation of financial controls so that, minimally:
 - a. all checks shall be numbered and shall be held in the custody of an officer authorized by the Board, such as the Treasurer.
 - b. all payments by check shall correlate to an invoice or receipt, on which the check number and date paid shall be written. If a receipt or invoice is not available, an officer shall write and sign a description of what was purchased.
 - c. pre-signing blank checks is prohibited, except when paying tournament expenses under \$2,500 that are not known until the start of the event. In such cases, the Treasurer may furnish the Program Coordinator with a partially blank check as follows: the Date, Payee, Memo, and Signature lines must be filled in by the Treasurer, and the amount fields may be left blank to be completed by the Program Coordinator. For expenses over \$2,500, the hosting school or organization must issue an invoice to be paid by the Treasurer directly.
 - d. checks exceeding \$2,500 must be endorsed by at least two officers authorized by resolution of the Board of Directors, and checks of the corporation shall include above the signature line a notice to this requirement.
 - e. all expenses must be pre-authorized by (i) approval in the annual budget, (ii) subsequent

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amendment to the budget, (iii) approval of the Executive Board.

- f. bank statements shall be reviewed by Treasurer **and** one or more other officers without signature authority to ensure separation of financial controls.
 - g. a committee of at least two (2) persons without check signing authority shall annually audit all corporate finances, or hire and supervise an outside accountant or auditing firm to conduct a review of corporate financial records
5. **Bank cards.** If debit/credit cards are established in the name of the organization, a policy approved by the Board of Directors shall be established that includes a list of the authorized users, daily/monthly/annual spending limits, and limits use to charges for the organization. No personal charging on the card by the authorized users shall be allowed.

Cash

1. All cash must be kept in a secure location, such as in a lock box. A cash box ledger shall be kept and monthly cash box reports, including starting balance, expenditures, additions, and ending balance shall be provided to the Board.
2. A receipt shall be provided whenever cash is turned over or collected if a Deposit Tracking Form is not already provided as part of the transfer of funds.
 - a. receipts shall be numbered and kept in a bound book, with one copy provided to the person turning in the cash, and one copy kept in the receipt book as a record. Alternatively, a receipt ledger on which the date, amount, and signature of both the giver and recipient of the funds may be used.
 - b. cash should be counted by two individuals whenever possible, on the day the funds are collected, and at the site where the funds are collected. A cash tally sheet showing the date and amount collected, and signed by the counters should be maintained. If the treasurer is not one of the counters, the treasurer should recount the funds, and counter-sign the tally sheet.
 - c. cash should be deposited immediately into the organization's bank account. A copy of the deposit slip shall be kept by the treasurer. The deposit slip should be cross-referenced against the cash tally sheet, and saved for the bank reconciliation.

Financial Reports

The Treasurer shall provide a financial report to the officers, and members as appropriate, at least monthly that includes:

1. Statement of income and expenses;
3. A copy of the bank statement, bank reconciliation, monthly cash reports and imaged checks;
4. A copy of any cash tally sheets; and,
5. Any outstanding receipts/expenses/purchase orders/contractual obligations

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The monthly Treasurer's reports shall be compiled and kept in the organization's records for three (3) years. The year-end treasurer's report shall be kept permanently. Bank statements, canceled checks, check registers, invoices, receipts, cash tally sheets, investment statements, and related documents should be kept for seven (7) years.

Financial Review/Audit

An annual audit or financial review of the organization's records should be completed at the end of the year, and prior to turning records over to new officers. The financial review is intended to ensure that all financial procedures are being followed, and that no financial irregularities exist. The financial review may be completed by an internal audit committee if the organization has gross receipts of less than \$250,000 per year. A full audit shall be conducted by an external CPA when annual gross receipts exceed \$250,000.

Internal Audit Committee

An internal audit committee shall be established that is made up of at least two officers or members, at least one of whom has enough financial background or experience to understand the organization's financial statements and records. The audit committee members should not include anyone with bank signature authority or who has been routinely involved in handling the organization's finances. The purpose of the audit committee is to provide a fresh set of eyes to ensure that the organization is following all appropriate financial policies and practices and make sure that there are no financial irregularities.

Loans

High School and Middle School coaches or District Athletic Director may request loans from OHAB according to the following the guidelines listed below:

1. The Coach or AD shall contact a board member to be added to the next scheduled meeting agenda
2. The Coach or AD shall attend the next scheduled meeting to present the following information:
 - Purpose of funds requested
 - Amount of funds requested
 - Timeframe funds are needed
 - Timeframe of repayment of loan

OHAB Members shall discuss the information as requested and vote on the proposal.

OHAB Board Members shall determine the final terms of the loan with consideration to current funding commitments and balance of funds.

Grants

High School and Middle School coaches or District Athletic Director may request grants from OHAB by following the guidelines listed below (grant funds are not repaid):

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1. The Coach or AD shall contact a board member to be added to the next scheduled meeting agenda
2. The Coach or AD shall attend the next scheduled meeting to present the following information:
 - Purpose of funds requested
 - Amount of funds requested
 - Timeframe funds are needed
 - Explanation of commitment from the sports program to help fundraise the funds. This commitment may come in the form of:
 - Volunteer support of current OHAB fundraisers.
 - New fundraising ideas
 - Matching funds. This would be funds already raised, not future fundraising which competes with OHAB fundraising efforts
 - Other

OHAB Members shall discuss the information as requested and vote on the proposal.

OHAB Board Members shall determine the final terms of the grant with consideration to current funding commitments and balance of funds.

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Internal Audit Guidelines

Step #1: Gather relevant financial documents:

- Copies of written financial policies
- Copies of Treasurer's reports for the period to be reviewed
- List of all bank and investment accounts, including names of persons authorized to sign on each account
- Copies of all bank and other financial statements for the period to be reviewed
- Copies of all bank and investment account reconciliations for the period to be reviewed
- Cash tally sheets
- Invoices, receipts, and other documents
- Documentation of any restrictions on the use of any particular funds or donor gifts
- IRS letter documents including most recent Form 990, IRS letter recognizing tax-exempt status, and IRS letter assigning an EIN (employer identification number) to the organization.

Step #2: Review financial documents and processes:

- Check the organization's EIN as assigned by the IRS against the EIN used on the organization's bank and other financial accounts to ensure that the school's EIN is not being used.
- Check names of persons authorized to (i) approve transactions and (ii) sign checks, against:
 - o persons authorized to conduct these activities in the organization's minutes; and,
 - o bank records indicating who is authorized as a signatory.
- Ensure the same person(s) who sign checks are not the same or only persons reviewing monthly bank statements.
- Check all bank reconciliations to determine that the beginning balance of one month is the same as the ending balance of the previous month. Also note whether the balance listed on financial statements is the same as the balance listed on the treasurer's reports presented to the organization.
- Choose one month and perform a bank reconciliation using the original records. If a discrepancy between your reconciliation and the reconciliation provided by the treasurer or other person who performed the original reconciliation is found, research the discrepancy to find the error or explanation for the discrepancy.

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Step #3: Review income and receipts

- Determine if the deposits listed on the financial reports provided to the organization match deposits listed on bank statements.
- Check to see if cash tally sheets match the amount of cash report as received from an event on financial reports, and also match the deposit indicated on bank statements.

Step #4: Review disbursements

- Ensure that payments made were properly authorized – by a line item in the approved budget, an approved amendment to the budget, or an appropriate vote authorizing the expenditure.
- Ensure that purchase orders were properly approved and match the actual disbursement or invoice.
- Review records to ensure that there is an invoice, receipt or other appropriate written documentation for each disbursement, and that the amounts match.

Step #5: Tax/information returns

- Review financial records to ensure that appropriate federal (IRS Form 990) and state income tax/information returns have been timely filed.

Step #6: Review financial control systems

- Evaluate whether financial duties have been appropriately separated. Separation of duties is essential for appropriate financial controls and protect both the organization and the individuals handling the finances. Specifically:
 - All disbursements should be documented by an invoice, receipt or other appropriate written documentation. Expenditures should be approved in an annual budget, as originally approved or amended, or by a vote of the board or membership as appropriate.
 - The individual(s) with signature authority may reconcile bank statements. However, at least one additional officer or director should review bank statements, at least as part of this annual review.
 - Finances should be reviewed annually by an audit committee that consists of two or more individuals who do not routinely handle the organization's finances, such as by being a signatory on the accounts.
 - Cash should be counted by at least 2 persons at/near the time received whenever possible, and then recounted by the Treasurer or other individual prior to deposit.

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Step #7: Review reports to ensure adequate information is provided to the organization and its officers/directors to make reasonable decisions.

- Are reports from the treasurer timely and complete?
- Are financial policies, including separation of financial controls, being followed?
- Are all records being gathered (invoices, receipts, cash records, checks and disbursement records, bank records, treasurer's reports) so that they can be reviewed as needed, and only discarded in accordance with the organization's record retention guidelines?

Step #8: Write a report

The financial review/audit report should document, at a minimum:

1. Steps taken in the financial review;
2. Current fund(s) balance
3. Comments, if any, on any concerns or discrepancies found and the audit committee's recommendations to correct these concerns or discrepancies.