

# **CULTURAL COUNCIL OF GREATER JACKSONVILLE, INC. FINANCIAL POLICIES & PROCEDURES HANDBOOK**

## **BASIC POLICY STATEMENT**

The Cultural Council of Greater Jacksonville, Incorporated is committed to responsible financial management. The entire organization, including the board of directors, administrators and staff, will work together to make certain that all financial matters of the organization are addressed with care, integrity and in the best interest of CC. Financial policies and procedures will ensure that management completes their collective financial duties under the least amount of risk. These financial policies and procedures shall be guided by an accounting concept called internal control.

The policy and procedural guidelines contained in this handbook are designed to:

- Protect the assets of the Cultural Council;
- Ensure the maintenance of accurate records of the Cultural Council's financial activities;
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state and local legal and reporting requirements.

The Director of Finance at the Cultural Council, under the supervision of the Executive Director, has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exceptions to written policies may only be made with the prior approval of the Finance Committee. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted by the Finance Committee and/or the Board of Directors every two years.

The Employee Policy Handbook covers personnel policies in greater detail. The Financial policies are consistent with those found in the Employee Policy Handbook.

**Every Director and every staff person with financial responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.**

**ADOPTED BY THE CULTURAL COUNCIL OF GREATER JACKSONVILLE, INC.  
Effective February 14, 2013  
Approved by the BOARD OF DIRECTORS  
As of February 14, 2013**

## **LINE OF AUTHORITY**

### **Board of Directors**

*Has the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state and local law.*

### **Executive Committee**

*Has and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the organization except the authority to amend the bylaws; adopt a plan of merger or consolidation; sell, lease, exchange, mortgage, pledge or make any other disposition of all or substantially all of the property and assets of the organization; approve spending outside the parameters of the annual budget.*

### **Treasurer and the Finance Committee**

*Has whatever authority as may be designated by the Board of Directors – generally to include the authority to choose the auditor; perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; recommend to the Executive Committee spending outside of the parameters of the annual budget; and determine the allocation of investment deposits.*

### **Executive Director**

*Has whatever authority as may be designated by the Board of Directors – generally to include the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; and enter into contractual agreements within board designated parameters.*

### **Deputy Director**

*Has whatever authority as may be designated by the Executive Director – generally to act as the Executive Director in the absence of the Executive Director.*

### **Director of Finance**

*Has whatever authority as may be designated by the Executive Director – generally to include the authority to design and maintain the organization's accounting system; the supervision of staff with bookkeeping responsibilities; make spending decisions within the parameters of the approved budget; make decisions regarding the disposition of investments within the parameters of the investment policy; make fixed asset purchase decisions under a certain dollar amount; and make decisions regarding the allocation of expenses.*

## **INDEMNITY POLICY**

To the full extent that it will have from time to time under applicable law and in the manner from time to time prescribed or permitted by applicable law, the Cultural Council may indemnify any past, present or future Director, Officer, Employee or Agent of against all costs, expenses and liabilities, including attorneys' fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with the Cultural Council.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by the Cultural Council acting on the advice of counsel.

The Cultural Council may choose to purchase and maintain insurance on behalf of any person who is or was serving at the request of the Cultural Council as a Director, Officer, Employee, Agent, Volunteer or other enterprise, against any liability asserted against her or him and incurred by her or him in any such capacity, or arising out of her or his status as such.

## **INVESTMENT POLICY**

The investment objectives of the Cultural Council, in order of importance, shall be the safety of principal, liquidity, and a competitive rate of return.

### **General Investment Guidelines**

The Cultural Council's Finance Committee shall have primary responsibility for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

### **Key Issues To Consider When Developing Investment Policies**

#### **Delegation of Responsibility**

- Should define who is responsible and for what they are responsible
- Should include internal groups/individuals, i.e., Board of Directors, Treasurer, Finance Committee, and may include staff
- Should also include external groups such as investment managers, bank custodians and investment consultants.

#### **Determining Mix and Quality of Investments**

- Need to determine organization's ability to assume risk (Risk Tolerance)
- Need to determine the organization's attitude and expectations about investing (Risk Preference)
- The Risk Tolerance and Risk Preference should be compatible with each other to ensure long-term continuity in the investment program.
- Need to establish an investment time horizon – the amount of time you are willing to set aside for an investment to meet your objectives.

- Any investment restrictions should be explicitly stated in the Policy Statement. Investment restrictions often deal with issues related to prohibited securities, quality, diversification requirements, or social issues.

The amount of risk the organization is willing to assume will determine what types of investments are available to the organization. In order to reduce the overall risk, an organization may consider a mix of investments, which may include fixed-income investments (low risk/lower returns) with some equity investments (investments with higher returns accompanied by higher risks).

## **FINANCIAL CONTROLS AND OPERATING PROCEDURES**

### **Operating Procedures**

The **Director of Finance** reports to the Executive Director and holds the primary responsibility for designing and maintaining the accounting system. The Director of Finance ensures that general journal entries are numbered and accounted for monthly, that revenues and expenses are recorded to the correct accounts and that no out-of-period entries are made. Monthly reports shall be made to the Executive Director covering, at a minimum, receipts (revenues) and disbursements (expenses).

The **Director of Finance** will be required to include budget comparisons in periodic financial reports to the Treasurer and the Executive Committee, typically quarterly. Standard journal entries shall be reviewed by the Director of Finance for reasonableness. (Non-standard journal entries are to be reviewed by the auditor.) The Director of Finance performs monthly reviews of accounts receivable and accounts payable. Any amounts over 60 days are reported to the Executive Director.

The **Treasurer and the Finance Committee** will be required to provide periodic budget reviews and annual reviews of the adequacy of insurance coverage. In addition, the Finance Committee will recommend and the Treasurer will present the annual budget to the Board for approval.

The **Board of Directors** will be required to secure an independent audit annually.

### **Separation of Duties**

- The check signer(s) must not be the person(s) who writes checks or who does the bookkeeping.
- Bank statements are reconciled by someone other than the person(s) who sign checks. Neither the Board members nor check signers may reconcile bank statements.
- Checks are restrictively endorsed and logged by a person other than one who writes checks or who does the bookkeeping.

### **Evidence of Control**

All supervisory reviews shall be evidenced with the initials of the reviewer.

## **FINANCIAL REPORTING**

- Annual budgets are prepared by the Director of Finance, reviewed and recommended for approval by the Executive Director, the Treasurer and the Finance Committee and approved by the Board.
- Budgets are reviewed periodically, at minimum at mid-year (April) and are adjusted as necessary to reflect changing conditions. Alternatively, forecasts may be prepared to reflect such conditions.
- A Chart of Accounts and class system is used to code receipts and disbursements to the proper accounts.
- Non-standard journal entries are discussed with the Treasurer and/or a CPA to ensure proper accounting treatment.
- Monthly financial reports are provided to the Executive Director within 30 days of the close of the period.
- Quarterly financial reports are provided to the Treasurer and the Finance Committee within 30 days of the close of the period. Full financial package will be submitted to Treasurer for review at least three (3) business days prior to Board Meeting.
- Detailed financial reports are provided to the Board of Directors at each regular Board meeting and any time upon request.
- Annual audits will be conducted by an independent CPA at the close of each fiscal year. Copies of these reports will be made available.
- The fiscal period for the organization shall be October 1 to September 30 or otherwise if modified in the bylaws and articles of incorporation.

## **SAFEGUARDING ASSETS**

- The Director of Finance, under the supervision of the Executive Director, will have primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of the Board of Directors are executed.
- The Treasurer and the Finance Committee will provide fiscal oversight in the safeguarding of the assets of the organization and will have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- The Director of Finance, will maintain a proper filing system for all financial records.

- The Director of Finance will prepare a comparison of actual income and expenditures to the budget on a monthly basis for review by the Executive Director. Quarterly, the Director of Finance will forward these reports to the Treasurer and the Finance Committee.
- All excess cash will be kept in an interest bearing account.
- Bank statements will be promptly reconciled on a monthly basis.
- Documents on all securities and fixed assets will be kept in Finance Office. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation and the date of valuation.
- Appropriate insurance for all assets will be maintained.

### **PAYROLL CONTROLS**

- Personnel files are to be maintained at the organization's office site for all employees by the Executive Director. Changes in payroll data (i.e., pay changes) are approved by the Executive Director. Records of employee leave time are maintained for all employees by the Director of Finance. Records of semi-monthly payroll and related submissions to taxing authorities and benefit plans are maintained by the Director of Finance.
- Payroll is processed by the Director of Finance. The Director of Finance generates the payroll register, payroll stubs, direct deposits, makes tax deposits and prepares W2s and 1099s.
- The direct supervisor or the Director of Finance approves submission of hours each month for any non-salaried employee(s).
- The Director of Finance reviews the payroll register for proper processing of amounts.

### **COMPUTER CONTROLS**

- The Director of Finance is responsible for inputting the financial data into the computer for generating financial reports. The Executive Director, Deputy Director and the Director of Finance will have access to the password required to log onto the system. The system will be logged off when not in use.
- Daily transactions journals are to be printed whenever financial data is entered into the accounting system. The Director of Finance is responsible for comparing the detailed printouts to source documents for accuracy.

### **POLICIES ON DISBURSEMENTS**

- The Executive Director has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board; and (b) dual signature authority with the Deputy Director (or designated senior staff as determined by Executive Director) up to and including \$5,000 with the exception of the Executive Director's expense reimbursement items and disbursement of grant awards.
- Grant awards, payments over \$5,000 and reimbursement of expenses by the Executive Director must be approved by the Board Chair or Treasurer. The deliberate splitting of invoices for the sole purpose or effect of avoiding the parameters of this authority is expressly prohibited. All such checks shall be signed by any two of the following individuals: the Executive Director, the President or the Treasurer.
- Disbursements, except payroll and credit card purchases, are made by check and are accompanied by substantiating documentation. In addition, certain vendors require electronic fund transfers, such parking, employee 403(b) plan, health insurance and internet lines which are supported by an invoice. In such cases, the fund transfers will be processed by the Director of Finance.
- All invoices and check requests are directed to the appropriate staff person for approval. After approval, invoices are forwarded to the Director of Finance. The Director of Finance codes the invoices and check requests according to the chart of accounts and class system and processes them for payment.
- The Director of Finance prepares checks from invoices and timesheets that have been approved. Within a timely manner, the Director of Finance enters the invoices into the accounting system and prints the pre-numbered checks directly from the system.
- The checks, along with the approved invoices are submitted to the Executive Director and the Deputy Director (or designated senior staff as determined by the Executive Director) for signing; or the Executive Director and an authorized Board member as required by policy, for signing. The signers review all checks, invoices and supporting documentation before signing.
- No Petty Cash is used for purchases; a Check Request Form must be filled out and forwarded to Director of Finance. When checks are not accepted by vendor, credit cards may be used by authorized staff.
- All checks require a second signature.
- Blank checks may never be signed in advance.
- All checks print in three parts: The top and middle portions are sent out as payment, and the bottom portion is filed with the invoice or supporting documentation.

- After the checks are signed, the Director of Finance staples the bottom portion of the check to the invoice or supporting documentation. The Director of Finance mails checks and files invoices and supporting documentation.
- All voided checks must be defaced and retained.
- No checks may be written to “cash” or “bearer.”
- Blank checks are stored in a locked drawer or cabinet.

## **POLICIES ON CREDIT CARD PURCHASES**

- In certain circumstances, vendors may require payments to be made by credit card. It is expected that these purchases are infrequent.
- Credit cards are issued to the Executive Director, the Deputy Director and Office Administrative Assistant and any other staff approved by the Executive Director. Credit Cards may not be issued to Director of Finance due to the reconciliation of the credit card statements by Director of Finance.
- Credit limits for the Cultural Council and for the Executive Director must be approved by the Treasurer. Credit limits for all other employees must be approved by the Executive Director.
- Credit Card purchases are made as a last resort of payment when no other method of payment is available. It should not be used as a convenience mechanism for staff. Invoicing to the Cultural Council is always the preferred method.
- Executive Director and Deputy Director will have the credit card in their possession and should exert due care at all times when conducting purchasing transactions on behalf of the Cultural Council. All other staff will sign out for the credit card each time a purchase is made and sign the card back into the Finance Office upon completion of the purchase.
- All receipts for credit card purchases with proper expense coding will be forwarded to Director of Finance within three (3) business days for input to the accounting system. Purchases without receipts must be accompanied by a signed Missing Receipt Acknowledgement Form. Inadequate documentation of purchases will result in deduction of employee’s pay.
- Director of Finance will reconcile credit card items on statements monthly. The Independent Auditor reserves the right to audit all credit card activities at year end.
- The monthly credit card bill will be opened by the Executive Director for review. The Executive Director will submit the credit card bill to the Director of Finance for reconciliation and payment as a disbursement.



## **POLICIES ON ON-LINE CREDIT CARD DONATIONS**

- Potential donors will be directed to the Cultural Council website to make a secure on-line donation or purchase. The Cultural Council utilizes Authorize.net Payment Gateway which adheres to Payment Card Industry (PCI) Data Security Standards in safeguarding donor information.
- At the discretion of the donor, credit card transactions can also be processed over the phone and via mail with the Contribution Form downloadable from the Cultural Council website.
- The Contribution Form will be logged in the Receipts binder by Office Administrative Assistant immediately and forwarded to Director of Finance. Director of Finance will process credit card transactions weekly and reconcile with bank statement on monthly basis.
- After transaction settlement and monthly reconciliation, donor information will be permanently discarded.

## **POLICIES ON RECEIPTS**

- All checks, cash receipts and credit card Contribution Forms received through the mail are restrictively endorsed and logged immediately by the Office Administrative Assistant.
- The Office Administrative Assistant is responsible for making copies of all checks and cash receipts deposits. Copies of all receipts are made for source file documentation. Monthly, the Office Administrative Assistant totals the checks, cash and credit card Contribution Forms received.
- The deposit receipts, along with copies of all receipts and checks, are given to the Director of Finance. Monthly, the Director of Finance reconciles the deposits recorded to the accounting system to the total of check copies made by the Office Administrative Assistant.
- The Director of Finance will code all cash receipts according to the chart of accounts and class system, and compares the cash deposit receipt with the copies of each receipt to ensure that all cash receipts are deposited in the proper bank account. The Director of Finance enters details into the accounting system (amount, date received, account number, etc.) in a timely manner.

- The Office Administrative Assistant enters details into the membership/donor database in a timely manner.

## **POLICIES ON BUSINESS RELATED TRAVEL**

- All business related travel requests and expenses must be approved prior to travel date by Executive Director and forwarded to Director of Finance. Director of Finance will ensure expenses are aligned with the approved agency budget.
- Employees while in the act of conducting business on behalf of the Cultural Council will receive per diem reimbursement at a rate set forth and published annually by United States General Services Administration (GSA) for the State of Florida, Duval County. Per diem rates apply to lodging, meals and incidentals.
- The Cultural Council will adhere to the annual rate set forth by the Internal Revenue Service (IRS) Standard Mileage Rate for mileage reimbursement.
- Employees will not receive an advance for business related travel; payments are on a reimbursement basis only.
- To receive reimbursement, employees will fill out and forward to Director of Finance an Expense Voucher with attached receipts within five (5) business days after the end of trip.

## **PAYROLL PROCEDURES**

- All personnel salaries/wage rates are authorized in writing by the Executive Director and/or the Board of Directors. All changes in employment are likewise authorized by the Executive Director and/or the Board of Directors.
- The Executive Director maintains all personnel records relative to job descriptions and performance reviews. The Director of Finance maintains all records of employee leave time. Remaining leave balances will be booked as a liability at year end, not to exceed twenty four (24) days per employee.
- The Executive Director monitors the usage of personal time off by office staff. Employees submit requests for leave time off in writing for approval by the Executive Director. See Employee Handbook for complete personnel policies and procedures.

- The Director of Finance prepares the semi-monthly payroll on the 15<sup>th</sup> and 30<sup>th</sup>. Regular employees receive payment by direct deposit. Contract employees receive payment by check, subject to policies and procedures for disbursements as outlined above. The payroll register from the accounting system and timesheets for hourly employees are submitted to the Director of Finance. The Director of Finance reviews the registers, compares the timesheet(s) and authorizes payroll for processing. Once the payroll is processed, the Director of Finance compares the accounting system payroll register to the processed payroll from the bank to ensure that amounts are equal.
- The Director of Finance pays the payroll taxes through EFTPS after each payroll.

## **BANK RECONCILIATIONS**

- The accounting software maintains a record (check register) of all bank transactions, listing all checks disbursed and all receipts deposited on a daily basis. The check register will show the current bank balance for all bank accounts.
- On a monthly basis, the Director of Finance will reconcile the bank statements to the check register and notify the Executive Director of any discrepancies. The Executive Director and Treasurer will approve and initial monthly bank reconciliations.
- The Director of Finance will resolve all discrepancies with the assistance of the bank, if necessary. The Director of Finance will report the resolution of the discrepancies to the Executive Director.
- The Director of Finance will print the monthly portion of the check register and attach it to the bank statement.
- An annual transaction journal and check register shall be printed and kept in the accounting files.

## **BILLINGS AND RECEIVABLES**

- All billings for services or goods are approved in advance by the Executive Director.
- The Director of Finance prepares all billings and invoices on a timely basis. Prior to mailing the billing/invoices, the Director of Finance makes a copy, which is placed in the records.
- The Director of Finance records the billing/invoice to accounts receivable in the accounting system on a timely basis.
- The Director of Finance prepares a status report on all outstanding receivables, on a monthly basis.
- The Director of Finance initiates collection procedures on all invoices older than 60 days.

- All receivables records are maintained in Finance Office.

## **ACCOUNTS PAYABLE**

- General and routine invoices are approved and processed by Director of Finance. Non-routine, travel or capital invoices over \$1,000 will be approved by Executive Director.
- Invoices are entered directly into the accounting system and checks are generated from the invoices.
- Checks are processed at least on a semi-monthly basis (the 15<sup>th</sup> and 30<sup>th</sup>).
- Director of Finance maintains vendor files and invoices by vendor name with all supporting documents in Finance Office.

## **PURCHASING**

- At minimum, purchases shall be made in accordance with contracts. Any purchase over \$1,000 up to \$2,500 will require documentation of two telephone quotations to verify that the lowest price was used in the purchase.
- Compliance with the City of Jacksonville requires the following for purchases using Cultural Services Grant funds:

Make all reasonable efforts so as to adhere to the following City procurement requirements in its purchase of labor, materials, supplies and equipment that is not deemed sole source:

1. Any purchase of over \$500 to \$2,500 will require one written estimate.
2. Any purchase of over \$2,500 to \$15,000 will require two written estimate.
3. Any purchase of over \$15,001 to \$30,000 will require three written estimate.
4. Any purchase of over \$30,001 to \$50,000 will require four written estimate.

Estimates received must include date, time, vendor, telephone number, and person giving the quote. Include minority vendors whenever possible.

**BUSINESS RECORD RETENTION SCHEDULE**

ACCOUNTING AND FISCAL		CORPORATE	
Accounts Payable Records	5	Annual Reports	P
Accounts Receivables Records	5	Bonds	P
Audit Reports	P	Budgets	3
Audit Reports (Internal)	3	Contracts (After Expiration)	7
Bank Statements & Reconciliations	7	Copyrights	P
Payroll Records	5	Correspondence (General)	3
Check Registers	P	Correspondence (Legal)	P
Deposit Slip Duplicates	2	Insurance Policies (After Expiration)	5
Expense Analysis & Distribution Schedules	7	Inventories	7
Financial Statements	P	Leases (After Expiration)	6
Fixed Asset Records	P	Legal Briefs	P
Transaction Journal	7	Licenses	P
Invoices	7	Merger Acquisition Records	P
Other Journals	7	Minutes	P
Cultural Service Grant Files	5	Office Equipment Records	6
		Patents	P
		Profit & Loss Statements	P
<b>PERSONNEL</b>		Property Records	P
		Trademark Records	P
Contracts (After Termination)	5		
Earnings Records	6		
Employee Personnel Files	P	<b>TAXATION</b>	
Employment Applications	P		
Insurance Records	P	Annuity or Deferred Payment Plan	P
Retirement & Pension Plans	P	Depreciation Schedules	P
Time Sheets	2	Employee Withholding Statements	P
Training Manuals	P	Tax Bills & Statements	P
Travel Records	3	Tax Returns and work Papers	P

Numerals indicate number of years records should be stored; P indicates permanently.