Policy No. 2
Financial Control & Guidance

Approved by CEC 8/14/2006
Revised 11/26/2024

Purpose: This guidance has been established to guide the officers and members of the AGA Nashville Chapter in the proper procedures to follow while handling the funds of the organization. The establishment of these procedures will help to assure the proper use of chapter resources and provide assurance that all receipts and disbursements are properly documented and recorded.

The procedures established within this guidance will also create internal controls for the funds held by the organization. The internal controls will be created through the segregation of duties set up by this guidance which is to be followed by all chapter officers and members who are involved with any funds collected or disbursed. Additional control over chapter resources is also set up in this guidance by instituting procedures that create checks of all collections and disbursements by more than one member of the organization (Dual Controls) and by insuring that one officer or member of the organization is not solely responsible for chapter funds thereby creating a situation where fraud could occur.

These procedures will also establish the normal duties and responsibilities of the Treasurer and Treasurer-Elect for the AGA Nashville Chapter. The duties of the Treasurer and Treasurer-Elect, created within this document, will further assure that the assets of the chapter are properly managed throughout the recording of chapter activities involving chapter assets.

This document is intended to be a living document. As the chapter grows and new activities and efforts of the organization are created, this document should be updated as necessary in order to assure that the financial impact of those activities are properly recorded, and additional internal controls are developed. Updating this document as the chapter takes on new efforts will assure that new assets of the organization created through these new activities are properly monitored with exemplary stewardship to reduce the risk of fraud.

Bank Authorizations & Activities

Bank authorizations for signature authority on Chapter disbursements shall be as follows: Chapter President, Chapter Secretary, Chapter President-Elect, Treasurer, and Treasurer-Elect. The signature authority for removing and adding signature authority will commence with the approved election and/or appointment of new Chapter officers.

The Chapter Treasurer has express authority to create disbursements, and the Chapter Treasurer-Elect in the absence of the Chapter Treasurer, has authority to generate disbursements. In order to

maintain internal controls, deposits should be made by CEC members other than the Chapter Treasurer whenever practicable.

The Chapter President, with the approval of the CEC, shall make changes in the financial institution used by the Chapter. In no event shall any Chapter Officer or CEC Member procure a debit card, charge card, credit card or other financial instrument on behalf of the Chapter without written approval by the CEC. Any member who performs this function will be immediately removed from their position and reported to the National Office of the AGA for ethics violation and permanent removal from AGA. Any disbursements made contrary to this policy will be the responsibility of the individual making the procurement.

Funds Collections

In order to assure the safe keeping of funds collections and to assure that the proper amount of funds is collected for chapter activities, there must be a separation of duties established with each activity the organization hosts. The separation of duties shall assure that the person collecting the funds is not the same person who records the funds and deposits the money in the checking account. In order to create this separation of duties at least two people will be designated as the official persons to collect the money generated from each event hosted by the chapter. These two individuals will have the responsibility of counting the money that is collected and reconciling to receipts or other records, if applicable.

After both individuals have verified the amount collected, reconciled to corresponding receipts or records, and attached any supporting documentation, within 5 business days they will pass the funds on to the Chapter Treasurer who will record the amount collected in the chapter records and deposit the funds in the checking account of the organization. The Treasurer will verify that the amount collected for the activity is the proper amount that should have been collected by comparing the receipts to an independent source of information on the event. By separating the functions of collecting and recording of funds, and having the Treasurer verify that what was collected is the correct amount, the chapter will reduce the risk of inappropriate use of organizational funds and assure that the correct amounts are collected and deposited in the chapter's account.

In order to create additional safeguards on the chapter funds the following procedures should be followed:

- The mail should be collected and opened by the Secretary of the organization. The Secretary shall record all items collected from the post office box on a collection log prior to disbursing the mail to the proper chapter committees or officers. If the mail contains checks for deposit into the chapter account, it will be noted how much the check is for, where it is from, the purpose of the payment and the date, prior to passing it on to the Chapter Treasurer. When the funds collected relate to an Education, Program, or Other Committee event, the chairs of those committees should receive a copy of the collection log and a copy of the remittance advice and/or check. At the end of each month, the Secretary should make a copy of the mail collection log to keep for his or her records and provide a copy of the log to the Chapter Treasurer.
- When funds are received in the mail the Secretary will record the amount on the collection log and endorse any checks with the chapter stamp before passing them on to

the Treasurer.

- The Treasurer or Secretary will make copies of any checks received in the mail to keep as supporting documentation for the deposit.
- The Treasurer of the chapter will deposit receipts within 48 hours after receiving them (weekends excluded).
- The Treasurer will make all efforts not to collect funds him or herself, except in extreme circumstances, which can be approved with discussion with the President or President-Elect.

Paypal Account

The Webmaster should establish the current Paypal account as a business under the Chapter's name. The Webmaster administrator will establish Paypal passwords that will change each year as chapter administration changes and will provide access to the Treasurer as a user. Only the Treasurer will have the ability to initiate cash transfers from the Paypal account to the Chapter's bank account.

The Treasurer should establish a sweep bank account for the chapter to be used as a repository for Paypal transactions. The Treasurer shall authorize the bank to periodically sweep funds from the Paypal repository account to the Chapter's regular checking account. The intent is to safeguard the Chapter's checking account by separating it from the Paypal account deposits.

Debit Card

The chapter will establish a Debit Card that will be linked to the sweep bank account that is also used as a repository for PayPal transactions. The funds in the sweep bank account are periodically transferred to the Chapter's regular bank account. Funds may be transferred from the main account to the sweep bank account specifically for a large Debit card purchase. This will limit the Chapter's liability in the event of fraudulent use or misuse. The Debit card should be used only when payment by check is not feasible. The policy for Funds Disbursement described below will apply to all Debit card purchases.

For purchases with Debit card, the Chapter President's approval is required on the Request for Payment (RFP) prior to the purchase being made. For separation of duty purpose, the debit card will remain in the custody of the Treasurer. For practical purposes, the Treasurer may extend the Debit card to another committee member upon presentation of an RFP and approval of the President for no longer than 30 days (period between two CEC meetings).

Funds Disbursements

Controls over disbursements will help to assure that chapter funds are properly used and limit the possibility of funds being designated for use without proper approval of chapter leadership. To be sure that chapter funds are being used in accordance with the wishes of chapter leadership all expenditures must be properly approved using a Request for Payment (RFP) form and accompanied by the proper documentation.

The Request for Payment form provides the opportunity for a committee member or officer within the organization to request the disbursement of funds from the chapter account to a designated recipient for services provided to the chapter or for chapter programs that need funding. After the

requestor has filled out the form and signed it, they will then have another committee chairperson of the organization review the request. The reviewer has the responsibility of verifying that the request is valid and related to current operations of the organization. The reviewer should also verify that any necessary supporting documentation is attached to the request.

If the committee member or officer uses the Request for Payment form to reimburse personal funds spent on behalf of the chapter, the committee member or officer must ask another committee chair to review the request and sign the RFP indicating they reviewed and agree with the request. If the RFP is to reimburse the committee chair, the chair cannot sign the Request for Payment. Once an independent committee chair has initially reviewed and signed the Request for Payment form and supporting documentation, the independent committee chair will ask another committee chair to review the request and sign the RFP indicating they reviewed and agree with the request.

After the reviewer of the Request for Payment form has signed the request, it will then be passed on to the Chapter Treasurer who will prepare a check based on the request and provide it to either the requestor or send it to third parties who are being paid. If it is not feasible to pay by check, the request may be made to use the chapter Debit card.

Each request for a disbursement of funds should be made by the committee that requires the funds for the operations pertaining to the respective committee's responsibilities. When the chapter purchases items or pays for services, a receipt must either accompany the request or be supplied to the Chapter Treasurer when received. A receipt will be considered the primary source of documentation for chapter funds being spent. Other arrangements can be made if a receipt is not available, but these arrangements need to be made with the chapter leadership and the Treasurer prior to funds being disbursed.

To place further controls on the disbursement of chapter funds the following guidelines should be followed:

- All expenditures must be accomplished through check or debit card, when check/debit card provides the most efficient means to conduct business transactions. This will eliminate the need to keep cash on hand which can be lost, stolen, or misused relatively easily compared to checks/debit card.
- Checks will be written only for the payment of particular items and not for cash.
- All checks must include two signatures before being presented as payment.
- Monthly reconciliations of bank statements will be performed by the Treasurer-Elect. As a further control to ensure that reconciliations are being done timely and accurately, the President will review and sign-off on the reconciliations once they have been completed by the Treasurer-Elect.

Expenditures approved in the yearly budgeting process, regardless of dollar amount, do not require a separate vote from the CEC for approval, and can be accomplished using the normal disbursement request process. The Treasurer shall track the budget to ensure any expenditures above the approved amount are approved by chapter leadership and a vote of CEC members.

The Treasurer should not sign as requestor or reviewer of Chapter disbursements except in rare circumstances, which can be approved with discussion with the President or President-

Elect and documented on the Request for Payment form.

For disbursement of scholarship funds, ensure that checks are made out to the school rather than the recipient of the scholarship. This will ensure that the funds are used for the intended purpose of covering education expenses for the recipient.

Funds Management

Another responsibility of the Chapter Treasurer is to manage the funds of the organization. This includes informing chapter leadership of the availability of funds and reporting on cash position of the chapter on a regular basis. This is often communicated with financial statement presentations at the monthly CEC meeting.

The Treasurer will serve as administrator over the accounting software that is utilized to maintain the Chapter's finances. The Treasurer-Elect will have manager-level access to the software in order to produce bank reconciliations but will not be able to post to the ledgers. All CEC members will have read-only access to the software to monitor chapter finances at their convenience but will not be able to make any changes to the system.

Money Market Account

The Treasurer should establish a Money Market Account for the chapter to earn interest on funds more than current liabilities. As cash flow needs allow the Money Market Account should maintain the minimum necessary balance to avoid fees associated with the account. Funds needed for current liability should be maintained in the Chapter's checking account. The Treasurer will be responsible for ensuring that funds are transferred between accounts efficiently and prevent additional charges associated with excessive withdrawals.

This income stream will be used to benefit the Chapters activities as directed by the CEC. Interest income should be allocated to fund balance from which the deposit derives. The intent is to steward current resources well and at no time should the accumulation of interest income prevent the use of funds for the good of the Chapter and its members.

Fiscal Year

The chapter's fiscal year begins on July 1 and ends on June 30.

Chapter Financial Statement Evaluation

Each year the Chapter Treasurer must arrange for the records of the chapter to be evaluated by an outside party (non-CPA). The Treasurer has the responsibility for preparing the records for the evaluator and taking part in the evaluation process. In addition, upon return of the evaluated records, the Treasurer must forward those results to AGA national, the CEC, and chapter membership no later than three months after the end of the fiscal year, which is September 30.

Budget

An annual budget shall be established by the Chapter President, in consultation with the Chapter Treasurer and CEC. The budget shall provide an estimated list of expenses for the program year and the sources that will support it. Due to the nature of chapter activities, the CEC's budget approval shall allow approval of chapter expenses in July and August based on the prior year budget.

Modifications

Modifications to the budget shall be in accordance with the most current version of the approved Chapter's Bylaws. If the Chapter Bylaws are out of date and not in accordance with the National Office Bylaws, then the National Office By-laws shall prevail.