

**CALIFORNIA ASSOCIATION  
OF  
RESOURCE CONSERVATION DISTRICTS  
FINANCIAL POLICIES**

*Draft 4/28/2011*

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## 1. GENERAL PROVISIONS

- a. The Board of Directors, as the governing body of the California Association of Resource Conservation Districts [CARCD], formulates financial policies for the Association and delegates administration of those policies to the Executive Director (E.D.) as the Board deems appropriate. In the absence of an E.D., the Board of Directors retains this responsibility.
- b. The Executive Director is responsible for all management of financial operations, including managing staff, delegation and operations within the approved budget. In the absence of an E.D, the Board shall designate a responsible party.
- c. Financial duties and responsibilities must be separated so that no one employee or CARCD Board member has sole control over receipts, disbursements, payrolls, reconciliation of bank accounts, etc.
- d. Separate accounts will be maintained as required by funding source and at the direction of the Board.
- e. All forms will be completed in black or blue ink, or typed.
- f. Expenses shall be allocated by actual identifiable expenses and/or proportioned by time spent or usage per funding source using identified categories.
- g. CARCD will use a bookkeeping system in accordance with approved financial accounting requirements. Accounts will be kept in a computerized format.
- h. CARCD's fiscal year is January 1 through December 31.
- i. Financial policies and procedures will be reviewed annually by the Finance Committee and the Executive Director. Changes to the Financial Policies Manual will be approved by the Board of Directors and implemented by the Executive Director.
- j. Handling of financial matters by CARCD employees and Board of Directors will conform to the highest ethical standards and CARCD's Conflict of Interest Policies. No financial transaction, decision or hiring of employees should result in personal financial gain for an employee or Director, or any spouse or relative of a Director or employee. If there is any question about the propriety of a decision or transaction, or whether there is a potential conflict of interest, it is subject to approval of the Board of Directors. Failure to conform to this policy may constitute grounds for dismissal/removal from office or employment.
- k. The Executive Director and/or the Secretary/Treasurer shall approve and sign all required federal, state and local reports subject to approval of the Board.

## 2. REVENUE, DEPOSITS & ALLOCATIONS

- a. Receipts: CARCD receives cash and checks in the normal course of business.
  1. Accounts receivable, are the responsibility of and are maintained by the Executive Director or his/her designee.

2. Checks made payable to an individual, "cash", or any other payee other than CARD or the California Association of Resource Conservation Districts will not to be accepted.
3. It is the general policy of CARCD that no payment shall be accepted in cash. However, when a cash payment is received, the Executive Director or his/her designee shall record the payment in a payment receipt book with duplicates. The original copy will be sent to the payer. The copy will remain in the book for bookkeeping and audit purposes. A list of cash deposits will be sent to the President and Secretary-Treasurer of the Board for review in any quarter in which they are received.
4. The receipt shall be completely filled out. The project or account to be credited will be indicated.
5. When CARCD receives a check payment, the Executive Director or his/her designee will be responsible for endorsing the check, recording the check in quickbooks (or other bookkeeping system if appropriate), photocopying the checks, filling out a bank deposit slip, and depositing the payments in the bank in a timely manner. Copies of all receipts, deposits, withdrawals and checks will be provided to the Executive Director for approval if prepared by his/her designee. If the Executive Director performs these duties alone, copies shall be periodically provided to the President and Secretary-Treasurer of the board for approval.
6. The Executive Director or his/her designee shall post all transactions using the CARCD approved software program.

b. Deposits:

1. The Executive director or Designee will be responsible for creating deposit slips.
2. The Executive Director or Designee will be responsible for making all deposits in a timely manner.

### 3. PURCHASING AUTHORIZATION DISBURSEMENTS AND CHECK PROCESSING

a. Purchasing Authorization

1. A budget, approved by the Board of Directors at the time of entering into a grant or contract, constitutes approval to proceed according to that specific financial plan
2. An expenditure which causes a project (contract, grant) to exceed the budget requires the approval of the Executive Director and Board of Directors. Recurrences of the necessity to seek approval may signal the need to revise the budget.
3. Employee Expense Voucher forms must be prepared and turned in with supporting documents at least quarterly, signed by the employee, and approved by the Executive Director or his/her designee. The Executive Director approves the expense vouchers if prepared by a designee. Expense Vouchers submitted by the Executive Director will be approved by the President or Treasurer.
4. Invoices and bills will be timely. A list of bills will be prepared by the Executive Director or Designee. If prepared by the designee they will be

approved by the Executive Director. If approved by the Executive Director, they will be approved by the Treasurer.

5. Credit cards may be used for customary charges. Invoices shall be attached to credit card statements, with allocations made to the appropriate class. Expenditures are subject to spending authorizations that appear elsewhere in this policy. All credit card rewards, airline miles, or other perks will be used expressly for CARCD's benefit.
  6. Directors shall fill out a Voucher Request detailing dates, amount, and description of item(s). All vouchers shall be filled out and returned to CARCD within 30 days. All vouchers shall be for reasonable and necessary costs subject to the Travel Policies.
- b. Check Processing
1. Checks shall be processed in a timely manner. The Executive Director shall have authority to sign checks in an amount up to \$1500.00 for all usual and ordinary expenses. Checks over that amount are required to have two signatures. The second signature shall be the President or the Secretary-Treasurer.
  2. All blank checks will be securely kept.
  3. Voided checks will be marked VOID and retained in the check register.
  4. No checks will be made payable to "cash" or "bearer".
  5. Blank checks will not be pre-signed.
  6. Checks will not be prepared without a proper invoice or signed voucher request.
- c. Bank Reconciliation
1. Bank statements will be received in the CARCD office and forwarded to the Executive Director who shall send them to his/her designee for reconciliation and preparation of a Quarterly report for the board.
- d. Petty Cash
1. A petty cash fund (not to exceed \$100.00) can be maintained for authorized CARCD purchases only, generally postage, copying, office or other supplies.
  2. If the fund is kept, it is to be kept in a secure location.
  3. A log of all expenditures from the fund will be maintained by the Executive Director or his/her designee. The Executive Director will approve all petty cash expenditures. A check will be prepared by the Executive Director when the fund requires replenishment.

#### **4. CARCD PROPERTY**

- a. Capital equipment shall be defined as all items with a unit cost or value of \$1000.00 or more, or as defined by the funding source.
- b. The Office Manager will, at the time any capital asset is acquired, ensure that an inventory number and label is assigned to the asset and that the asset is added to the property list. The property list will include a description of the items, vendor, and location, and equipment number, date of acquisition and value at time of acquisition.
- c. The Office Manager is responsible for ensuring that capital equipment is labeled with the equipment numbers assigned.

- d. All capital acquisition requires the approval of the Executive Director and Board of Directors. The executive committee can approve the purchase of the capital if the item is needed at a date prior to a regular meeting board meeting
- e. A physical inventory of all equipment can be requested by the Board or the Executive Director to be carried out by the office manager. The capital list will be updated accordingly and approved by the requesting entity.
- f. The Office Manager will immediately notify the Executive Director of all cases of loss, damage or destruction of capital equipment and other property.
- g. An inventory will be kept of all supplies remaining once the project for which they have been purchased is completed. The Office Manager will conduct the inventory and forward the list to the Executive Director and the Board of Directors. The remaining inventory is the property of CARCD and will be utilized according to reasonable need.

## **5. CONTRACTS AND SUBCONTRACTS**

- a. The Executive Director will approve contracts in an amount less than \$5000.00. Contracts in excess of \$5000.00 will be approved by the President. A list of signed contracts will be made available to the Board of Directors at the next regularly scheduled Board Meeting. Copies of the contracts will be available at the request of the Board.
- b. No contractor, subcontractor or vendor will be retained when there is any actual or perceived conflict of interest with a Director of the CARCD Board, Executive Director, or CARCD employee.

## **6. INSURANCE POLICES**

- a. Insurance policies will be maintained by the Executive Director.
- b. Coverage shall be maintained as needed for property, liability insurance, vehicle, unemployment, workers compensation and other policies as required by programs, contracts and the needs of the CARCD. CARCD, its officers, agents and employees shall be named as an "additional insured" on all contracts that require insurance.
- c. Liability insurance will be in the amount of at least \$100,000,000.
- c. Proof of current employee personal automobile insurance will be maintained for employees that regularly travel for their employment by the Executive Director and will be periodically reviewed to ensure effective dates.

## **7. IN-KIND CONTRIBUTIONS**

- a. All in-kind contributions such as property, services, and volunteer time will be received and recorded on a monthly basis within the receiving project, into an in-kind receipt book to include an assigned value. The Executive Director or his/her designee is responsible for maintaining this book with approval of the Executive Director.

## **8. LOANS**

- a. Third Party Loans
  - 1. Loans from outside sources (other agencies, banks, etc.) shall be approved by the Board of Directors.

## **9. GRANTS AND CONTRACTS**

- a. Copies of all grants, contracts and grant modifications will be maintained by the Executive Director or designee. The files will be open and accessible. Files will be made available for review of the Board of Directors at their request.
- b. The Executive Director or his/her designee will review each contract and/or amendment to ensure compliance with all fiscal and legal provisions.
- c. The Bookkeeper will assign account numbers to each new grant and inform Executive Director and staff.
- d. In the absence of an Executive Director, the Board will perform the functions specified in (a) through (d).

## **10. GRANT REPORTS**

- a. Quarterly financial reports by cost and income category for each grant will be prepared by the Executive Director or his/her designee and reviewed and/or approved by the Executive Director. These reports shall be provided to the Board at their quarterly meetings.

## **11. CARCD BUDGET/OPERATING EXPENSES**

- a. Budgets will be prepared by the Executive Director. The Board of Directors must approve all budgets and any changes to budgets.
- b. The Executive Director or his/her designee shall monitor program expenses for conformity with the grant budget on at least a monthly basis
- c. The Executive Director or his/her designee shall monitor operating expenses for conformity with the operating budget on at least a monthly basis
- d. The Board of Directors will receive a minimum of four fiscal reports, including a comparison with budget/actual figures, and a grants summary including total amount/expenditures.

## **12. CARCD AUDITS**

- a. CARCD requires an annual audit performed by a Certified Public Accountant at the direction of the Board of Directors and as required by law.