



Rockingham County Historical Society Museum and Archives

Museum and Archives of Rockingham County (MARC)

Financial Policies & Procedures

"The Rockingham County Historical Society Museum and Archives is dedicated to preserving, disseminating and exhibiting the history, culture, human and natural resources of Rockingham County, North Carolina, for the benefit of present and future generations." - *MARC Mission Statement*

MARC Financial Mission

The Financial Mission of MARC is committed to timely, accurate, sustainable, and responsible financial management. The executive director, staff, and board work diligently to ensure that all financial matters are managed with care, integrity, consistency, and transparency within the best interests of the 501c3 organization.

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1.0 Purpose

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

- protect the assets of MARC;
- ensure the maintenance of accurate records of MARC's financial activities;
- provide a framework of operating standards and behavioral expectations; and,
- ensure compliance with federal, state, and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Executive 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 every three years by the Finance Committee or other Board designee.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

2.0 Roles

Treasurer and Finance Committee

The Board Treasurer chairs the Finance Committee, which is composed of members designated by the Board of Directors. The Finance Committee has whatever authority as may be designated by the Board of Directors, including:

- choosing the auditor
- performing regular, in-depth reviews of the organization's financial activity
- overseeing the development of the annual budget
- determining the allocation of investment deposits

Executive Director

The Executive Director has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. The ED has whatever authority as may be designated by the Board of Directors, including:

- making spending decisions within the parameters of the approved budget
- employing and terminating personnel
- determining wage levels
- creating and amending operating procedures and controls
- making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority
- entering into contractual agreements within board designated parameters
- setting financial goals

Policies and procedures which are not specifically addressed by this document may be determined by the Executive Director when the financial impact is not over \$500 for any fiscal year. The Board of Directors must approve any unaddressed policy or procedure with an impact of over \$500.

3.0 General accounting policies

The accounting system follows general accepted accounting policies (GAAP).

Financial statements are prepared using the cash basis of accounting.

The fiscal year is January 1 through December 31.

4.0 Administration

Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.

The Executive Director (and associate director if applicable) have primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated.

The accounting records are updated regularly and subject to the oversight of the executive director or board of directors or its designate on at least a quarterly basis.

A filing system accessible to the Executive Director is maintained for all financial records. This filing system will be electronic and paper.

Professional financial service providers are reviewed and approved annually. For 2023 these are:

- Accounting software: Excel and QuickBooks
- Payroll services: QuickBooks with Accounting Firm
- Banking: Home Trust
- Auditors: To Be Determined

5.0 Budgets

The annual budget for the fiscal year is prepared by the Finance Committee and the Executive Director working closely with the appropriate staff.

The Board of Directors approves the budget annually, prior to the beginning of the fiscal year if possible.

The budget is compared to the monthly financial statements in order to monitor the actual results.

The budget is reviewed mid-year and adjusted as necessary to reflect changing conditions. The Executive Committee approves proposed changes in the budget which exceed 50% of the line item, whichever is greater.

6.0 Financial Statements

Quarterly financial statements are completed and presented to the Finance Committee within 60 days of the close of the period.

A financial overview and Profit & Loss Statement through the end of the previous month are provided to the Board of Directors at each Board meeting.

7.0 Audit and Form 990

An annual audit is conducted by an independent CPA after the close of each fiscal year. The audit covers the fiscal year of January 1 to December 31.

The President, the Treasurer, the Executive Director, and the accountant are involved in the annual audit/review and the preparation of the Form 990 with the accounting firm.

Presentation to the Board of the audit and Form 990 is done by the auditing firm with assistance from the Treasurer and accountant.

Statute and Description: [N.C.G.S. 159-40](#) | A non-governmental entity that receives \$500,000 or more annually in state funds, must submit a "Yellow Book" Audit done by CPA that includes a Schedule of Federal and State Awards. The complete report to the funding agency and to the Office of the State Auditor is due within 9 months of organization's year end. Note: An A-133 audit may be substituted for the yellow book audit. Additionally, the State Auditor may conduct an investigation of any nonprofit that receives \$1,000 or more in state grant funds and in connection with that review counties and municipalities may require nonprofits receiving at least \$1,000 in local grants to conduct an independent audit.

8.0 Banking

General

The Executive Director chooses a financial institution which provides the most appropriate services for the lowest cost. The location of the financial institution is taken into account.

Separate bank accounts are maintained for operating expenses, restricted savings, and capital. We should avoid exceeding FDIC insurance limits, when possible.

The operating account maintains sufficient funds to meet all anticipated expenditures. Generally, a balance between \$8,000 and \$20,000 is sufficient.

The operating account maintains only enough funds to cover the monthly payroll and other expenses. Necessary funds are transferred from the restricted savings account to the operating account just prior to payday.

The restricted savings account is used to replenish the operating account when necessary and to receive excess funds from the operating account when available.

Deposits

Whenever possible, persons receiving funds are other than the person tabulating and preparing the deposits. Also, the person tabulating and preparing the deposits should be other than the person recording the deposits.

In general, deposits are made weekly.

All funds are deposited in an assigned financial institution, with the exception of petty cash (see 9.0 Petty Cash). The deposit receipt is attached to the Deposit Record.

Check Signing

The Board appoints the check signers. Usually these are the MARC President, Vice President, and Treasurer. The check signer(s) must not be the person(s) who writes checks or who does(do) the bookkeeping. For amounts over \$10,000 two signatures are required.

Blank checks are never signed in advance.

9.0 Petty Cash

A petty cash account is kept at the discretion of the Executive Director. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction and a receipt acquired upon payment.

Petty cash disbursements are limited to \$100.00.

Total petty cash funds will not exceed \$200.00, except where more funds are needed for change at fundraising events. Alternatively, petty cash may be replenished by depositing some cash into the petty cash account that would otherwise be deposited into the MARC bank account. Full documentation for this deposit shall be retained.

Petty cash can be disbursed only with the approval of the ED. Petty cash requisitions are reviewed and coded by the staff. Actual funds are managed and kept in a locked, fire-resistant box by the staff.

The petty cash account is reconciled by the accountant prior to replenishment and at least monthly.

10.0 Credit Card

The MARC credit card shall be utilized in accordance with the credit card policy. Employees, Board members, or others, shall not abuse the privilege and shall sign the policy agreeing to comply with it.

11.0 Disbursements

Whenever possible, the person(s) responsible for coding and preparing, will be different than persons authorizing disbursements.

Invoices are paid in a timely manner and before late penalty charges apply. With proper approval when relevant (See 14.0)

No checks may be written to "cash" or "bearer."

12.0 Reimbursements

A requisition form must be prepared and approved when requesting personal reimbursement for MARC expenses. Relevant invoices and receipts are attached.

Mileage expenses are reimbursed at the federal rate in effect at the time of the expense.

13.0 Accounts Receivable

Records of account receivable for grants, sustainers, pledges of support, etc., shall be maintained.

14.0 Account Reconciliations

Bank reconciliations are done monthly. Bank statements are reconciled by someone other than the check signers.

Other balance sheet accounts are reconciled at least quarterly.

15.0 Large Purchases

Purchases greater than \$1000 are approved by the Executive Committee.

MARC seeks three quotations for purchases greater than \$5000 where at least three suppliers are available for that service or product.

16.0 Conflict of Interest

Purchases of goods or services made from any employee or Director of the organization with approval by the Executive Committee. Members of the Board of Directors declare any conflict of interest with regard to financial terms.

Purchase of personal items for employees or Directors is not made.

17.0 Capital Expenditures

Tangible assets exceeding \$1000 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation and item locations.

A depreciation schedule is prepared annually by the auditing firm.

18.0 Donations

Donated capital assets are recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets is disclosed.

The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

19.0 Payroll

All personnel salary and wage rates are authorized by the Executive Director. All changes in employment status are likewise authorized by the Executive Director.

The Executive Director's salary is authorized by the Board of Directors.

Employees are paid on a monthly basis.

Hourly employees are responsible for submitting completed time sheets on a weekly basis, with final time sheets due on each employee's last working day of the month. All time sheets must be signed and dated by employees and their supervisors. Incomplete time sheets are returned to employees for correction.

Salaried employees are responsible for submitting completed attendance sheets on a weekly basis, with final attendance sheets due on each employee's last working day of the month. All attendance sheets must be signed and dated by employees and their supervisors.

Personnel records are kept at MARC for all current staff.

20.0 Benefits

Benefits are provided in accordance with state and federal law, and as negotiated in contracts.

21.0 Investments

The investment objectives of MARC, in order of importance, are the safety of principal, liquidity, and a competitive rate of return. Investment restrictions may, at the discretion of the Board of Directors, include such issues as quality, diversification requirements, or social issues.

The Finance Committee has primary responsibility for advising the Board on investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

APPENDIX A—Procedures**Deposits**

All checks and cash received are recorded on a daily log, listing the date received, payer, purpose, and amount received.

Total funds are compared to daily log totals to ensure an accurate total of cash received. All funds are placed in a locked box until preparing the deposit.

A Deposit Record is prepared listing the source description, date deposited, and amount deposited for each line item, and a total of all funds deposited. *None of these funds is used to pay for expenses of any kind.* Notes are added for any discrepancies. Daily logs are attached to the Deposit Record. The Deposit Record is initialed by the preparer. A bank deposit slip is prepared and a copy attached to the Deposit Record.

Copies of all checks or vouchers for grants and contracts are placed in their source files.

Disbursements

All payments, except petty cash, are made by pre-numbered checks and are accompanied by substantiating documentation. Documentation may be an invoice (bill) or requisition form.

All invoices are marked with the date received.

Invoices are reviewed to ensure that the goods were received or services rendered.

The proper account(s), funding source, and program are identified and coded for each invoice. The requisition form or marked invoice is approved by the Executive Director. If the Executive Director is not available, the ED's designate or the Board Treasurer may approve an invoice for payment.

Signed checks are passed to the Administrative Coordinator for mailing or distribution.

Once payment is made the invoice is filed in the corresponding business folder. Check stubs are filed in the check stub folder.

Check signing

A relevant invoice or back-up document accompanies each check for the check signers to review.

The check voucher is used to ensure a record of the check is maintained.

Sequentially numbered organizational checks are used to maintain a proper control over the checks. Voided checks are kept and clearly marked VOID. The signature are of voided checks is cut out and discarded to prevent misuse.

Account Reconciliations

Internally, bank accounts are reconciled monthly using a running ledger and other internal spreadsheets against the accounting software profit & loss statements. Credit card statements, bank account statements and reports from all other revenue streams are passed to the accounting assistant on a monthly basis, who will reconcile bank accounts with the accounting software. Other internal ledgers and balance sheets are reconciled quarterly against the yearly budget and other set targets. Supporting documentation for revenue, includes attached bank deposit receipts, check photocopies and check journal entries.

Payroll, Benefits, and Taxes

The hired accounting firm handles payroll, benefits, and taxes.

APPENDIX B—Business Record Retention Schedule

Accident Reports and Claims (settled cases)	7 years
Accounts Payable Records.....	7 years
Accounts Receivable Records.....	7 years
Audit Reports	Permanently
Articles of Incorporation.....	Permanently
Annual Audit Reports	Permanently
Bank Statements and Reconciliations	3 years
Budgets	10 years
Bylaws	Permanently
Cash Receipt Records	7 years
Checks (cancelled).....	7 years
Checks for important payments such as taxes, special contracts, etc. should be filed with the papers pertaining to the transaction and kept.....	Permanently
Contracts & Leases (expired).....	7 years
Contracts & Leases (active).....	Permanently
Corporation Reports.....	Permanently
Correspondence with vendors.....	1 year
Correspondence (general)	3 years
Correspondence (legal)	Permanently
Disbursement Requests.....	7 years
Deposit Slip Duplicates.....	2 years
Employee Records (after termination).....	Permanently
Employment Applications	3 years
Financial Statements	Permanently
Fixed Assets Records.....	Permanently
Grant Award Letters	10 years
Insurance Records, Accident Reports, Claims, Policies, Certificates.....	Permanently
Invoices.....	7 years
Leases (after expiration)	6 years
Journals	Permanently
Minutes	Permanently
Payroll Records.....	6 years
Property Records.....	Permanently
Purchase Orders	7 years
Tax-exempt status documents and all documents and correspondence dealing with the IRS.....	Permanently

APPENDIX C—Document History

12/14/2023. Adopted by the MARC Board of Directors.

1/10/2024. Added “For amounts over \$10,000 two signatures are required,” to section 8.0 “Check Signing”

[Add dates and revision details]