NCPMC Financial Oversight Task Force

Policy, Process, Procedures Considerations

**Overall Policy Statement**

There shall be a Financial Oversight Committee composed of two (2) NCPMC Board Members not currently on the Executive Committee. The members of the committee shall have a staggered two-year term in order to maintain historical continuity with financial decisions, policies, and procedures. The Chair of the Executive Committee will nominate the members, who will be approved by the Executive Committee.

The Financial Oversight committee shall have responsibility for conducting spot-audits annually, as well as financial oversight of the Consortium as outlined in the policies and procedures in this document.

Audit – the term as used in this document is meant to be a process that provides reasonable assurance that good stewardship is being used in handling and accounting for the funds and other assets of the NCPMC.

The ultimate goals of the audit include:

* Protection for the persons the Consortium elects to offices of financial responsibility from unwarranted charges of careless or improper handling of funds;
* Trust and confidence of the financial supporters of the Consortium in the way their money is being accounted for (trust and confidence lead to improved patterns of financial support);
* Fiscal responsibility to assure that through turnover in personnel there will be continuity in accountability and transparency; and
* Assurance that gifts made to the Consortium with restrictions attached are consistently administered in accordance with the donors’ instructions and to provide checks and balances for funds received and expended.

**Purpose of an Internal Spot Audit (Agreed Upon Procedures)**

The purpose of an annual internal audit by the Financial Oversight Committee is the summation of the items presented in this document, including:

1. Independently verify the reports of the Administrator(s) and Treasurer.
2. Follow the money and test how it is treated at different steps.
3. Document that donated and earned funds of the consortium have been used as stipulated by the donors and providers of other income and revenues (e.g., membership dues)
4. Review accounting controls (systems that reduce the possibility of loss, embezzlement, or errors).
5. Segregation of duties (assurances that more than one person is involved in critical steps in handling money so that there can be checks and balances).
6. Reasonableness of systems and procedures in the light of all factors, including the size of the Consortium and its budget.
7. Records that show donors’ stipulations for the use of gifts made to the National CPM Consortium, beyond regular sources of revenues such as membership dues.

**Internal Controls/ Segregation of Duties**

Segregation of Duties for the NCPMC shall be as follows:

1. Administrator conducts the financial operations and generates the records and reports for the organization.
2. The Treasurer conducts a monthly review of all financial reports and the bank statements.
3. The Executive Committee conducts a quarterly review of the financial statements.
4. The Board of Directors receives the annual report and financials at the Annual Meeting.
5. The Financial Oversight Committee conducts an annual spot-audit of the previous year’s financial statements, activities, insurance coverage, and other appropriate documents.

**RECEIPTS AND DISBURSEMENTS**

1. Administrator and Treasurer should not be the same person and should not be in the same immediate family.
2. The Treasurer shall receive a copy of the monthly bank statement directly from the bank and review it against the Administrator’s transaction report.
3. At least two persons should be listed as authorized signatures on all accounts (Administrator and Treasurer). Only one signature is required for a transaction.
4. The Administrator is authorized to make electronic payments of bills. The Administrator shall maintain support for every electronic payment just as with the support for paper checks.
5. Invoices should be required for all payments from all accounts.
6. The Treasurer approves invoices for payment.
7. The Administrator should make payments only after the invoice is approved by the Treasurer.

**REPORTING AND REVIEW**

1. All accounts should be reconciled monthly.
2. The Treasurer reviews bank reconciliation monthly – including bank statements, invoices, checks written, and financial reports.
3. The Administrator should make a detailed report of budget and designated fund activities to the Executive Committee at least quarterly.
4. Following the closeout of the previous fiscal year, the Financial Oversight Committee shall conduct an audit as defined in this document that includes the random sampling of a minimum of ten (10) transactions from throughout the year to ensure that appropriate procedures were followed. The Financial Oversight Committee shall also review the corporate financial statements and other appropriate documents to verify the integrity of the financial system. The Financial Oversight Committee will report on their findings and make recommendations to the Executive Committee for improving the financial procedures of the organization.

**TAX REPORTING REQUIREMENTS**

1. W‐2s must be issued for employees, and 1099s issued for nonemployee compensation by January 31 for preceding year (federal law requirement).
2. Payroll tax forms and deposits completed as required for payroll amount (federal law requirement) – payroll reporting should be completed for the IRS and Social Security Administration (SSA) by appropriate due date for filing method.
3. All reports and forms, including corporate reports, shall be filed in a timely fashion with appropriate agencies to maintain the NCPMC in good standing as a 501(c)6 non-profit corporation.

**OTHER GENERAL REQUIREMENTS**

1. Prepare and maintain a list of all Consortium property for insurance purposes – include item description, serial number, and value.
2. Prepare a list of safety deposit box contents – update authority as needed – access should be allowed by two unrelated people.
3. Computer records are backed up and password protected for security with appropriate redundancy.
4. In addition, the following information should be presented at least annually to the Executive Committee of the Consortium Board of Directors for their consideration:
* Adequacy of insurance coverage.
* Review and maintenance of systems that record the actions that have financial implications (e.g., Board Meeting Executive Committee Meeting minutes, other committees of the Consortium).