



Philanthropy West Virginia

Accounting Policies and Procedures

[Annually, the Finance & Administration Committee will review the currency and accuracy of these policies and procedures. As practices and procedures change, this document will be updated to address additional issues/ areas to maintain the organization's long-term commitment to accountability and the highest standards in non-profit operations.]

I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at the Philanthropy West Virginia (Philanthropy WV) and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; separation of duties among our small staff and board leadership; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All Philanthropy WV's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies and procedures will be reviewed annually and revised as needed by the staff and approved by the President, Finance & Administration Committee and the Board of Directors.

II. Separation of Duties

The Philanthropy WV is committed to maintaining the highest ethics and practices in financial management and accountability. We not only value, but strive to exceed the accountability expectations from our supporters, board members, vendors, and many others. As an organization with a small staff component, Philanthropy WV has outlined the following processes and list of personnel and board members who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews and approves annual and periodic financial statements and information
3. Reviews President's performance annually and establishes the salary
4. Two members of the board, including the Treasurer and a member of the Finance & Administration Committee, are appointed by the board annually to be authorized signers on the bank accounts
5. Reviews and approves all contracts over \$5,000
6. Reviews and approves all non-budgeted expenditures over \$1,000
7. Oversees, approves, and annually reviews internal controls and accounting policies and procedures
8. Initiates, selects the firm to conduct the audit, and approves the completed annual audit with the audit committee chaired by the Chair of the Board of Directors. The full board and audit committee work directly with the auditor.

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Board Treasurer or his/her designee:

1. Prepares the annual budget with the President
2. Reviews and approves all payables for the organization through established electronic system with eCratchit.
3. Serves as the lead of the three signatories on all bank accounts along with another Philanthropy WV board member and the President & CEO
4. Reviews and signs all issued checks and/or approves check signing procedures through electronic system with eCratchit thus approving all fund transfers to cover approved payment of bills including the online payment systems with identified banks
5. Receives and reviews all monthly bank statements
6. Receives and reviews all financial reports prepared by the organization's outsourced Chief Financial Officer/Bookkeeper – eCratchit

President & Chief Executive Officer:

1. Reviews and approves all financial reports including cash flow projections prepared by eCratchit
2. Sees that an appropriate budget is developed annually
3. Approves all program expenditures
4. Reviews and approves all contracts under (\$5,000)
5. Reviews and approves all grant submissions
6. Has the third signatory privileges for emergency purposes on the bank accounts, but does not sign off on any checks
7. Opens all bank statements reviews for any irregularities, and reviews completed monthly bank reconciliations that are prepared by the Outsourced Chief Financial Officer (OCFO)– eCratchit.
8. Oversees the adherence to all internal controls and Program & Engagement Coordinator serves as secondary
9. Opens all mail that includes payments and/or invoices or Program & Engagement Coordinator serves as alternate
10. Reviews all payrolls and is responsible for all personnel files with assistance from Operations & Communication Assistant
11. Works with Operations & Communications Assistant and OCFO to monitor and manage all expenses to ensure most effective use of assets
12. Monitors and makes recommendations for asset retirement and replacement
13. Reviews and initials all ~~financial reports and~~ bank statements

Program & Engagement Coordinator:

1. Serves in support of best practices and separation of duties for Philanthropy WV by assisting in the process either serving as an alternate or support in particular tasks including:
 - a. Opening mail and reviewing checks with the President & CEO is not available
 - b. Prepares deposit when the Operations & Communication Assistant is not available
 - c. Makes bank deposits when the President & CEO is not available
 - d. Creates invoices as needed
 - e. Serves as an alternate when the President & CEO is not available and approved by the Finance & Administration Committee to make transfers to cover payables issued by the organization
 - f. Opens mail and invoices as an alternate maintain separation of duties within the staff
 - g. Serves as an alternate when the President & CEO is not available or asked to approve disbursements for submission aka payables
 - h. Serves as an alternate when the President & CEO is not available to make approved internal fund transfers
 - i. Open and review bank statements as an alternate for the President & CEO when assigned or s/he is not available of which they will need to sign and date upon review
 - j. Reviews monthly financial reports to then discuss with the President & CEO

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- k. Assists with budget preparation in particular outlining budgeted Philanthropy WV program needs and expense projections
- l. Recommends program areas and focus for each year
- m. Assists and leads as assigned in preparing grant reports to present to the President & CEO for approval sharing completed/approved reports for recording by the Operations & Communication Assistant.

Operations & Communication Assistant:

1. Reviews, prepares and submits all reimbursements and expense payments to the President/CEO for initial approval then forwards to eCratchit for processing.
2. Codes and prepares deposits for the President/CEO to review and take the deposit to the bank. If the Operations & Communication Assistant is not available, the Program & Engagement Coordinator or another staff member will fill these duties temporarily.
3. Records the original deposit receipt in the main office's records and retains a copy of the deposit slip in the file with the monthly bank statement which are all scanned and emailed to eCratchit for recording in QuickBooks on a monthly basis
4. Receives, reviews, presents and manages all incoming invoices to the President/CEO or his alternate such as the Program & Engagement Coordinator for approval maintain separation of duties.
5. Creates invoices for program participants, investors, sponsorships, funders, etc. immediately upon request or assigned with the Program & Engagement Coordinator serving as alternate.
6. Receives all incoming accounting mail and bank statements
7. Monitors and tracks grant application cycles, grant reporting, and necessary stewardship in a separate spreadsheet to share with the board
8. Initiates and prepares donor thank you letter/charitable receipts for all grants, donations, and appropriate sponsorships and investments to be signed by the President and sent via mail.

Outsourced Chief Financial Officer – eCratchit

1. Monitor program budgets
2. Reviews and manages cash flow per payables and deposits
3. Assists President with the development of annual and program budgets
4. Monitors and manages all expenses to ensure most effective use of assets
5. Monitors grant reporting and appropriate release of temporarily restricted funds
6. Overall responsibility for data entry into accounting system and integrity of accounting system data
7. Processes invoices and prepares checks for digital signature by the Board Treasurer and secondary Board member signature
8. Maintains general ledger
9. Oversees expense allocations and manages Accounts Receivable
10. Reviews, revises, and maintains internal accounting controls and procedures
11. Reviews all financial reports
12. Reviews and validates data entry into accounting system and integrity of accounting system data submitted by the Operations & Communication Assistant
13. Prepares and submits in a timely fashion monthly and year-end financial reports to the Board Treasurer and President especially those in preparation of Finance & Administration Committee Meetings, Philanthropy WV Board of Directors Meetings, and the specialized report for the WVNPA Advisory Board and its Executive Director.
14. Reconciles all bank accounts and provides monthly update of this practice

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Program Coordinator:

1. Serves as secondary to prepare all inter-account bank transfers when the President is not available that are then approved by the Board Treasurer or the other authorized member of Philanthropy WV's Finance & Administration Committee
2. Serves as secondary to approve invoices to submit to eCratchit for processing when the President/CEO is not available and requests for this team member to fill in his/her role. These are then reviewed and approved by the Board Treasurer.
3. Serves as secondary to open mail for processing of expense invoices and income deposits if President/CEO is not available and requests for this team member to fill in his/her role

III. Procedures for Financial Deposits

With three staff employed by Philanthropy WV, Philanthropy WV maintains the highest standards and ethics in our handling of all financial matters. The procedure for handling of all deposits is setup to maintain separation of duties as well as transparency. The depositing of all funds is completed as follows:

- All checks are picked up three days a week (Monday-Wednesday-Friday) due to the delayed delivery by the Morgantown Post Office by the **Operations & Communication Assistant** from the Morgantown P.O. Box Address
- **Operations & Communication Assistant** picks up the mail and receives deliveries
- President or designated secondary then opens the mail and/or deliveries of payments/invoices to deposit stamp any funds received
- **Operations & Communication Assistant** receives, codes and processes checks for deposit and sends a full copy of the deposit form, checks, deposit receipt in the office via scanning and email to eCratchit to record and reconcile the deposits on a **monthly** basis. In absence of the **Operations & Communication Assistant**, the President or another staff member will pick up and open mail, but have an **alternate** review and prepare the deposits, coding, and processing of the checks for deposit and send to eCratchit. Copies of all deposit paperwork are retained in the main office.
- All checks will be kept in a locked desk drawer until the deposit takes place which is within 24 hours and not more than seven days after being received
- One copy of all checks and the copy and deposit slip are filed in the Philanthropy WV Office
- Record on all copies; date of deposit, accounting line number to be applied to, line item name
- **President or Program & Engagement Coordinator** member makes the deposit into appropriate income (Money Market) account at United Bank
- Deposit receipt is then included with the deposit record to then be attached to the deposit record in the main office files and sent to eCratchit to confirm deposit.
- Recording of the deposit is made by eCratchit into the QuickBooks records for Philanthropy WV and reconciled monthly by eCratchit
- Review of the deposits will be made monthly by eCratchit, President and/or Board Treasurer

IV. Procedures for Processing Expenses

As noted above, the processing of expenses is handled with the same highest standards and ethics in financial operations. The procedure for handling of all expenses/payables is setup to maintain separation of duties as well as transparency. Payables are typically paid for the following items:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

The payables are processed in the following manner:

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- **Operations & Communication** Assistant checks mail (and designated accounting@philanthropywv.org email account) on a **daily** basis
- **Operations & Communication** Assistant opens (print from email) all invoices
- Files in Payables Request folder in **Operations & Communication** Assistant's office which are then processed on the 1st and 3rd Monday of every month thus all invoices must be received by **12 Noon on the Friday prior to Monday** identified be included in processing
- **Operations & Communication Assistant** prepares the payables by:
 - Compiles the invoices for the President/CEO listing on each invoice the budget line item that it will be paid
 - Verify amount due is correct
 - Submits the completed payables request form along with all necessary invoices to the President/CEO or his/her secondary approver if not available for review, and approval/initialing of all invoices
 - Scanning and emailing the approved payables to **Billing** (bills@ecratchit.com) at eCratchit for processing
 - eCratchit then prepares the payables for approval by the Board Treasurer or the Finance & Administration Committee designee via their online portal
 - **Operations & Communication Assistant then reviews eCratchit's posted bills to ensure they are correct before the Board Treasurer approves it**
 - Upon the Board Treasurer's or designee's approval, the confirmation email is sent to Philanthropy WV staff. The President & CEO proceeds to make the bank transfers to cover the approved checks.
(The goal for turnaround time from date of the **Operations & Communication** Assistant's processing the payables request and eCratchit's cutting the checks and the Board Treasurer or her/his designee approving the checks and mailing to vendors should be no more than 5 days.)

VI. Process for Inter-Account Bank Transfers

eCratchit (Outsourced Chief Financial Officer) monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. eCratchit recommends to the President when a transfer should be made to maximize the potential for earning interest or cover the cost of expected payments at that time. eCratchit then requests that the President setup an electronic transfer in the amount needed to the Philanthropy WV's checking account. The Board Treasurer is then notified of the pending transfer and then approves the transaction. A copy of the transfer is printed and stored in the organization's files for that bank. Please note that the separation of duties on all electronic accounts has been clearly setup so that only the staff: **President and Operations & Communication Assistant** can only post a transfer request and that the Board Treasurer or other designated board member can approve it. Staff are not able to approve any bank transfers out to vendors or other banks.

VII. Expense Reimbursements

As staff members incur expenses on a daily/weekly basis for their work duties for the Philanthropy WV, the organization reimburses the President & **CEO, Program & Engagement Coordinator, Operations & Communication Assistant**, and other staff/volunteers for approved business related expenses. Each employee must submit their expense reimbursement request on the approved organizational reimbursement form (sample attached) attaching all necessary receipts, invoices, detailed listing of mileage, and proper documentation prior to the 1st or 3rd Monday of the month for payment. All invoices and receipts must have the account code written on them and approved by the President or Treasurer prior to being submitted for payables request.

Expense reimbursements are generally made for:

1. Payments directly to vendors for goods and/or services that could not be invoiced
2. Staff training and development
3. Meeting and conference expenses
4. Mobile phone stipends
5. **Mileage**- reimbursed at the GSA per mile rate. **Each change made by the GSA is then presented for approval at the following Finance & Administration Committee meeting.**
6. **Lodging** - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.
7. **Meals and Entertainment** - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

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8. **Other Expenditures** - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose. Example: public transit receipt, parking, taxicab, etc.

The **Operations & Communication** Assistant reviews all requests for reimbursements and:

1. Verifies expenditure and amount
2. Forwards to the President or Board Treasurer for approval of payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Submits the approved reimbursement expense to eCratchit for processing

As our Outsourced Chief Financial Officer, eCratchit reviews and process all requests for reimbursement and:

1. Provides date of payment taking into account cash flow projections
2. Processes the reimbursement then submit its to the Board Treasurer or her/his designee for final authorization by reviewing documentation and digitally approving checks that are then mailed to employees or volunteers

VIII. Financial Reports

eCratchit, as our Outsourced Chief Financial Officer, upon completion of reconciliation will prepare the monthly (by the fifth of the month) and annual financial reports for distribution to the President and Board Treasurer. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, outstanding debts, cash flow projection, general ledger, and any other requested reports.

Comment [Office1]: This timeline is being reviewed with eCratchit and will be updated once the consultation is complete.

Quarterly and annual financial reports will be submitted to the Finance and Administration Committee and Board of Directors for review and approval.

ARCHIVED & RETIRED PRACTICES:

As of December 2012, Philanthropy WV ceased having an organizational/corporate credit card, instead employees make purchases on their cards and are reimbursed.

(A) Process for Monthly Payment of Philanthropy WV's Credit Card

With Philanthropy WV established separation of duties among its staff, contracted bookkeeper services, and Board Treasurer, the payment of the monthly credit card bill can take longer than the short time period available between the date the bill is received and the due date. The following process has been established to allow for timely payment of the bill, reporting of all expenses, and review/approval of the expenses/payment by the Board Treasurer electronically:

- (A) Upon receiving the monthly credit card bill from the bank, the Operations Coordinator would proceed after the President has opened the statement that day to prepare an accounts payable form listing all expenses, vendors, purpose, amounts and budget line items and compile all the receipts and documentation associated with that month's expenses. The Operations Coordinator will sign, scan and forward the credit card bill and all receipt documentation to the President.
- (B) The President reviews, prints, and signs off on all the receipts he approves and the payables request form and poses any questions or clarification needed to the Operations Coordinator. If all is approved, then the President scans the signed copies along with receipts and emails those to the Board Treasurer copying the Operations Coordinator and Bookkeeper. The President proceeds to post an MVB Bank electronic transfer to be paid directly to United Bank's credit card company (please note the President is not able to approve it).
- (C) The Board Treasurer reviews all the documentation: bill, receipts, and materials then approves it forwarding an email to President and Operations Coordinator confirming his/her approval. The Board Treasurer then goes online to approve the MVB Bank electronic transfer to United Bank
- (D) No staff person has the authority to approve the transaction of funds. Staff only have the ability to post a transfer, but the approval of payment is required by the Board Treasurer or another board member
- (E) The documentation of approved transactions, etc are then filed and shared with our bookkeeper to make s/he aware of the payment so they can debit the proper accounts to keep records up to date
- (F) The finalized payment and signed documents/emails are then printed and filed in the main Philanthropy WV office.

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V. Credit Card Policy and Charges

[PLEASE NOTE as of 12/01/2012 Philanthropy WV has discontinued its use of a corporate credit at this time. It was recommended by the auditors for Philanthropy WV to discontinue this practice until a full-time business manager is on staff. This policy is on record in case the practice returns at a later date.] Philanthropy WV credit card may be used solely for business purposes. All purchases must be discussed and pre-approved for purchase by the organization's President or Board Treasurer. A receipt for all transactions must be supplied by the purchaser to verify each purchase made and Philanthropy WV's receipt of those items. All receipts will be attached to each monthly credit card bill and properly coded to the budget line item that will be expensed.

One credit card will be issued with one for the Operations Coordinator maintains in the office. All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which Philanthropy WV receives funds.

The receipts for all credit card charges will be given to the Operations Coordinator within two (2) weeks of the purchase along with proper documentation. The Operations Coordinator will verify all credit card charges with the monthly statements. A record of all charges will be given to the Bookkeeper with applicable allocation information for posting and a copy forwarded to the Board Treasurer. A copy of all charges will be attached to the monthly credit card statement when submitted to the President for approval and signing.

Both the President and Operations Coordinator's credit card usage will be provided to the Board Treasurer and Board Chair.