

## CHAPTER FIVE: BOOKS AND RECORDS

### 5.1 Internal Controls

5.1

Adequate internal controls and security measures should be established and instituted in order to help safeguard the assets, books and records of the corporation.

- ❑ A budgeting system will be used, wherein budgeted figures are compared to actual book figures on a monthly basis at the least.
- ❑ Receipt, disbursement and recording systems will be established with the separation of duties being divided as widely as is practical so that no one person has complete control over all phases of any significant transaction.
- ❑ Bank statements will be reconciled to the books at least monthly, and signed and dated. The number of bank accounts, voided checks, adjusting journal entries and interfund transfers should be kept to a minimum.

### 5.2 Receipt of funds

5.2

Pre-numbered receipts will be issued for all money at the time it is first received. A duplicate copy will be retained and a comparison made between the total of receipts issued and the amount of money deposited in the bank. All copies of voided receipts will be kept and accounted for. All checks received will be restrictively endorsed promptly upon receipt. All money will be deposited in the bank, intact, on a timely basis, preferably daily. Funds held pending deposit should be kept under proper safeguards, preferably in a locking cabinet or safe.

5.3 Disbursement of Funds

5.3

- a. All disbursements will be made by pre-numbered check in numerical sequence, counter-signed by two signatories one of whom must be a PCA Board member. The signatories will be the President, Executive Vice-President, Treasurer, Executive Director and possibly, the designee of the Executive Director.

A separate checking account titled "Operating Account" will be established which will allow the designee of the Executive Director to sign in his or her absence. This will be the only account on which the designee of the Executive Director may be a signatory.

Another checking account will be established for "capital funds". This will be for disbursement on acquisitions and capital improvements.

The following is a table which summarizes those permitted to sign on the various accounts. Each account shall require two signatures and in the case of the checking accounts, one must be the Executive Director.

<b>Operations Checking</b>	<b>Capital Checking</b>	<b>Umbrella Mgt. Account</b>	<b>Operations Savings</b>	<b>CDs . Special Savings, and Investments</b>
President	President	President	President	President
Vice-President	Vice-President		Vice-President	
Treasurer	Treasurer	Treasurer	Treasurer	Treasurer
Executive Director	Executive Director	Executive Director	Executive Director	
Designee [if applic.]				

- b. Supporting documentation such as time records, invoices, contracts, etc., evidencing the nature and propriety of each disbursement must be kept. No disbursement will be made by cash, except petty cash, each disbursement not to exceed \$50.00. All voided checks will be kept and accounted for.

- c. In the event PCA opens a safety deposit box, the President, Vice-President, Treasurer and Executive Director shall each be given access.

5.4 Petty Cash 5.4

Disbursements will be made from a petty cash fund generally for amounts less than 25.00 and must be supported by a receipt or other documentation stating the purpose of the disbursement. Checks replenishing the petty cash fund will be made out to an individual, the custodian of petty cash.

5.5 Advance to the Executive Director [added August 2000] 5.5

At the discretion of the Board, the Executive Director may receive and maintain an advance of \$750.00 against minor expenses and emergency payments to suppliers, repair people, etc. that cannot be delayed until the normal twice-a-month payment cycle. Supporting documentation such as invoices, receipts, etc. evidencing the nature and propriety of each disbursement must be kept. PCA shall not be responsible for any expenditures made by the Executive Director from these advance monies if they are not receipted and justified.

5.6 Travel and Mileage Disbursement 5.6

No travel expenses incurred by any staff member will be reimbursed without prior approval of the Executive Director. No travel expenses incurred by the Executive Director or any Board member will be reimbursed without prior approval of the Board of Directors.

Mileage reimbursement will be made at a rate equal to the IRS standard mileage rate for deductible car expenses, and must be supported by voucher indicating date, purpose of trip, location and distance traveled.

5.7 Purchasing Procedures 5.7

Goods and contractual services over \$100.00 will be obtained through the execution of purchase orders and will be identified by budget line-item and account. Major purchases and purchases of non-expendable property will be made on a bid system, using price comparison. Purchase orders over \$500.00 shall be executed by two parties: the Executive Director and the President or Vice-President.

5.8 Property Management 5.8

A property record will be kept for each item of non-expendable property acquired, which will consist of:

- (a) a description of the item including model and serial number(s)
- (b) date of acquisition
- (c) acquisition cost or assigned value and
- (d) warranty and parts list.

A copy of the invoice for the purchase will be kept with this record. A physical inventory will be taken and reconciled with the records annually.

5.9 Books and Records

5.9

Books of account and records will be maintained, consisting, at the minimum, of the following:

- a. General Ledger – A general ledger in which to record a summarization of all accounting transactions and to classify them according to the chart of accounts.
- b. Cash Receipts Journal – A cash receipts journal for the recording of funds received (cash, checks, money orders, etc.)
- c. Cash Disbursements Journal – A cash disbursements journal for recording checks issued for the withdrawal of funds.
- d. General Journal – A general journal to document and record transactions in the general ledger which are not recorded from the cash receipts and disbursements journal. Each journal entry will contain a complete explanation of the transaction being recorded and will reference related documents.
- e. Payroll Records – Basic payroll records to accumulate the payroll data required by federal, state or local law for each employee, including the hours worked, pay rate, gross earnings, FICA, FIT withholdings and any other obligations.
- f. Property Records – A property record for each item of non-expendable property acquired.

5.10 Maintenance and Retention of Records

5.10

All records and ledgers will be maintained on a current basis, and in ink, when prepared manually, or on a computer. When a computer is used, backup copies of the data shall be saved and stored, preferably off premises, on a separate disc.

All records and supporting documentation will be retained for at least five years after receipt of the annual audit and will be made available for inspection to any applicable funding source requesting same.

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