

INTERNAL CONTROLS

Purpose: We are a nonprofit organization committed to protecting and using our assets for our nonprofit mission.

I. GENERAL PRACTICES

Review of Risks. These policies were drafted after consideration of the risks associated with the various aspects of our financial operations to enact policies and procedures designed to minimize those risks. The Board will update these policies whenever the risks change. Such changes may include receipt of grant monies, a change in the laws regulating our nonprofit, hiring of employees, or a major change in our programs. If so, the Board needs to identify any new risks and adopt appropriate procedures to minimize those risks. The Board shall consult with a professional if necessary to ensure that it is properly addressing the risks.

Segregation of Roles. There are several fiscal “roles” in our organization—custody, authorization, execution, and monitoring. For example, the person who has authority to sign checks is acting in the custodial role. The Board as a whole acts in an authorizing role when it prepares the annual budget, approves monthly expenses, or makes a decision to purchase a major item. The person who prepares the checks for signature by an authorized check signer is acting in the execution role, executing an action that has been authorized by the Board through the annual budget or by the individual responsible for approving payment of the bill. The person who reconciles the bank statement acts in the monitoring role. The Board also acts in a monitoring role when it reviews the monthly financial reports to be sure that the budget is being executed properly. As much as possible, the Board seeks to separate the responsibilities for fiscal roles so that at least two and preferably more individuals fulfill these roles. It is particularly important that the same person does not authorize, execute and monitor any transaction. At each step of handling funds, the organization shall ensure that more than one person verifies that the step is done correctly.

According to the Conservancy’s by-laws, it shall be the duty of the Treasurer to be responsible for all funds of the Conservancy as authorized by the Board of Directors; to prepare a written monthly statement of account balances and expenses to be approved by the Board of Directors; and to issue a yearly financial statement and to assist in the preparation of the budget. The Treasurer shall be one of two signers of checks over the board-established limit. The Executive Committee shall have powers identical to that of the full Board, except that un-budgeted expenditures greater than \$1,000 require approval of a majority of the full board.

II. RECEIPT OF FUNDS

All funds, whether cash or check, which the organization receives will be deposited intact into the bank account with no monies removed to make payments or for other purposes.

- A. **Receipt of Checks in the Mail.** The bookkeeper opens all mail addressed to the organization. The bookkeeper will endorse all checks by an endorsement stamp that provides that the check is “For Deposit Only” and lists the organization’s name and account number.
- B. **Receipt of Cash.** If cash comes into the office, the person accepting the cash must record the transaction. Gift Shop cash purchases are recorded in cash ledger stating the date, item, and amount. Cash box and ledger shall be kept in a secure location. Cash on hand should be kept secured in the cash box or locked in the safe. All cash should be deposited into the bank on a regular basis. Donation jar, donation box, and cash box shall be emptied, counted, and deposited at least once a month or when cash on hand exceeds \$500. If

possible, two people should count the cash together. All volunteers should be trained in cash handling procedures.

C. Bank Deposit. The bookkeeper will deposit organization funds as follows: Prepare a deposit slip, save deposit receipt from bank, and file this documentation.

D. Credit Card Transactions. Staff should maintain compliance with Payment Card Industry (PCI) Data Security Standards for handling credit card information.

E. Acknowledging Donations. While IRS rules require that we acknowledge all donations that are more than \$75, our policy is to provide written acknowledgement for every gift we receive. The names of all donors contributing \$100 or greater (except those requesting anonymity) will be displayed on our website. The bookkeeper shall respond to each donation over \$75 with an email or letter thanking the donor for their generosity. The message should include the statement: "Thank you for your contribution of \$_____, received on _____, 20__" along with one of the following: "No goods or services were provided in exchange for your contribution" or "In exchange for your contribution, we gave you _____ whose fair market value was \$__").

III. DISBURSEMENT OF FUNDS

A. PAYMENTS BY CHECK

Make all disbursements from the organization's funds by check, with the exception of preauthorized use of the corporate credit card or automated online payments. This allows us to track how our funds are spent, who is spending them, and who is authorizing expenditures.

1. Opening Bank Accounts. Bank accounts may be opened only upon authorization by the Board of Directors. All bank accounts must be opened with the organization's employer identification number (EIN). The Board shall approve the authorized signers on the organization's bank accounts. Because of the bookkeeper's role in preparing checks and reconciling the bank statement, the bookkeeper cannot be a check signer.

2. Custody of Checks. The bookkeeper is the only person authorized to have access to unused check stock.

3. Invoices & Check Authorization. All invoices will be presented at a Board meeting for review and authorization to pay. Any invoice requiring expedited handling must be reviewed and approved by the Treasurer and presented at the next Board meeting. The bookkeeper will review all invoices for accuracy, enter the invoice with the appropriate expense account, and prepare a check for payment of the invoice. Upon approval of the invoice, the Treasurer or other authorized signer should sign the check. If a check is voided, the check will have "VOID" written in large letters in ink on the face and will be kept on file.

4. Duties of Check Signers. All checks will be signed by the signers designated by the Board of Directors. Prior to signing a check, a check signer will compare the check to the original invoice and make sure that the purchase amount is not unreasonable. In no event should blank checks be signed in advance or checks be made out to "cash," "bearer," etc.

5. Automated or Online Payments. During monthly reconciliation, the bookkeeper will check the account to compare the bank automatic payments with vendor statements.

B. PETTY CASH FUNDS

We do not maintain a petty cash fund.

C. EXPENSE REIMBURSEMENT

In proper circumstances, Board members, employees and volunteers are entitled to be reimbursed for expenses related to the organization that they incurred on behalf of the organization. To receive reimbursement, you must meet the following requirements:

- Your expense must have been authorized in advance by the Board or by the Treasurer or later approved by the Board or the Treasurer.

- Your expense must have been incurred for goods or services purchased for the organization.
- To be reimbursed for expenses, you must provide reasonable documentation showing the date, amount, and what the expense was for.

D. PURCHASING

All purchases made on behalf of the organization must be made pursuant to the Board-approved budget or Board rules. Authorized individuals can make regular purchases for day-to-day operations according to the approved budget. For out-of-the-ordinary purchases, the Treasurer can authorize purchases of \$750 or less which conform to the Board's budget. The Board must approve purchases above that amount. The Board must authorize any purchase which does not conform to the Board's budget. Avoid unnecessary or duplicative purchases. To meet or exceed federal Uniform Guidance for procurement, purchases of goods, services, and construction/repair projects should comply with the following guidelines:

Micro-purchase	less than \$10,000	<ul style="list-style-type: none"> • No bid or quote required if price is considered to be reasonable. Reasonableness could be determined by comparing the price to past purchases or other published prices and/or requesting prices from more than one vendor. • Distributed equitably among a range of qualified vendors when practical
Small purchase procedure	\$10,001 – \$250,000	<ul style="list-style-type: none"> • Price or rate quotes must be obtained from adequate number of sources (at least two) • Can be informal, e.g., phone call or web search • All quotes, including phone calls, web searches, etc., must be documented and kept on file • Price does not need to be deciding factor, but all quotes need to be kept in procurement records
Sealed bid	\$250,001 and greater	<ul style="list-style-type: none"> • Used when selection of successful bidder can be made principally on the basis of price • Bids must be solicited from an adequate number of known suppliers, providing sufficient response time • Invitation for bids must define the items or services in order for bidders to properly respond • All bids will be opened at time and place prescribed in invitation. • Firm fixed price contract made in writing to the lowest responsive and responsible bidder • Any or all bids may be rejected if there is a sound documented reason

Competitive proposal	\$250,001 and greater	<ul style="list-style-type: none"> • Must be publicized and identify all evaluation factors and their relative importance • Must be solicited from an adequate number of qualified sources • Must have a written method for conducting technical evaluations of the proposals and selecting recipients • Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered
Noncompetitive proposal (sole source)	\$10,000 and greater	<ul style="list-style-type: none"> • May be used only when the item is available only from a single source, the public exigency or emergency will not permit a delay resulting from competitive solicitation, federal awarding agency or pass-through entity expressly authorizes its use in response to a written request, or after solicitation of a number of sources competition is determined inadequate • Justification of the use of noncompetitive proposal must be documented • Any research on availability from multiple sources must be documented • Documentation of authorization must be retained • Any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented

E. CREDIT AND DEBIT CARDS

The organization will not authorize the use of debit cards for any purposes. The Board will determine whether there is a compelling need to obtain one or more credit cards. If the Board determines that credit cards are needed, the Board will authorize specific individuals to utilize a corporate credit card. A corporate cardholder may use the credit card only for official purposes directly related to the needs of the organization. The cardholder may not use a corporate credit card for personal purposes, even if he or she plans to reimburse the organization. The board should review the credit card activity on a monthly basis. Supporting receipts be will submitted for all charges with the purpose of the expense clearly documented. Use of the credit card is limited to authorized expenses only, i.e. budgeted operational expenses or purchases with prior Board approval. An individual purchase shall not exceed \$500 without prior Board approval.

V. BANK RECONCILIATION AND ONLINE MONITORING

1. Records to Treasurer. The bookkeeper shall provide the Treasurer with access to all records of deposits, disbursements (checks written), and other bank transactions and of our accounting records for review.

2. Reconciliation. The bookkeeper will reconcile the bank statement monthly. The reconciliation should be done within 7 days of receiving the statement, as follows:

- Compare the bank deposit/debit records with our accounting records to determine whether each deposit/debit recorded in the accounting records agrees with the bank record.

- Check whether the ending balance in the general ledger cash account agrees with the bank statement, after making the adjustments.
 - List all outstanding checks and all deposits in accounting records not yet recorded by the bank.
3. Online Banking. The bookkeeper and Treasurer should have online, read-only access to the bank account to check his/her work, reconcile the bank statements, and spot-check online payments.
4. Retention of Cancelled Checks by the Bank. The Board will ensure that the Bank retains the electronic images of cancelled checks for at least 3 years.