

Internal Control Policy

Finger Lakes Visitors Connection recognizes that Internal Controls are an integral part of our organization's financial and business policies and procedures. Internal controls consist of all the measures taken by our organization for the purpose of: (1) handling funds received and expended by the organization; (2) preparing appropriate and timely financial reporting to board members and officers; (3) conducting the annual audit of the organization's financial statements; (4) evaluating staff and programs; (5) maintaining inventory records of real and personal property and their whereabouts; and (6) implementing personnel and conflicts of interest policies.

Policy

The organization will maintain a set of internal controls that are inclusive of the policies and procedures established by the organization and consistent with GAAP and in alignment with the Public Authorities Accountability Act.

The President shall develop and maintain an internal control checklist. At least annually the organization will compare operations to the established policies and procedures through the use of an internal control checklist. Should management become aware of any significant deviation from this policy, it should be addressed immediately by the President and reported to the Board of Directors Audit and Finance Committee. The committee has the responsibility to determine the appropriate action as a result of the reported incident.

Procedure

For the purpose of this policy and procedures the roles are defined as

- President/CEO/CFO – Chief Executive Officer of the company
- Executive Assistant to the President – an full time, internal staff position
- Bookkeeper – an part time, internal staff position
- Accountant – an independent financial person hired on a contractual basis
- Auditor – CPA firm, annually approved by the Board of Directors
- Board Chairperson, Treasurer or other authorized signer – persons with signatory authority on all accounts
- Employee – staff members responsible for budgetary controls in their department but no direct accounting authority.

Management and Oversight

The Board of Director members are elected to their positions and are expected to serve as independent of management. The board also reviews financial statements on a regular basis through financial reports provided at the scheduled meetings. The board of directors meets annually with the external auditor and appoints the auditor. Because the board of directors is such a diverse group, with skills related to the industry, their oversight of the organization and understanding of the transactions is effective, appropriate and valued.

Authority and responsibility for appropriate financial reporting is held by the President, who is charged with analyzing the effects of any changes on the organization with respect to risk. The President consults with its auditors on an as needed basis regarding pronouncements and regulations regarding financial reporting. The accounting professional utilized by the organization also consults with the auditors on an as needed basis.

Professional Assistance

The board desires that the President have competency in financial matters, but also recognizes that special skills are required to meet the financial reporting requirements for a not-for-profit organization operating under the rules of the Public Authority Accountability Act. This policy authorizes the President to acquire such additional expertise as may be necessary, within the budget plan, to prepare the financial records for the audit and for reporting on PARIS (Public Authority Reporting and Information System).

Accounting Procedures:

- Disbursements
 - The Executive Assistant to the President prepares all disbursements.
 - Including reviewing accounting@visitfingerlakes.com for records of any auto-pays which have been transacted or are anticipated to be transacted within the month.
 - The President approves and verifies appropriate account numbers for the disbursements.
 - The bookkeeper is scheduled twice a month to prepare all of the checks for disbursement, coordinating the appropriate backup materials and placing in order for required authorized signers.
 - The bookkeeper will maintain a log of autopay transactions.
 - The president executes ACH transactions from the bank. A printed record of these transactions is provided to the bookkeeper for entry into the accounts and a separate transaction journal is maintained.
 - The Executive Assistant to the President obtains the appropriate signatures.
 - The signers of the checks are the president (per policy under \$5,000) and an officer of the board of directors.
 - The Executive Assistant or staff member as assigned mails the checks once signed.
 - The Executive Assistant files the checks, maintains a record of voided checks, and distinguishes between the filing requirements and record keeping requirements for each account.
 - Matching Funds is filed separately in sequential numerical order.
 - CNB Optimum Account is filed by vendor.
- Accounts Receivable and Invoicing
 - Staff members generate a notice of a payment due to the company for a service or reimbursement. These staff members delineate the fees, the program and where possible provide copies of a signed agreement by the receiver.
 - The Executive Assistant to the President will create an invoice.
 - The President will authorize the invoice to be sent ensuring that the terms and amounts of the invoice are accurate.
 - The Executive Assistant to the President will mail the invoices.
- In-Kind Services and donations
 - The Executive Assistant to the President keeps a log of staff member reported in-kind services and donations.
 - This log is transferred to the bookkeeper at the end of the month visit and a journal entry is made.
- Credit Card
 - The board maintains a separate credit card policy.
 - Credit card debt is paid in full upon receipt of the invoice from the credit card company.
 - Credit card transactions are downloaded by the Executive Assistant to the President or the President.

- These transactions are aligned with credit card receipts provided by staff members with required account, class or job classifications and memos where appropriate.
- The Executive Assistant or a random staff member audits the credit card receipts and the bill for completeness.
- The President and the Executive Assistant reconcile the Credit Card bill, which upon completion places a check for payment in the account.
- The bookkeeper will print this check and place it in the process of the regular disbursements.
- Transfers
 - It is the policy of the board that electronic transfers between accounts can be made by the President, provided that the President writes the board chair and the treasurer and indicates the details of the transaction including the purpose of the transaction.
- Deposits
 - The mail is received by the Executive Assistant. Any checks received are date stamped and logged in a folder held in the Executive Assistant's office.
 - The Executive Assistant will align the deposit with any open invoices or create an invoice if one does not exist.
 - The Executive Assistant prepares the deposit ticket and backup.
 - Approval of the deposit and backup is made by the president.
 - Entry of the payment received into Quickbooks may be made by the President or the Bookkeeper and the deposit summary held at the office pending the receipt of deposit slip.
 - A separate staff member makes the deposit, returns the receipt.
 - The Bookkeeper shall record the deposit in Quickbooks.
 - The executive assistant attaches a copy of the receipt and the deposit summary and subsequently attaches that deposit to the bank statement when it arrives.
 - The Accountant verifies the deposits when doing the bank reconciliation.
 - In the case of cash deposits, which are rare, the same process abides.
- Bank reconciliations
 - Bank Reconciliations are done on a monthly basis by the Accountant. Any issues in the reconciliation would be immediately reported to the president, with the president notifying the board of directors if appropriate.
- Recordkeeping
 - The Executive Assistant maintains the records of the corporation.
- Payroll
 - Payroll is processed bi-monthly
 - Note that part time employees have a two week delay in their paychecks, (i.e. the hours for the 1st through the 15th are paid on the 30th. They have no benefit of vacation or personal time to be calculated). Full-time staff is paid for the current period, except that their paid time off is calculated for the prior period for accuracy and completeness.

- The staff submits their hours and use of personal time to the Executive Assistant by the 1st of the month and by the 16th of the month.
- The president processes the payroll per these records.
- The accountant receives a copy of these records and makes appropriate journal entries to the accounts.

President's Internal Control Checklist

Cash

- ✓ Cash handling and cash record keeping duties are segregated
- ✓ All expenditures are authorized and documented
- ✓ Any single employee is prohibited from handling a transaction from start to finish
- ✓ Petty cash of \$100 is maintained by the Executive Assistant to the President

Accounts receivable

- ✓ There is segregation of duties associated with grants receivable. Grants are vouchered for and received by the president, noted in the check log by the Executive Assistant, recorded into Quickbooks by the bookkeeper and deposited into the bank account by the a random staff member.

Fixed Assets

- ✓ Fixed assets are only acquired with proper authorization by the President within the budget
- ✓ Fixed assets are inventoried annually
- ✓ Fixed assets are adequately insured

Budget

- ✓ The annual operating budget is approved by the board of directors
- ✓ All significant activities are included in the budget
- ✓ Expenditures are compared to the approved budget on a month-to-month basis and a year-to-date basis.
- ✓ A capital budget and explanation of the reserve account will be annually presented to the board

Purchases

- ✓ Purchases are supported with proof of receipt prior to payment.
- ✓ The appropriate account to be charged is indicated on the invoice prior to payment
- ✓ Competitive bidding procedures are used when required
- ✓ Responsibilities for purchasing and invoice processing are segregated from general ledger entry and check writing

Journal entries

- ✓ The President assigns budget categories and the Accountant makes journal entries
- ✓ Liabilities will be recorded on the accrual basis by the Accountant
- ✓ Reports are generated by the Accountant and reviewed by the President

Conflict of Interest

- ✓ Finger Lakes Visitors Connection ensures that conflict of interest statements are completed and on file with the county for all directors. FLVC maintains completed conflict of interest statements from all employees

Security

- ✓ Quickbooks Pro is secured by passwords with access limited to the President, who also serves as the administrator, the bookkeeper, the accountant, and the executive assistant to the president who has limited privileges

- ✓ Documents are maintained according to the record retention policies of FLVC
- ✓ Checks are signed in accordance with the check-signing policy of the board