

These are to be modified to fit your association's needs. To meet the minimum standards of NSA, a chapter must have clear financial policies, reconcile bank statements monthly, have two signers on an independent bank account and complete an annual review of the books.

Sample Financial Policies and Procedures

I. Areas of responsibility

A. Board

The Board is responsible for prudent management of the association's funds so that mismanagement, non-management, or self-dealing does not occur. In order to fulfill this responsibility the Board shall:

1. Review and approve written financial policies and procedures.
2. Review and approve the annual budget so that the goals set can be achieved and an operating reserve maintained.
3. Approve or disapprove any expenditure over \$ _____ or expenditures that are not included in the budget.
4. Initiate an annual audit/review.
5. Distribute an annual financial report to all association members.

B. Treasurer

The treasurer is responsible for maintaining the financial records and managing the financial affairs of the chapter in accordance with the established financial policies. In order to fulfill these responsibilities, the treasurer shall:

1. Assist the Finance Committee with the preparation of the budget by:
 - a. Requesting expected expenses for the upcoming year from each committee chair
 - b. Projecting the income for the next year.
 - c. Preparing a draft budget for the Finance Committee's review and approval.
2. Maintain the association's financial information system which includes:
 - a. Keeping a record of the expenditures and income.
 - b. Reconciling the bank statement monthly.
 - c. Maintaining a balanced checkbook that is congruent with the records.
 - d. Maintaining a filing system where the vouchers, receipts, bank statements and cancelled checks are kept as documentation of all transactions.
 - e. Keeping a supply of banking items such as vouchers, checkbooks, etc.
 - f. Maintaining a file of financial reports, annual budgets and audit reports.
3. Present a written financial report to the Board at each scheduled meeting. The financial report should include a statement of income and expenses by appropriate accounts. Annually the audit/review report is also presented to the Board at the end of the fiscal year.
4. Work closely with the external auditor/reviewer during the examination of the financial records.
5. Prepare IRS and State tax forms (Form 990) when required.



C. Finance Committee

The Finance Committee advises the Board on financial matters and has responsibility for budgeting and for monitoring financial affairs. The Finance Committee shall consist of the president-elect, an appointed committee chair, at least one appointed member, and the treasurer. The responsibilities of the Finance Committee are to:

1. Review and approve the draft budget prepared by the Treasurer, altering it as necessary given the goals and objectives for the year by either cutting expenses or increasing projected income.
2. Present the proposed budget and rationale for the recommendation to the Board for review and approval.
3. Monitor budget performance on a regular basis and analyze variances in expense and revenue from expected performance.
4. Revise the budget for Board approval if the variances are extreme and/or threaten goal achievement.
5. Participate in the selection of an auditor, review the audit/review report, and recommend any corrective action required.
6. Review or revise, if necessary, the financial policies and present any changes to the Board at the end of each fiscal year for their review and approval.

II. Internal Auditing Procedures

A. Objective

To take all practical steps to insure that all funds intended for the association have been received and recorded.

B. Basic Principle

There must be supporting evidence for both the acceptance of money and the disbursement of funds. The evidence must be available for review by auditors and persons authorized to accept monies, approve disbursement, and sign checks.

C. Procedures

1. Two designated signers shall have signature rights on the checking and savings accounts. The signatures of the designated are required to deposit or withdraw monies. Typically the signatures are the Treasurer and the President or professional staff.
2. All expenditures not budgeted and those over the amount of \$ _____ shall be approved by the Board.
3. The Board shall designate authorized members of the association to place orders or purchase goods or services.
4. All disbursements are made by check.
5. All income is deposited promptly into the checking account.
6. All records, ledgers, bank statements, program registration lists, files, etc., are retained for seven years.

III. Financial Information System

The financial information system provides a means of identifying sources of income and justifying expenditures in accordance with the approved budget. It permits reporting of the current financial state of the association for prediction and control when economic decisions must be made.



A. Receipts

1. Transactions are made promptly.
2. Deposit slips are checked against bank statements.
3. Receipts and deposits are recorded correctly.

B. Disbursements

1. All disbursements are made by check
2. A file with supporting vouchers is retained for each disbursement. The voucher indicates the check number, date of reimbursement, and the banking account number.

C. Banking

1. The accounts are maintained at (bank name), located in the (city).
2. The kind of account and the account numbers shall be identified.
3. Entries of receipts, disbursements, transfers and account balances are made in a timely manner and in chronological order.
4. All interest, transfer of funds, deposits and withdrawals shall be documented.
5. The fiscal year shall be _____ through _____.
6. At the end of each fiscal year all account balances are reconciled, and reviewed by an independent party.

D. Checkbook

1. All deposits are correctly and promptly recorded in the checkbook.
2. The checkbook indicates not only the payee but also the reason for payment.
3. Vouchers and cancelled checks are retained for all disbursements.
4. The checkbook is reconciled with the bank statement every month.

IV. Investment Policy

A. Objective

To increase the association's financial assets. Once the association has accrued money beyond the needs of the budget, the money will be invested in safe growth vehicles.

These accounts will thus be:

- a. Low risk
- b. Have a record of safe and steady growth

B. Procedures

- a. When the association has accrued \$1000 beyond what is need for cash flow, that money will be invested in a low risk vehicle.
- b. The Board of Directors will review and determine where the accrued money will be invested.
- b. Annually the Board of Directors will assess the invested money's condition.

V. Audit

A. Objective

To verify that accounting procedures provide for proper accounting of receipts and expenditures.

B. Purpose To confirm the association's accounting practices.

C. Frequency of Audit

1. An audit/review shall be completed annually.

