



## **FINANCE POLICIES AND CONTROLS**

### **PURPOSE**

The purpose of internal financial controls and asset protection in the operation of all Common Threads activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including partners, funders, employees, and the community.

### **AUTHORITY**

The Board of Directors is ultimately responsible for the financial management of all activities. The Board has delegated oversight of financial matters to the Finance Committee. The Treasurer is individually authorized to act on the Board's behalf on financial matters.

The Executive Director is responsible for the day-to-day financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.

The Executive Director is authorized to sign checks up to \$3,000. Checks for higher amounts shall require the signature of the Treasurer or the Chair of the Finance Committee; provided, however, that the Executive Director is authorized to sign checks exceeding \$3,000 for charges pre-approved by the Board.

The Executive Director is authorized to enter into contracts for activities that have been approved by the Board. The Board of Directors must authorize any contracts outside of these parameters and all contracts with a financial liability greater than \$15,000.

The Executive Director is authorized to apply for a company credit card in the Executive Director's name with a maximum limit of \$5,000.

The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on line item variances greater than \$1,000 and/or 10% and the reason for these variances.

The Board of Directors must approve any use of the board designated cash reserve fund.

## **RESPONSIBILITIES**

The Executive Director shall:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Maintain and enter complete, accurate, and timely records and accounts for all business transactions, organizational assets and funds, and organizational liabilities.
- Invoice all grants and projects each month to capture all billable time and expenses and ensure a regular healthy cash flow for the organization.
- Report the financial results of Common Threads operations according to the schedule established by the Finance Committee, but at least quarterly.
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment for loans or for real estate purchases without specific approval of the Board.
- Ensure compliance with the Common Threads Gift Acceptance Policy.
- Record fixed assets with purchase prices greater than \$2,500 as capital assets in accounting records. Depreciation of capital assets will not exceed five years for equipment or three years for technology equipment.
- Limit vendor credit accounts to prudent and necessary levels.
- Obtain and retain competitive bids from 2-3 sources for items or services costing in excess of \$3,500 per unit, except as otherwise authorized by the Board. Selection will be based on cost, service, and other elements of the contract.

The Board of Directors shall:

- Review financial reports of the Finance Committee at least quarterly.

- Provide adequate training and education to Board members to enable members to fulfill their financial oversight role.
- Review and vote on corrective action in relation to a failure to disclose conflict of interest

## **BUDGET**

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific five-year objectives, the Executive Director shall:

- Submit operating and capital budgets to the Finance Committee in time for reasonable approval by the Board prior to each fiscal year.
- Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus.

## **ASSET PROTECTION**

In order to ensure that the assets of Common Threads are adequately protected and maintained, the Executive Director shall:

- Insure against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organization, its board, or its staff to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

## **EXPENSE REIMBURSEMENT**

Employees seeking reimbursement for costs shall submit appropriate documentation for the expense prior to reimbursement. All expense reimbursements for employees and volunteers require the Executive Director's approval. The approval of the Board shall be required for the Executive Director's own reimbursements over the amount of \$250.

Ordinary and anticipated expenses may be approved in advance, provided that documentation of the expense is provided.

This policy supersedes any previous Internal Controls Policy, which shall be rescinded and of no further force or effect upon this policy's adoption.

**REVIEW**

Adopted by the Common Threads Board 10/3/2019

Reviewed and revised most recently on 7/23/2020

Next review July 2021