

INDIANA YOUTH SOCCER ASSOCIATION, INC.

**FINANCIAL POLICIES
AND PROCEDURES MANUAL**



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1.0 INTRODUCTION

1.1 Financial policies and procedures shall ensure that management completes their collective financial duties under the least amount of risk. These financial policies and procedures shall be guided by an accounting concept called internal control. Internal control is defined by the American Institute of Certified Public Accountants as a process “effected by an entity’s board of directors, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- a. Reliability of financial reporting
- b. Effectiveness and efficiency of operations, and
- c. Compliance with applicable laws and regulations.

1.2 The following documents were utilized to identify the requirements for financial policies and procedures:

- a. Nonprofit Controllers Manual, by Craig R. Stevens and Horton R. Sorkin, published by Warren, Gorham & Lamont.
- b. IRS Publication 557, Tax-Exempt Status for your Organization.
- c. IRS Publication 598, Unrelated Business Income Tax
- d. The Finance Committee “The Fiscal Conscience of the Nonprofit Board” by Norah Holmgren (National Center for Nonprofit Boards)
- e. Financial Responsibilities of the Nonprofit Board by Andrew S. Lang (National Center for Nonprofit Boards)
- f. Checks and Balances, The Board Member’s Guide to Nonprofit Financial Audits by Andrew S. Lang (National Center for Nonprofit Boards)
- g. Presenting nonprofit Financials, An Overview of Board Fiduciary Responsibility by Thomas A. McLaughlin (National Center for Nonprofit Boards)
- h. Florida Youth Soccer Association Financial Policies and Procedures (and 7 other state associations)
- i. US Youth Soccer Financial Policies and Procedures
- j. US Soccer Financial Policies

2.0 DEFINITIONS

2.1 The following terms and definitions are presented to prevent revising policies in the several locations where the term is used.

- a. “Association” means Indiana Youth Soccer Association (IYSA).
- b. A “Non-routine Purchase” is defined as a purchase of a service, fixed asset, or investment.
- c. “Event” means Annual General Membership meeting, Executive Committee meeting, Board of Directors meeting, or IYSA sponsored tournament.
- d. “Line Item” means a specific line with corresponding amount in the Association budget.
- e. “Program” means the operations of a specific officer, committee, or office of the Association.
- f. “Affiliate” means a club recognized as an official member of the Association.
- g. “Officer” means any person specified as an officer in the IYSA Bylaws
- h. “Fiscal Year” is recognized as being from August 1st through July 31st of each calendar year.

3.0 IYSA MANAGEMENT & CONTROL

3.1 All income of the Association shall be deposited into a financial institution insured by the FDIC (Federal Deposit Insurance Corporation).

3.2 Monies deposited in any one institution shall not exceed FDIC limits

3.2.1 **Types of Accounts.** The Association shall have the following accounts, as approved by the Executive Committee:

General Operating Account shall be a checking account opened by the Executive Director at a financial institution, insured by the FDIC (Federal Deposit Insurance Corporation) and approved by the Treasurer.

Investment Account may be established by the Executive Director, with approval of the Treasurer, to invest cash not required for operations. Investments shall be limited to savings account, money market account, certificates of deposit, and governmental securities. The priority for investment criteria shall be (1) security, (2) liquidity, and (3) rate of return.

3.2.2 All accounts of the Association shall be in the name of Indiana Youth Soccer Association.

3.2.3 The President, Treasurer, and Executive Director shall be a signatory on all Association accounts.

3.3 All expenses except specific exceptions allowed by the Treasurer shall be paid by check.

4.0 BUDGETING AND REGULAR FINANCIAL REPORTING

4.1 BUDGET

4.1.1 Each year, at least four months before fiscal year end, the Executive Director shall submit a budget proposal to the IYSA Finance Committee to prepare the next years operating budget. The budget shall be submitted to the Board of Directors for approval at least 30 days prior to the beginning of the next fiscal year

4.1.2 All proposed budget amendments are to be submitted to the Treasurer in writing 30 days prior to a scheduled IYSA Board of Directors meeting. The Treasurer shall present the proposal to the Finance Committee for review and recommendations. The Treasurer shall present the proposed amendment, along with the Budget Committee recommendation, to the IYSA Board of Directors for final action.

4.2 FINANCIAL REPORTING

4.2.1 The Executive Director shall ensure that financial statements shall be prepared within fifteen working days after the end of each month comparing actual revenues and expenses with budgeted revenues and expenses. The Executive Director is responsible for distribution of the Financial Reports to members of the Finance Committee. The following reports and statement shall be provided:

- a. Balance Sheet
- b. Copy of ledger (deposits and withdrawals)
- c. Updated approved budget (Planned versus Actual)
- d. Cash Flow analysis
- e. Overview of the IYSA monthly and YTD financials

4.2.2 After review by the Finance Committee, comments or concerns shall be forwarded to the Treasurer for action at the subsequent Finance Committee meeting.

- 4.2.3 After review by the Finance Committee, reports and statements shall be forwarded to the IYSA Board of Directors with comments.

5.0 SAFEGUARDING OF ASSETS AND PHYSICAL CONTROLS

- 5.1 The Executive Director has responsibility for the physical security of assets.
 - 5.1.1 The Executive Director shall ensure that a copy of all financial information is backed up on disk and always kept at an off site secure location.
 - 5.1.2 The Executive director shall ensure all necessary risk management steps are taken to ensure the safety of all financial information related to IYSA employees.

5.2 CASH RECEIPTS

- 5.2.1 A different employee shall be assigned for each of the following tasks
 - a. opening the mail and listing the receipts
 - b. posting the accounts receivable
 - c. signing checks
- 5.2.2 Cash receipts, whenever exceeding \$250, are deposited intact daily.
- 5.2.3 All cash or checks received outside of the state office, if necessary, shall be deposited into a lockbox.
- 5.2.4 Employees who handle cash are bonded in the amount of \$25,000 per loss.
- 5.2.5 Cash withdrawals from the bank are made only with the Treasurer's written approval.

5.3 PROCESSING CASH RECEIVED

- 5.3.1 Checks received should immediately be restrictively endorsed.
- 5.3.2 Cash receipts are posted to the general and accounts receivable ledger within four (4) days of receiving.
- 5.3.3 The employee who enters cash receipts to the accounting system is independent of the physical handling of cash.
- 5.3.4 Someone independent of the cash receipt function prepares bank reconciliation.

5.4 INITIATING PURCHASES AND RECEIPT OF GOODS

- 5.4.1 The Executive Director approves all purchases less than \$2,500.
- 5.4.2 The Treasurer shall approve non- routine purchases over \$2,500.
- 5.4.3 A purchase order system shall be used. Pre-numbered purchase order numbers are to be issued and physical access to purchase orders shall be controlled.
- 5.4.4 Open purchase orders are reviewed quarterly.
- 5.4.5 All goods received are inspected and counted when received.
- 5.4.6 The employee assigned to receive goods should not have the duties of purchasing or cash disbursement.
- 5.4.7 Invoice from vendor shall be matched with applicable receiving document.

- 5.4.8 Invoice from vendor shall be reviewed for proper quantity and price and mathematical accuracy.
- 5.4.9 Invoice from vendor shall be posted to the general and accounts payable ledger within four (4) working days.
- 5.4.10 The employee assigned to process invoices should not have the duties of purchasing, receiving of goods, or cash disbursement.

5.5 CASH DISBURSEMENTS

- 5.5.1 The Executive Director shall ensure the secure physical access to unissued checks. Checks shall be pre-numbered and issued sequentially.
- 5.5.2 Supporting documentation and receiving reports shall be reviewed before check is signed.
- 5.5.3 Supporting documentation shall be stamped or mark paid to avoid duplication.
- 5.5.4 Cash disbursements shall be posted to general and accounts payable ledger within four (4) working days.
- 5.5.5 The use of post dated checks, checks payable to bearer or cash, and pre-signed blank checks are prohibited.
- 5.5.6 Someone independent of the individual responsible for cash receiving shall review bank reconciliation.

5.6 CREDIT CARDS

- 5.6.1 The Executive Director may approve individual staff to be issued credit cards. The credit card shall be in the name of the Indiana Youth Soccer Association (IYSA).
- 5.6.2 The credit card shall be used only for expenditures approved for and contained within the annual IYSA budget. There shall be no personal use of the credit card.
- 5.6.3 All billing charges shall be mailed directly to the state office. All charges shall be paid in full monthly in order to eliminate interest charges.
- 5.6.4 Staff utilizing credit card must turn in expenditure receipts in order to allow for reconciliation of credit card statement.

5.7 PAYROLL

- 5.7.1 Payroll and related benefits are to be paid only to those employees with positions and duties approved by the Board of Directors. All payroll and personnel information is confidential.
- 5.7.2 Salary ranges are recommended by the Executive Director, budgeted by the Finance Committee and approved by the Board of Directors.
- 5.7.3 All employees must provide their name, address, and social security number. Employee files shall be maintained with all required federal and state tax forms and benefit plan elections.
- 5.7.4 The Executive Director shall approve any payment for overtime.
- 5.7.5 The individual assigned to sign the payroll checks shall be different than the individual who prepares the payroll. If a private sector vendor is utilized to provide payroll services, then payroll checks may contain an imprinted signature of a third

party, independent of the Association.

5.7.6 Employee benefit plans shall be reviewed annually to ensure compliance with applicable laws and regulations.

5.8 ASSET MANAGEMENT AND INVENTORY

5.8.1 The Executive Director shall ensure that an inventory is taken of all physical assets and property of the Association annually.

5.8.2 All physical assets with a value of greater than \$500 and a useful life of greater than one year shall be defined as a fixed asset. A record of all fixed assets shall be kept. All fixed assets shall have a specific description of the asset including brand name, model, and serial number of the asset. The record for the asset shall also include the location of the asset, and the approximate value of the asset.

5.8.3 In consultation with the Treasurer, depreciation schedules with appropriate asset lives and depreciation rates shall be established.

5.8.4 All physical assets with a value of less than \$500 shall be defined as a consumable asset. A record of consumable assets shall be kept. All consumable assets shall have a description of the asset, the number of items in the inventory, and the per item cost.

5.8.5 The Executive Director must generate a report which includes a description of any physical asset disposed of, the original cost of the asset, sales price and the purchaser of the asset. This report must be forwarded to the Treasurer and the finance committee.

6.0 AUDITS

6.1 An annual audit shall be conducted on all accounts of the Association. The Treasurer shall recommend and the IYSA Board of Directors determines the accounting firm to conduct the audit.

6.2 The audit results shall be reported to the Finance Committee, IYSA Board of Directors and to each affiliated member.

6.3 The audit results shall be posted on the IYSA web site after being considered by the IYSA Board of Directors.

6.4 The audit results shall be included in the IYSA annual report to the IYSA membership.

7.0 TRAVEL AND PER DIEM RATES

7.1 LODGING

7.1.1 Standard lodging rates are \$80 per night. If cost exceeds \$80, prior approval must be obtained from the President, Treasurer or ED. A valid receipt must accompany all claims.

7.2 MEALS

7.2.1 The standard rate allowed by IYSA for Meals is \$30.00 per day. The separation for meals is:

Breakfast	\$ 5.00
Lunch	\$ 10.00
Dinner	\$ 15.00

NOTE: TIPS are not included in the daily meal rate. Tips up to 15 percent are considered acceptable.

7.2.2 Any individual exceeding the allowable daily Per Diem rate shall be personally responsible for all expenditures over the allowable daily Per Diem.

7.3 INCIDENTALS

7.3.1 A maximum of \$5.00 a day shall be allowed for incidentals, i.e., laundry, and dry cleaning. A valid receipt must accompany all claims for incidental expenses.

7.3.2 Rental vehicles are not considered under Per Diem Rates, nor are they considered incidentals.

7.4 EXCEPTIONS TO MAXIMUM PER DIEM RATES

7.4.1 While performing business in the interest of IYSA, from time to time individuals are required to host VIP's or other guests and dignitaries, or to travel to, and lodge at a site out side the permitted per diem rates recognized by IYSA. During these host events or travels it may be necessary to pay for lodging and meals in excess of the permitted rates.

7.4.2 The following exception pertains to travel costs in excess of the maximum per diem rates.

- a. Incurred unusually high expenses, i.e., meals, while meeting with or hosting VIP's, or special assigned duties from National or International soccer organizations or officials.
- b. A traveler attends a meeting, conference or training session where lodging and meals were procured at a prearranged place (hotel where meeting, conference or training session was held).
- c. Affordable lodging was not available or not within reasonable commuting distance of the meeting, conference or training session.

7.4.3 All claims for reimbursement for lodging and/or meals exceeding the maximum allowable Per Diem rate must be submitted with a valid receipt.

7.4.4 In each case where expenses have exceeded that allowed, the Treasurer shall approve each occurrence. Unapproved expenditures shall be borne by the maker of the expense.

7.5 PRIVATELY OWNED VEHICLES

7.5.1 Privately owned vehicles (POV's) when used in the carrying out of IYSA soccer business is reimbursed at the current rate recognized by the IRS and U.S. Government. The following web-site contains the current reimbursement rates: <http://www.policyworks.gov/org/main/mt/homepage/mtt/pov.htm>

8.0 EXPENSE VOUCHERS

8.1 VOUCHER SUBMISSION

8.1.1 Accumulating expenses is an everyday event in conducting business for IYSA. IYSA is committed to reimbursement of legitimate expenses as quickly as possible.

In order to accomplish this, the Expense Reimbursement form must be submitted to the state office NO LATER than 45 days from the time of the expense was incurred. All expenditures submitted for reimbursement older than 90 days from the date of the submitted form shall be automatically rejected. Any claimed expenditure over 90 days must be brought by the claimant before the Finance Committee for review and consideration for reimbursement.

- 8.1.2** Prior to submitting the Expense Reimbursement form to the state office, the form must be reviewed and approved.
- a. Members of the Board of Directors, Committee Chairpersons, Executive Director and all state office personnel must submit the form for review and approval by either the President, Treasurer or Executive Director.
 - b. Expense reimbursement for the Executive Director must be approved by the Treasurer or President
 - c. Support Committee members must submit the form to their respective committee chairperson for review and approval.

- 8.1.3** In each case, the person reviewing and approving the Expense Reimbursement form shall forward the form with all accompanying receipts to the state office.

9.0 RECEIPTS

9.1 With respect to meals, lodging, and travel, a receipt for all expenditures must accompany the request for reimbursement. In an exceptional case where a receipt is unavailable a person may submit an expense for no greater than \$10. Each receipt must have a diary notation. The receipt and the diary notation must have all of the following information:

- a. The amount paid,
- b. The name/location of the restaurant/entertainment facility
- c. The person(s) for who expenses were incurred,
- d. Other person(s) business relationship with IYSA, and
- e. The business discussion related to the expense.

- 9.2** Unless IYSA business is discussed, before, during, or after the meal, personal expenses shall not be allowed. As with the IRS, paper rules!

10.0 UNAUTHORIZED EXPENDITURES

10.1 Unauthorized expenditures are those expenditures which:

- a. are not contained within the annually approved budget,
- b. an expense voucher is submitted with out an approving signature.
- c. a submission is made without supporting documentation of personal expenditures.

