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|  | ***COMPASSION COMMUNITY CLINIC*** | **Page 1 of 3**  **Supersedes Date: July 2016**  **Original Date:**  **Policy Section: GENERAL ADMINISTRATIVE** |
| **POLICIES AND PROCEDURE** |
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| **FISCAL INTERNAL CONTROLS** |
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|  | **POLICY:**  The following are the fiscal policies and procedures that govern the operations of Compassion Community Clinic  (CC Clinic). All employees, consultants, Board Members, Officers and other personnel working under the auspices of CC Clinic are expected to operate under these policies and procedures.  **PURPOSE:**  These policies convey good accounting practice and a positive and confident message about CC Clinic’s handling of funds from all sources, including private and corporate donations and grants. CC Clinic is a small organization and must carefully control expenditures. Expenses must be actual, reasonable and allowable. The following internal controls will apply, as appropriate:   1. The Chairman reviews every invoice/payable for accuracy. Automatic payments for most recurring expenses will be set up. Those that remain to be paid shall be paid by the Chairman, Vice Chairman, or Treasurer. 2. The Board of Directors must approve expenses to be reimbursed to the Executive Director.   The Board shall review and adopt, as appropriate, any revisions to these procedures.  **PROCEDURES:**   1. **Grant Awards** CC Clinic will conform to the general accounting principles in all matters that relate to the expenditure of funds under any foundation or government grant. All individual grant awards will be accounted for separately, to prevent commingling of grant awards. All income and expenses will be tracked to a specific grant award to ensure accuracy of required reporting. 2. **Checking Accounts**CC Clinic maintains one checking account for the deposit of operating (non-restricted) income and disbursement of expenses and one checking account for the deposit of all restricted funds and disbursement of approved expenses. 3. **Money Market Account**   CC Clinic maintains one Money Market account which functions as an operating reserve and strives to maintain a minimum balance to cover three months of CC Clinic operating expenses.  The Chairman, Vice Chairman, and Treasurer of CC Clinic shall have check-signing authority.  No individual shall have authority to sign a check written to him/her-self.  The Treasurer shall review and reconcile CC Clinic’s bank accounts on a monthly basis before the regular monthly Board meeting.   1. **Bookkeeping System**Accounting records are maintained with clear separation of activity into individual grant awards and general funds.   The bookkeeper or Treasurer will enter revenue deposits and expense invoices.    The Treasurer is responsible for entering the budget and general journal entries, ensuring the accounting system is maintained accurately and providing the full Board with financial reports, including a budget versus actual report, on a monthly basis before the monthly Board meeting.   1. **Accounting and Government Reporting Duties** The Treasurer and the Chairman shall be responsible for preparation and submittal of the annual IRS Form 990.   The Treasurer shall be responsible for the electronic deposit of payroll taxes in accordance with IRS Circular E, using the IRS EFTPS portal.  The Treasurer or approved accounting volunteer shall prepare the quarterly payroll reporting and annual reconciliation and submit them to the IRS.  Financial Reviews or audits shall be arranged for by the Board of Directors.   1. **Revenue (Income) Procedures**The following procedures shall be used for receiving, posting, and depositing income.  * Checks and Cash All checks shall be endorsed “for deposit only.” The Chairman shall deposit all checks and cash within one week of receipt. If the Chairman is unavailable, copies will be made of any checks and then deposited by either the Treasurer or Vice Chairman.   Donation Box – CC Clinic will maintain a donation box in the clinic. The box will be emptied and counted monthly by the Executive Director after the last patient care session. The Executive Director will turn those funds over to the Chairman (Treasurer, Vice Chairman) to deposit into the clinic’s bank account.  All deposit receipts’ backup documentation will be provided at the end of the month to the person responsible for the bookkeeping, for entry into the accounting system.   * Grant Fund Management  The administration of grant funding will follow the guidelines outlined by each grant program. A record will be maintained for each grant which records the following information: * The grant name, number, and description, * Award Amount, * Grant start and end dates, and * Adjustments affecting grant amounts or grant period.   The accounting for each grant shall include:   * Amount of funding received, * Expenditures applied against grant award, and * Grant balance  1. **Expense Procedures**   **Cash disbursements**  The Chairman will review and provide initial approval for all expenses. All bills will be verified by the Chairman, Vice Chairman or Treasurer and then paid.  A copy of each bill/invoice will be provided at the end of the month to the person responsible for the bookkeeping entry into the accounting system. If paid by check, the check number, date paid, and revenue source used for payment, if applicable, shall be noted on the copy of the bill.  **Electronic payments**  To the extent possible, payments should be made by electronic funds transfer, online bill payment or by charges to the CC Clinic credit card, if applicable.  The date, transaction or confirmation number and ledger category shall be recorded on the bill or invoice paid online or through electronic funds transfer.  Payments made by direct posting to the CC Clinic checking account, such as bank service charges, will be entered directly into the appropriate account at the end of the month in the accounting system.  Appropriate entries will be made in the accounting system to track all expenses to grant awards or to the operating fund.  **Petty Cash**  CC Clinic will keep $50.00 available on hand at the clinic. The petty cash fund will be replenished when necessary by the Chairman (Vice Chairman, Treasurer) upon notification by the Executive Director (ED) that the fund has been depleted. The ED will furnish an itemization of the receipts and their total (the amount to be replenished), and the officer will reconcile the petty cash to $50.00.    **Debit Card**  CC Clinic maintains a debit card linked to the checking account that will be used for business-related expenses as defined by the Board. Whenever the card is used, documentation of the purchase should be provided to the person responsible for the bookkeeping, along with all other receipts, at the end of the month.   1. **Records Management**   **Records Retention**  All original records and documentation, including financial records and minutes of CC Clinic Board of Directors shall be retained for a minimum of seven years, unless a longer retention period is required by a grant or other authority. All original records older than seven years may be converted for retention into an appropriate electronic format or disposed of in an appropriate manner.  **Records Security**  All computer-based electronic records shall be backed up on CC Clinic’s server regularly, at least monthly. A back-up copy of CC Clinic accounting system’s financial records shall also be stored on a flash drive in a secure location off-site. |
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