



# TEXAS J

## Regional Advisory Council

### Standard Operating Procedure

SOP Title:	<b>Finance</b>
SOP NUMBER:	<b>JRAC 1007</b>
SOP EFFECTIVE DATE:	6/09
SOP REVIEWED:	8/10; 7/11
SOP REVISED:	8/10, 02/15

#### SOP AUTHORITY STATEMENT:

The General Membership formulates financial policies, delegates' administration of the financial policies to the Executive Board/Executive Director and reviews operations and activities. The Executive Director has management responsibility including financial management. Current job descriptions will be maintained for all employees, indicating financial duties and responsibilities. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts, etc. These policies and procedures will be reviewed and approved annually by the General Membership.

#### OPERATING PROCEDURE:

##### Cash Receipts

1. The Executive Board and/or Executive Director may open any and all mail addressed to TXJRAC.
2. The receipt of checks or cash will be recorded in the accounting system and be reported to the Accounting Firm. All checks or cash will be immediately forwarded to the Executive Director at the TXJRAC office.
3. All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.
4. Cash shall be locked in a secure location until taken to the bank.
5. The Executive Director will receive a copy of all deposit reports for review.

##### Cash Disbursements

1. CHECK AUTHORIZATION
  - 1.1. All invoices will be immediately forwarded to the Executive Director who will review all invoices for mathematical accuracy, validity, conformity to the budget (or other board authorization) and compliance with bid requirements.
  - 1.2. Prior to payment, all invoices will be approved (indicated by initialing) by the Executive Director who will code the invoice with an appropriate expense or other chart of accounts line item number, class and job number (where applicable).

- 1.3. By approving an invoice, the Executive Director indicates that it has been reviewed and authorizes a check.
  - 1.4. The Executive Director will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts. The Executive Director is responsible for timely follow-up on discrepancies and payment.
  - 1.5. The Accounting Firm will prepare checks on a monthly basis or as needed.
  - 1.6. Authorized signers on TXJRAC accounts include the; Chair, Vice-Chair, Treasurer, Secretary and one other board member designated by the Chair.
2. CHECKS
    - 2.1. All checks, including payroll checks (with the exception of direct deposit payroll items) will be signed by two of the following: Chair, Vice-Chair, Treasurer, Secretary and any other board member designated by the Chair with approval of the general membership, the Executive Director will provide a copy of invoice, and if required a PO for review prior to signing.
    - 2.2. The Accounting Firm will generate checks for approved invoices through the accounting system
    - 2.3. Voided checks will have "VOID" written boldly in ink on the face and have the signature portion of the check torn out. Voided checks will be kept on file.
    - 2.4. In the event that it is necessary to issue a duplicate check for checks in an amount over \$15, a stop payment will be ordered at the bank on the original check.
  3. BANK RECONCILIATIONS
    - 3.1. Bank statements will be received directly and opened by the Accounting Firm.
    - 3.2. The Accounting firm will reconcile the bank statement monthly.
    - 3.3. The Treasurer of the Board will receive monthly statements of checks paid on all accounts.
    - 3.4. The Executive Director and Treasurer shall verify the reconciliation of the bank accounts on at least a quarterly basis.
    - 3.5. On all checks outstanding over 90 days, the Executive Director shall contact the vendor and work with them to resolve the issue.

## Payroll

1. TIME SHEETS
  - 1.1. Each employee will be responsible for completing a time sheet on a monthly basis.
  - 1.2. Completed time sheets will be dated and signed by the employee,
  - 1.3. No payroll checks will be issued without a completed time sheet and time card if required.
  - 1.4. Incomplete time sheets and cards will be returned to the employee for correction.
  - 1.5. Executive Director will be paid once a month when all other checks are paid.
2. PAYROLL
  - 2.1. The Accounting Firm will enter payroll, print payroll checks, make direct deposit transfers print payroll reports and send reports to the Executive Director. The Accounting Firm is responsible for entering payroll reports into the accounting system.
3. PAYROLL TAXES
  - 3.1. Accounting Firm will prepare and transmit the payroll tax reports, W-2 forms, and 1099 forms.
  - 3.2. The Executive Board will verify payroll tax preparation on a yearly basis.
4. BENEFITS
  - 4.1. No benefits will be provided by the TXJRAC Organization.

## Travel & Expenses

See TXJRAC Travel SOP

## Consultants

1. Consideration will be made of internal capabilities to accomplish services before contracting for them.
2. Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultant and contract services.
3. The qualifications of the consultant and reasonableness of fees will be considered in hiring consultants.
4. Consultant services will be paid for as work is performed or as delineated in the contract.
5. The General Membership will approve audit and other significant contracts.
6. The Accounting Firm will prepare 1099 returns for consultants at yearend.

## Property

1. EQUIPMENT  
SEE TXJRAC Inventory and equipment SOP
2. Entity disbursements or reimbursements must show invoice and copy of cancelled check or as required by DSHS.

## Insurance

1. Reasonable, adequate coverage will be maintained to safeguard the assets of the corporation. Such coverage will include property and liability, worker's compensation, employee dishonesty, D&O coverage and other insurance deemed necessary.
2. The General Membership will carefully review insurance policies before renewal.
3. The Executive Director will maintain insurance policies in insurance files.

## Grants and Contracts

1. The General Membership will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. The Executive Director will maintain originals of all grants and contracts in a file. The Accounting Firm will prepare initial entries as appropriate to record each award.
2. The Accounting firm will prepare financial reports to funding sources as required.
3. The Executive Director and Treasurer will review and approve all reports to funding sources.
4. It will be the responsibility of the Executive Director to insure that all financial reports are submitted on a timely basis.

## Budgets

1. The Executive Director and Executive Board will prepare the financial budget. The budget will reflect the previous year's accruals as well as any defined project for the coming grant budget year. Then final approval by the General Membership.
2. The Executive Director will insure that budgets are on file.

3. The General Membership must approve proposed changes in the budget.

## Financial Reports

Financial reports will be received by the account firm on a monthly basis. These reports will be presented to the General Membership at the quarterly meetings and during the Executive Board meetings during the committee meeting months. All financial documents will held in the TXJRAC office as well as archived on website.

## Other

### MINUTES OF MEETINGS

See TXJRAC Committee SOP

### NON-PROGRAM INCOME

1. Donations of cash and non-program related income will be separately accounted for.

### ACCOUNTS RECEIVABLE

1. Documentation will be maintained for accounts receivable.
2. Accounts receivable will be recorded in the books and collected on a timely basis.

### FINANCIAL PROCEDURES

1. Financial procedures will be reviewed annually by the Executive Board Committee. The General Membership must approve changes to the financial procedure manual prior to implementation.

### FORM 990

1. The General Membership in conjunction with the audit will authorize preparation of Form 990. Form 990 will be signed by an officer of the Executive Board.
2. Copies of Form 990 will be filed in the TXJRAC office, and a copy of the TXJRAC Form 990 and Form 1023 shall be located at the front desk for public inspection and/or copying.

### AUDITS

1. The General Membership shall continue with an annual compilation of TXJRAC finances with an independent audit as deemed necessary by the General Membership.

### PERSONNEL FILES

1. The Executive Director will maintain a personnel file for each employee, containing appropriate documents, such as the signed compensation agreement, approval of changes in compensation, an I-9 immigration form, and withholding forms for taxes, deferred compensation, and charitable contributions.

### FISCAL AGENT STATUS

1. The TXJRAC Executive Board committee must authorize all fiscal sponsorship arrangements, which are then approved by the General Membership.