

**International Institute of Minnesota  
Financial Management Policies and Procedures**

	<b>Topic</b>	<b>Page</b>
1.	Authority and Responsibility	1
2.	Internal Control	1
3.	Accounts	1
4.	Deposits and Receipts	2
5.	Investments and Reserves	3
6.	Disbursements	4
7.	Payroll	4
8.	Contracts and Leases	5
9.	Budget	5
10.	Financial Tracking, Reports, and Review	5
11.	Expense Reimbursement	6
12.	Petty Cash	7
13.	Insurance	8

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## **1. Authority and Responsibility**

The board of directors shall have ultimate responsibility for the financial management of all activities. The board shall approve the financial policies and procedures and review operations and activities on a regular basis to ensure sound, transparent fiscal practices. The board shall approve the annual audit of the Institute.

The Fiscal & Administration Committee shall review financial operations and activities; advise staff on financial matters, including investments; and serve as the audit committee for initial review and recommendation of the audit. The Fiscal & Administration Committee is authorized to review and approve the Form 990 (the form shall be shared with all board members via email).

The treasurer shall lead the Fiscal & Administration Committee and serve on the Executive Committee. The treasurer is authorized to act on the board's behalf on financial matters when action is required between meetings of the board.

The executive director is responsible for the day-to-day financial management of the Institute. The board authorizes the executive director to hire and supervise staff and independent consultants, pay bills, manage accounts receivable, maintain banking and investment accounts, and raise funds on behalf of the Institute per the Institute bylaws mostly recently adopted by the board.

The executive director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Fiscal & Administration Committee on variances and the reason for these variances.

## **2. Internal Controls**

The Institute shall segregate duties for financial transactions so that no one employee or consultant has sole control over cash receipts, disbursements, payroll, reconciliation of accounts, etc.

## **3. Accounts**

### ***Opening and Closing Accounts***

The Fiscal & Administration Committee shall approve the opening and closing of bank accounts, including any accounts established for fiscal management agreements. The Fiscal & Administration Committee shall strive to minimize the number of accounts managed by the Institute to ensure efficiency.

### ***FDIC: Maximum Amounts per Account***

Bank depository accounts and certificates of deposit shall be with a federally insured institution. Accounts must have a balance that does not exceed the FDIC maximum. (See *Investment Policy* for more information.)

### ***Online Banking***

Online banking shall be available only for the institution where the Institute's checking account is established. Online banking for other accounts must be approved by the Fiscal & Administration

Committee. Only the executive director, program director, and finance manager (view only) shall have access to online banking.

***Authorized Signers***

Check signers shall be:

- Executive Director
- Program Director
- President
- Treasurer

***Credit Cards***

To ensure that staff isn't overly burdened with advancing personal funds for work related expenses and to facilitate online purchasing and registration, managers shall be issued an agency credit card. Other staff may check out a general credit card from the finance manager. All purchases must be approved by department managers and receipts with authorized purchase orders are turned into the finance manager for reconciliation with the credit card statement. The executive director shall set limits for credit cards.

**4. Deposits and Receipts**

***Depositing Funds***

All checks shall be endorsed as follows:

- For Deposit Only
- Account #
- Depository of the Institute's checking account

Endorsed checks and cash receipts shall be managed by the finance manager. All deposits shall be made to the Institute's checking account by the executive director, program director or office manager. Receipts of more than \$1,000 shall be deposited within twenty-four hours. Smaller deposits shall be deposited within five business days.

***Restricted and Unrestricted Funds***

Funds shall be classified as restricted or unrestricted and by the source: individual, corporate, foundation, or government. Restricted funds are those funds received from a donor who stipulates or directs a specific use of the funds in a grant agreement or contract. Funds are also considered restricted if they will be unspent during the fiscal year they were received and designated to be used in the following fiscal year. Funds allocated to an endowment fund or capital fund are also restricted.

The executive director is responsible for accepting and ensuring appropriate use of restricted funds. If the Institute experiences a severe cash flow problem:

- Restricted endowment or capital funds may be used for general operating expenses with board approval.

- The Institute may choose to seek approval from donors of restricted funds to release restrictions. The board must approve this action.
- Funds reserved by the board for a specific purpose may be utilized with board approval.

### ***In-Kind Donations***

The Institute shall record all in-kind donations at fair market value, including donations of office space and office equipment.

## **5. Investments and Reserves**

### ***See approved Investment Policy***

### ***Reserve Policy***

The Fiscal and Administration Committee of the Board has determined that the Institute shall have an unrestricted reserve fund in an amount flexible and appropriate to its annual budget and recommends that this amount be equal to three months of the annual budget minus pass through funds that are earmarked to go directly to the clients.

The reserve funds shall be segregated into Operating Funds; Building and Capital Funds and Opportunity funds. From time to time, the Board shall designate an amount for the Building and Capital fund and for the Opportunity Fund. The remainder of the unrestricted funds are to be retained as Operating Reserve. Jane Graupman, Executive Director, and her successors, is authorized and directed to execute the provisions of the policy.

## **6. Disbursements**

### ***Purchasing***

All purchases not authorized in the budget must be approved in advance by the executive director. Purchases exceeding \$10,000 and not included in the budget must be approved by the Executive Committee. Other staff managers with budget authority are responsible for ensuring that expenditures are within the budget and guidelines of the Institute.

### ***Frequency of Disbursements***

All invoices shall be paid within 30 days. If a different timeline is requested by a payee, every attempt will be made to honor those requests, but ideally within a timeframe that allows for processing by the accountants. Manual checks shall be rare exceptions.

### ***Blank Checks***

Blank checks shall be stored in the safe. The executive director, and the program director (**or a** designee of the executive director), are authorized to access blank checks as is the finance manager.

### ***Voided Checks***

Staff shall write “void” boldly, in ink on the face of voided checks and return them to the accountants for recording and filing.

## **7. Payroll**

### ***Time Sheets***

All non-exempt employees are required to complete a time sheet. All exempt employees are required to complete a time sheet for the purpose of tracking allocation of hours to particular programs and funding sources and for tracking Paid Time Off and Sick Time Leave. Employees' supervisors shall verify the accuracy of time sheets and sign them.

### ***Frequency***

Pay day shall be twice a month on the 16<sup>th</sup> and last day of the month. If pay day falls on a weekend or holiday, pay day shall occur on the previous workday.

### ***Compensation***

Compensation shall be determined based on the roles and responsibilities associated with each position. The Executive Committee shall determine the salary of the executive director. The executive director shall determine the salary of all other employees. The organization's benefits package shall be determined by the executive director and the Executive Committee.

## **8. Contracts and Leases**

The executive director is authorized to enter into contracts and for existing contracts, grant agreements for general and program services within the parameters of the current fiscal year work plan, budget and policies.

Any opportunities for joint ventures and mergers shall be reviewed by the Executive Committee and forwarded to the board for consideration and/or approval. If the organization decides to enter into a joint venture, the terms of the agreement shall be reviewed by an attorney to ensure that the Institute's exempt status is not compromised in the agreement.

## **9. Budget**

The Institute's fiscal year shall be October 1 through September 30. The executive director shall prepare and present a budget to the Fiscal & Administration Committee by the August meeting. The Fiscal & Administration Committee shall make a recommendation to the board of directors for action at the September meeting. The budget shall include fundraising goals and strategies that are approved and recommended by the Fundraising Committee.

## **10. Financial Tracking, Reports, and Review**

### ***Accounting Principles***

The Institute shall maintain records and accounts which accurately and fairly reflect the transactions and disposition of assets of the Institute. The Institute shall utilize Financial Accounting Standards Board (FASB) and General Accepted Accounting Principles (GAAP) as guides for all financial activities.

The executive director shall provide financial reports, including a balance sheet and income statement, to the Fiscal & Administration Committee on a regular basis. The Fiscal & Administration Committee shall approve reports for adoption by the board of directors.

### ***Bank Reconciliation***

Bank statements shall be reconciled monthly.

### ***Audit and 990***

An independent financial audit shall be performed annually. The auditor shall provide a management letter to inform the board and staff of any significant deficiencies in financial management or internal controls. The management letter shall be an internal document only. The Fiscal & Administration Committee shall initially review the audit and present it to the board for final approval.

The auditors shall prepare a Form 990 annually. The Fiscal & Administration Committee shall review and approve the Form 990. The form shall be shared with all board members via email.

The Fiscal & Administration Committee shall approve the selection of audit firms and advise staff on when to consider hiring new auditors.

## **11. Expense Reimbursement**

### ***Staff***

Employees shall be reimbursed for work-related expenses they may incur. Work related expenses include but are not limited to:

- Mileage for use of personal cars for work-related travel will be reimbursed at a rate determined by the executive director not to exceed the current IRS mileage rate.
- Expenses for out-of-town travel, including airfare, hotel, meals, and miscellaneous expenses must be approved by executive director. Employees must travel coach and must strive to fly with the cheapest fares possible. Whenever feasible, employees will follow these not to exceed guidelines for hotels and meals: \$150/night for hotel; \$15 for breakfast; \$15 for lunch; and \$20 for dinner. Employees will use public transportation whenever possible while out of town. If car rental is necessary, details must be approved by executive director. Employees may choose to have a significant other accompany them on out of town travel. Expenses associated with that person's travel are not reimbursable.
- Meals for stakeholders: from time to time, employees may choose to host a meeting with stakeholders over a meal. Employees may pay for the stakeholders' meals. Whenever feasible, employees will spend no more than \$15-20 per person on the meal. All employees are aware of their meal budgets for the year and will budget their meal expenses accordingly.
- Supplies: from time to time, employees may need to directly purchase supplies for work-related activities. Those expenses will be reimbursed.

Expenses that will not be reimbursed include but are not limited to:

- Cell phones not previously approved by the executive director, PDAs, or personal computers that employees may use from time to time use for work purposes.
- Alcohol: the Institute will not reimburse employees for alcohol expenses.
- Entertainment: the Institute will not reimburse employees for entertainment expenses. For example, if an employee chooses to attend the theater when she is out of town, that expense is not reimbursable. In addition, entertainment expenses for stakeholders are not reimbursable.

***Other Travel Reimbursement Policies***

- Out-of-town travel: all out-of-town travel must be approved by the executive director in advance.
- Commuting mileage: if staff members travel from home to a work location other than the office (or from the office to a work location on their way home), reimbursement will be only for miles greater than what they would usually incur to and from the International Institute of Minnesota.
- Tickets: the Institute does not reimburse for citations or fines.
- Frequent Flyer Miles: employees and board members may accept and keep frequent flyer miles and any other airline compensation earned during business travel. However, employees may not deliberately utilize an airline to accumulate frequent flyer miles if less expensive comparable tickets are available on another airline.

***Reimbursement Requests and Receipts***

Employees, board members, volunteers and interns must complete an expense reimbursement form for all expenses. Receipts are required for all expenditures except for parking meters and some tips (for example hotel staff).

***Board Members***

Rarely will board members incur expenses related to their governance of the International Institute of Minnesota. If they do, however, the Institute will reimburse those expenses according to the same policies governing employee reimbursements unless otherwise noted. Members must get prior approval from the Executive Committee.

**12. Petty Cash**

The Institute’s petty cash fund shall not exceed \$5000 including resettlement \$3000, front desk cash drawer \$250 and the replenishment box kept in the safe \$1750. The finance and resettlement managers shall manage petty cash, including recording how petty cash is utilized and by whom. Whenever possible, a receipt will be provided for expenditures. Checks to fund petty cash shall be made out to the manager-petty cash. Petty cash shall be reconciled at least once a month and posted to the General Ledger.

**13. Insurance**

The Institute shall maintain the following insurance:

Directors and officers insurance, including:

\$1 million combined aggregate of limit of liability

Liability insurance, including:

Liability and medical payments	\$1 million per occurrence
Medical payments coverage	\$5,000 per person
Personal and advertising injury	\$1 million per person or organization

Products, completed operations aggregate    \$2 million all occurrences  
General aggregate                                    \$2 million all occurrences

Unemployment insurance

Worker's compensation insurance, including:

Bodily injury by accident:    \$500,000 (each accident)  
Bodily injury by disease:    \$500,000 (each employee)  
Bodily injury by disease    \$500,000 (policy limit)

The Insurance policies shall be reviewed annually by the Fiscal and Administration Committee.