

SSTGB In-House Accounting Procedures

SSTGB Process for Making Deposits, Payment of Expenses, Payment of Payroll, Recording of Transactions, Bank Reconciliations and Generating Financial Statements If Accounting Kept In-House

Listed below are the procedures to be in place if the accounting records for the SSTGB are kept in-house. From the Executive Director's perspective, the primary concern is the segregation of duties or adequate review of duties to help ensure the assets of the SSTGB are fully protected and best practices followed.

1. Deposits

Most payments to the SSTGB are made through electronic funds transfers from the payor directly into the SSTGB bank account. However, some state membership dues and some payments for meeting registrations are made via paper check. No cash payments are accepted.

a. Procedures for Paper Checks Received/Deposited

- Paper check arrives at SSTGB office
- Check amount is entered on deposit slip by the Executive Director
 - If check relates to payment of a state's dues, that information is recorded on the dues payment tracking spreadsheet
 - If the check relates to payment of registration for a meeting, that is recorded on the meeting registrations spreadsheet
 - If the check relates to something else (i.e., insurance refund) that is noted in a memo prepared by the Executive Director and provided to the Executive Assistant
- The Executive Assistant makes an electronic copy of the check and the deposit slip and maintains that as supporting documentation
- The check is taken to the financial institution for deposit by either the Executive Director or the Executive Assistant.
- The deposit slip received from the financial institution is attached to the copy of the check and deposit slip to show the full amount was deposited and used by the Executive Assistant to make the required entry into the accounting system (QuickBooks online)

b. Procedures for EFT Deposits (presumes written notice of remittance is received from payor)

- Amount on notice of remittance is traced to bank account to verify deposit was made
 - If deposit relates to payment of a state's dues, that information is recorded on the dues payment tracking spreadsheet
 - If the deposit relates to payment of registration for a meeting, that is recorded on the meeting registrations spreadsheet
 - If the deposit relates to something else (i.e., insurance refund) that is noted in a memo prepared by the Executive Director and provided to the Executive Assistant
- Notice of remittance (and memo if applicable) is provided to Executive Assistant as supporting documentation for the deposit
- Executive Assistant records the deposit in the accounting system as appropriate depending on what the deposit is related to (QuickBooks online)
- The notice of remittance or written explanation from the Executive Director related to the EFT deposit is maintained as supporting documentation related to that deposit

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2. Payment of Expenses

Payment of expenses incurred by the SSTGB are made using electronic funds transfers where possible. Reimbursements to state employees, legislative delegates, and others typically for travel expenses to attend various Governing Board related meetings are generally paid through the use of a paper check generated through the financial institution's bill pay system rather than electronic funds transfer. No expenses are paid using cash. Some expenses are paid using the SSTGB credit card (i.e., employee travel, meeting/hotel fees, etc.). Any payments to the Executive Director such as travel reimbursements must be approved in writing by the Secretary-Treasurer/Finance Committee Chair. If over \$2,000, the payment must also be approved in writing by the President of the Governing Board. The written approval may be in the form of an e-mail sent directly to the Executive Director from the President or Secretary-Treasurer's e-mail address approving such payment. The e-mails shall be maintained as evidence of approval for payment of the related invoice by the President or Secretary-Treasurer.

a. Procedures for Expenses Not Charged to Credit Card

- Bill for payment received by SSTGB
- Executive Director reviews bill and approves for payment if OK
 - If the bill is for an amount greater than \$2,000, the bill is sent via email to the Secretary/Treasurer (Finance Committee Chair) for review and approval for payment
- Once required approvals are received, Executive Director sets up the invoice for payment using the financial institution's "bill pay" service
- Executive Director sends the approved bill for payment to the Executive Assistant indicating that payment has been set up and the amount and account(s) to charge the expense to
- The Executive Assistant will enter the amounts in the accounting system (QuickBooks online) and maintain the supporting documentation for the entry. Support for the entry will be the email approval (s) received from the Executive Director along with the invoice itself
- On a monthly basis, the Executive Director will determine any journal entries that are needed, the basis for them (i.e., record monthly depreciation expense, calculate and record year-end accruals, etc.) and provide them via email to the Secretary-Treasurer (Finance Committee Chair) for review and approval and to the Executive Assistant for entry into the QuickBooks accounting system. The written approval may be in the form of an e-mail sent directly to the Executive Director from the Secretary-Treasurer's e-mail address approving such journal entries. The e-mail shall be maintained as evidence of approval of the journal entries by the Secretary-Treasurer.
- The Executive Assistant will make the journal entries and maintain the emails that describe and explain the entries made for support documentation

b. Procedures for Payment of Expenses Charged to Credit Card

- Credit card statement for month comes due for payment
 - Only Executive Director and Executive Assistant have SSTGB credit cards (AMEX)

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- Purchases to be charged to credit card are reviewed and approved by the Executive Director
 - If greater than \$2,000, the purchases must also be approved by the Secretary/Treasurer or the President
- As purchases are made using the credit card, invoices are compiled and then matched up to credit card statement over the course of the month
 - Some bills are set up for automatic charging to the credit card – monthly email service (Nashville Computer), monthly mobile phone service (Verizon), monthly registration email service (SendGrid), monthly accounting software fee (Quick Books), etc. Those bills are available and reviewed online.
- When the credit card balance is to be paid, the Executive Director downloads the credit card statement and reviews the statement and invoices to determine the account each of the amounts are to be charged to
- The Executive Director prepares an Excel spreadsheet summarizing which accounts the total amount of the credit card payment is to be charged and provides that to the Executive Assistant
- The Executive Director makes the payment of the credit card balance electronically and provides the electronic receipt and Excel spreadsheet to the Executive Assistant to verify payment
- The Executive Assistant verifies that copies of all of the invoices charged to the statement have been received and maintains that as supporting documentation
- The Executive Assistant enters the payment in the accounting system allocating the payment to the various accounts indicated in the spreadsheet provided by the Executive Director

c. Procedures for Payment of Payroll

- Payroll is paid twice a month – fifteenth of the month and last day of the month
- Employee salaries are reviewed and any changes approved by the Executive Committee
- The Executive Director's salary is set based on the employment contract that is approved by the Executive Committee
- Any changes in the level of compensation are reviewed and approved by the Executive Committee
- The SSTGB contracts with Paychex to handle all payroll and payroll tax calculation, collection and reporting requirements
- For each pay period, the Executive Director logs into the Paychex payroll system to set up the payroll for that period
- A payroll journal is created in the Paychex system
- The journal is downloaded and reviewed by the Executive Director. If correct, it is sent to the Secretary-Treasurer (Finance Committee Chair) for final review and written approval. The written approval may be in the form of an e-mail sent directly to the Executive Director from the Secretary-Treasurer's e-mail address approving such payroll. The e-mail shall be maintained as evidence of approval for payment of the related payroll by the Secretary-Treasurer.
- Once approved by the Secretary-Treasurer (Finance Committee Chair), the Executive Director logs back into the Paychex system to approve that period's payroll journal for payment

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- Paychex pulls the total amount from the SSTGB bank account and makes the net payroll payments electronically to each employee after calculating and subtracting the taxes and appropriate withholdings (SIMPLE IRA/retirement plan contributions)
- Paychex pulls the withheld taxes including the SSTGB portion of the taxes due based on the payroll journal from the SSTGB bank account, prepares and files the required returns and submits them to the appropriate taxing jurisdictions
- For the retirement program, Paychex calculates the amounts withheld for each employee's contribution to the SIMPLE IRA as a payroll deduction
- The employee contribution deduction is shown in the payroll journal and accrued in the accounting records each pay period.
- Within 5 days after the payroll date, the accrued employee contributions and the employer match (up to 3%) are paid to Franklin Templeton and recorded in the accounting records
- No changes to the total bi-monthly payroll amounts are made, unless the Executive Committee reviews and approves changes and it is documented in the Executive Committee minutes
- If a change is approved by the Executive Committee, an Employee Change/Termination form is completed and approved as needed and sent to Paychex to note the payroll adjustments
- Paychex generates the W-2s for the employees

3. Procedures for Bank Reconciliations

- On a monthly basis, the Executive Director will download the bank statement from the financial institution, obtain the general ledger and bank account details from the Executive Assistant
- The Executive Director will verify the amounts that have cleared (deposits and payments) based on the bank statements and the amounts that are outstanding (deposits and payments) based on the general ledger
- The Executive Director will reconcile the balance per the bank statement to the balance per the general ledger
- The Executive Director will also reconcile the cash balance per books from the previous period to the current cash balance per the books by adding in all of the deposits made during the month and subtracting out all payments made during the month
- The Executive Director will send the bank statement, general ledger and bank account activity details along with the bank reconciliations to the Secretary-Treasurer (Finance Committee Chair) for review and written approval. The written approval may be in the form of an e-mail sent directly to the Executive Director from the Secretary-Treasurer's e-mail address approving such reconciliation. The e-mail shall be maintained as evidence of approval of the reconciliation by the Secretary-Treasurer.

4. Procedures for Generating Financial Statements and Reports

- Within 30 days after the end of each calendar quarter, the Executive Assistant will generate the Statement of Activities (Income Statement), Statement of Financial Position (Balance Sheet) and

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Statement of Cash Flows for the quarter in QuickBooks, export it to Excel and provide it to the Executive Director

- Each report will break down the expenses by calendar quarter and also provide fiscal year-to-date totals
- The reports are standard reports generated in QuickBooks
- If there are any outstanding accounts receivables or accounts payable, those will be identified
- The Executive Director will review those Statements and use them to put together the quarterly financial report for the Finance Committee
- The Finance Committee will hold a public meeting to review, discuss and approve the quarterly reports

5. Annual Financial Audit

- On an annual basis, an independent financial audit will be completed and a formal report issued
- The results of the audit will be reviewed by and discussed with the Finance Committee and the Governing Board

(Note: At any point in time, the Finance Committee and Executive Committee members can request and be provided details directly from QuickBooks and supporting documentation for any transaction entered into by the SSTGB.)