

## Financial Operations Best Practices

### Background:

Chapters of ACG operate under affiliation agreements whereby each chapter is granted its status by ACG Global. All U.S. based chapters are incorporated in Illinois as 501 (c) 6 Not-For-Profit ("NFP") corporations. While all chapters operate financially on an autonomous basis, all U.S. based chapters file their tax returns as a group (Form 990) by submitting their financial statements to ACG Global who in turn prepares the group return on their behalf. The IRS may, in future, require all chapters to prepare and file their own individual tax returns (Form 990).

### Objective:

- a) Improve the financial operations, ensure that an adequate control environment exists, and help protect the assets of the chapter
- b) Enable a financial reporting environment where the chapter board of directors is informed as to the financial status of the chapter on a timely and accurate basis

### Books, records and systems:

- a) The chapter affiliation agreement requires the chapter to maintain proper books and records and maintain a separate bank account.
- b) QuickBooks, Peachtree or similar financial accounting packages are recommended. Back-up copies of the QuickBooks or other accounting application data files are to be made on a regular schedule (weekly recommended) and stored off-site.
- c) Typically, financial records need to be kept for at least 7 years including all source documents such as invoices paid, back up relating to all revenues for dues, events, sponsorships, etc.

### Bank and Cash:

- a) The chapter shall have one checking account and one savings/investment account.
- b) Each bank account should be reconciled within two weeks of receiving the monthly bank statement. Bank reconciliations should be reviewed and signed by the chapter treasurer. Bank statements should be mailed to the treasurer who in turn will forward to the accountant/administrator.
- c) Blank check stock is to be kept secure in a locked drawer or filing cabinet.
- d) Signature stamps shall not be used.
- e) Checks, debit card payments, and fund transfers up to \$\_\_\_\_\_ should be signed/authorized by either the chapter treasurer or the chapter president.
- f) Checks, debit card payments, and fund transfers over \$\_\_\_\_\_ should be signed/authorized by both the chapter treasurer and the president.
- g) The treasurer should be assigned as the main administrator of the online banking service with full access rights and the chapter executive should be given read-only access.

### Check Signing Authorization:

- a) The only persons authorized to sign checks should be the president and the treasurer.
- b) As these positions rotate every year or in accordance with the chapters' bylaws then new check signature cards should be completed simultaneously with the appointment of a new president or treasurer.

### Cash receipts:

- a) Payments made by members/companies to a chapter for sponsorship, dues, events or any other payment should be received in the form of a credit card payments or checks payable to the chapter.
- b) It is recommended that the chapter uses the ACG Global online event management tool as this provides a third party to process event payments in a secure environment.

### Budgeting & Planning:

- a) A Budgeting/Planning process is needed for good governance.
- b) An annual plan of revenues and expenses should be prepared in advance of each fiscal year by the chapter treasurer in conjunction with the president. The plan should be reviewed and approved by the chapter's board of directors during the first quarter of each year.

**Financial Reporting:**

- a) Financial reports including an income statement and a balance sheet should be provided to all board members no less than once each year, ideally every quarter.
- b) The income statement should show actual results for the current period and year to date - both with comparisons to the budget.
- c) Discussion of the latest financial report should be a standard agenda item at every chapter board meeting.

**Chapter Executive/Administrator Agreement:**

- a) The Chapter Affiliation Agreement signed by each chapter requires the chapter to engage a Chapter Executive/Administrator.
- b) The Chapter Executive/Administrator agreement should be in place, kept up to date and reflect current responsibilities. If the Executive/Administrator is a third-party independent consultant it is important that this agreement accurately reflects this arrangement in the agreement.
- c) Professional liability insurance should be in place by the chapter executive/administrator and a certificate of insurance coverage given to the chapter treasurer each year once the insurance is renewed.