

Internal Controls & Authorizations

PURPOSE:

This policy establishes a system of internal controls for handling the receipt and disbursement of funds.

POLICY:

Internal controls are a system of checks and balances that keep any one person from having complete control over a financial transaction. Proper internal controls are crucial, not only to help protect the Land Trust against theft, fraud and loss due to unethical or illegal behavior, but also to inspire confidence in donors, regulators and other board members. To ensure a system of internal controls WCLT will:

1. **Establish a federally-insured checking account, and a credit card** at a local financial institution to handle cash receipts and disbursements. A maximum of a prudent amount to cover monthly transactions will be maintained in the checking account. Large deposits, which raise the balance above the maximum, will be transferred to an interest-bearing account in a timely manner.
2. **Authorize both the Executive Director and Board treasurer** to have the ability to:
 - transfer funds from an interest bearing account to the checking account as needed to cover cash disbursements,
 - transfer funds from the checking account to an interest bearing account to keep the checking account at a prudent amount to cover monthly transactions,
 - approve credit card purchases by staff, and
 - convert to cash stock donations and other investment instruments as soon as possible after receipt.
3. **Authorize the president, vice president and secretary of the Board as check signers** for the Land Trust's checking account through a resolution of the Board. In addition,
 - All check signers are authorized to sign checks up to and including \$10,000. Two signatures are required on checks of over \$10,000.
 - It is prohibited for any check signer to sign a check where they, or a relative, are the payee, or where there is a conflict of interest pursuant to *Policy 3.1 Conflict of Interest*.
 - It is prohibited to sign checks payable to "Cash" and checks without a current date, recipient name and check amount.
4. **Process all cash receipts so that they are received, logged and deposited** by staff and management with a segregation of duties.
5. **Make all cash disbursements by check, credit card, on-line bill pay or electronic transfer.** The Executive Committee must approve the use of electronic transfer for specific purposes. A check request and/or invoice must be kept as documentation for each disbursement. The Executive Director, a staff member designated in writing by the

Executive Director or the Board President, Vice President or Secretary will approve expenses.

6. **Authorize annually, through the Executive Committee, an approved vendor list.** When bids are required, the copies of the bids and the selection rationale will be filed for audit purposes.
7. **Conduct a monthly internal controls review** including the monthly bank statement reconciliation, canceled checks, deposit tickets and supporting documentation. The review is to be conducted by the Treasurer or another Board member, who is not responsible for any cash receipt or disbursement activities. The review will be documented by dating and initialing the documents reviewed and by the use of a review checklist.
8. **Have internal control procedures** that documents day-to-day processes and procedures to implement this policy including:
 - Segregation of financial duties to minimize financial transactions being handled by one person;
 - Payroll documentation and processing;
 - Check preparation, invoicing and bank reconciliation;
 - Monthly bank statement reconciliation review;
 - Contracting for services,
 - Converting donations of stock and other investment instruments, and
 - Approved vendor list.

Approved: January 11, 2010

President, Board of Directors