



MUSEUMS ALASKA

ACCOUNTING POLICIES AND PROCEDURES MANUAL

Approved by Museums Alaska Board of Directors on March 13, 2020

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1. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Museums Alaska and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All Museums Alaska staff and board members with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

This manual will be reviewed once every 5 years and revised as needed by the staff and approved by the Executive Director and the Finance Committee of the Board of Directors.

2. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

2.1 Board of Directors

1. Reviews and approves the annual budget.
2. Reviews annual and periodic financial statements and information.
3. Reviews Executive Director's performance annually and establishes the salary.
4. Two members of the board will be appointed by the board to be authorized signers on the bank accounts.
5. The chair of the board will review ED payroll.
6. Reviews and approves all non-budgeted contracts over 10% of the operating budget
7. Reviews and approves all non-budgeted expenditures over 10% of the operating budget
8. Designates a Finance Committee, which reviews and advises staff on internal controls and accounting policies and procedures, and review the annual Return for Organization Exempt from Income Tax (IRS Form 990).
9. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor. The board may designate a committee to complete this.
10. Approves the annual Return for Organization Exempt from Income Tax (IRS Form 990) for filing.

2.2 Executive Director

1. Requests, reviews, and approves all financial reports
2. Sees that an appropriate budget is developed annually. A budgeting calendar is added as an appendix to this document to assist in this process (see appendix A).
3. Reviews and signs all issued checks and/or approves check signing procedures
4. Reviews and approves all non-budgeted contracts under 10% of the operating budget
5. Reviews and approves all grant submissions
6. Approves inter-account bank transfers
7. Is on-site signatory for all bank accounts
8. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
9. Oversees the adherence to all internal controls
10. Approves all program expenditures
11. Monitors program budgets
12. Reviews all payrolls and is responsible for all personnel files
13. Reviews and manages cash flow
14. Reviews and approves all reimbursements and fund requests
15. Processes all inter-account bank transfers
16. Reviews all incoming and outgoing invoices
17. Manages the petty cash fund

18. Receives and opens all incoming accounting mail
19. Monitors and manages all expenses to ensure most effective use of assets
20. Monitors grant reporting and appropriate release of temporarily restricted funds
21. Oversees expense allocations
22. Monitors and makes recommendations for asset retirement and replacement
23. Reviews, revises, and maintains internal accounting controls and procedures
24. Initiates donor thank you letter acknowledgements
25. Makes bank deposits
26. Processes invoices and prepares check request forms for contract accountant
27. Approves checks for printing
28. Prints, signs, and mails vendor checks
29. Manages Accounts Receivable
30. Prepares, reviews, and files the annual Return for Organization Exempt from Income Tax (IRS Form 990).

2.3 Contract Accountant

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Processes check requests and prepares checks for signature
3. Processes payroll
4. Maintains general ledger
5. Prepares quarterly and year-end financial reports
6. Reconciles all bank accounts

3. Chart of Accounts and General Ledger

Museums Alaska has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Executive Director is responsible for maintaining the Chart of Accounts and revising as necessary.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the contract accountant with final approval by the Executive Director.

The Executive Director should review the general ledger on a periodic basis for any unusual transactions.

4. Cash Receipts

Cash receipts generally arise from:

1. Contracts and Grants
2. Direct donor contributions
3. Fundraising activities
4. Sales

The principal steps in the cash receipts process are:

The monies received, including cash and checks, are kept in a locked cabinet until deposited by the Executive Director.

Monthly, the Executive Director submits the following to the contract accountant for processing: PDF copies of the endorsed checks, a copy of the deposit slip, and the correct account allocation for each deposit.

All cash received will be counted, verified, and signed off by the Executive Director. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a

copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 24 business hours, or as soon as is reasonably possible.

5. Inter-Account Bank Transfers

The Executive Director monitors the balances in the bank accounts to determine when there is a shortage or excess in any account. The Executive Director may transfer funds for the purposes of budgeted grantmaking and general operations. The Executive Director recommends to the Finance Committee when a transfer should be made to maximize the potential for earning interest. The Finance Committee brings the recommendation to the Board of Directors, and the Executive Director is directed in writing by the Board of Directors when to make a transfer and in what amount. The Executive Director ensures a copy of the transfer is given to the contract accountant.

6. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff and board training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed on a bi-weekly basis on Thursdays. Invoices submitted to the Executive Director by Wednesday of a processing week will be processed through the contract accountant on Thursday and paid by Friday of that week. Checks can be prepared manually within one day, but this should be limited to emergency situations.

Requests for cash disbursements are submitted to contract accountant in two ways:

1. Original invoice
2. Employee expense reimbursement request

All invoices must have an account code written on them and approved by the Executive Director prior to being submitted to accounting, along with the signed check request form, which is appended to this document (see appendix B).

Every employee reimbursement request must be documented on the approved form with travel authorization (see appendix C), receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose. Reimbursement will be made up to \$55 per diem with receipts.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose. Museums Alaska will pay the current IRS rate for mileage.

The Executive Director reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the contract accountant for processing

The contract accountant processes all payments and:

1. Immediately enters them into the Accounts Payable according to allocation and payment date provided by the Executive Director.
2. Submits Accounts Payable Approval to Pay to the Executive Director for approval and signature.
3. Prints checks to PDF format and submits checks by email to Executive Director for printing, signature, and distribution. Checks in excess of \$35,000 must be authorized by the Board of Directors.

The Executive Director:

1. Approves checks for printing
2. Prints and signs checks
3. Stamps invoice "paid"
4. Mails checks and appropriate backup documentation
5. Files all backup documentation in the appropriate file

7. Credit Card Policy and Charges

Museums Alaska will provide the Executive Director, and other staff as designated by the Executive Director, with access to business credit cards in their name as needed for their specific position. The Executive Director may authorize off-site storage of credit cards on an individual basis. Users will turn in to the Executive Director all receipts as purchases are made. The Executive Director will oversee the match of all receipts to the statements when they are received and code to that appropriate revenue source and program. Total approved agency credit is \$ 5,000 minimum to a \$ 20,000 maximum. The Executive Director is authorized to establish limits on individual cards. Credit card expenditures that are not already in the approved annual budget will be preapproved by the Executive Director, or Board of Directors in the case of the Executive Director.

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; expenditures which are prohibited by budgets, laws, and regulations, and the entities from which Museums Alaska receives funds.

8. Accruals

To ensure a timely close of the General Ledger, Museums Alaska may book accrual entries. Some accruals will be made as recurring entries. Accruals will be reviewed and/or calculated at fiscal year end.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

9. Bank Account Reconciliations

1. All bank statements are reviewed by the Executive Director for unusual balances and/or transactions.
2. The Executive Director gives the statements to the contract accountant for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Executive Director will verify that voided checks, if returned, are appropriately defaced and filed.
4. The contract accountant will ask the Executive Director to investigate any checks that are outstanding over six months.
5. The contract accountant will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Executive Director.

10. Petty Cash Fund

Petty cash funds may be maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$250 and is kept in a locked file cabinet at all times.
2. The Executive Director oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Executive Director. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
5. The Executive Director will periodically count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.

11. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars (\$1,000). Items purchased with a value or cost less than one thousand dollars (\$1,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

1. A Fixed Asset Log is maintained by the contract accountant including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed by the Executive Director.

3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Executive Director shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

12. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, a signed confidentiality agreement, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Executive Director.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Executive Director.
3. The completed I-9 forms will be kept in a secure location separate from the personnel files.
4. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.

13. Payroll Processing

1. Timesheets are to be prepared by all staff on the approved form and submitted bi-weekly on the Monday following the pay period. If the Monday falls on a holiday, the timesheets are to be submitted the last workday prior to the holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. Timesheets are to be kept on a daily basis and completed electronically.
3. Timesheets are to be dated and submitted electronically by the employee and the employee's supervisor for submission to the Executive Director.
4. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by a Personnel Action Form (see Appendix D) and signed by the Executive Director before the change can be made, or in the case of the Executive Director, the Board Chair.
5. The contract accountant will process payroll in a timely manner and record paid time off, holiday hours, and any other information deemed necessary to properly reflect time worked.
6. Paychecks will be distributed by the Executive Director biweekly on the Friday following the pay period. If the Friday falls on a holiday the paychecks will be distributed the day before.
7. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
8. Employees may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
9. The Executive Director will review payroll expenditures and allocations monthly.
10. All quarterly federal and state payroll reports will be prepared and filed appropriately.
11. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

14. End of Month and Fiscal Year-End Close

1. The Executive Director will review and sign off on all quarterly journal entries. They will be printed and filed for audit trail purposes.
2. At the end of each quarter and fiscal year end, the contract accountant will review all balance sheet accounts including verification of the following balances: cash accounts match the bank

reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.

3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.
4. Once the final quarterly and fiscal year-end financial statements are confirmed by the Executive Director, the books will be closed.
5. At the end of the fiscal year, the Executive Director or outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the Executive Director, the Board Finance Committee, and the Board of Directors for their review and approval. The Executive Director will then file the return with the Internal Revenue Service by the annual deadline. The Executive Director will ensure that the 990 is completed in a timely manner each year.
6. All other appropriate government filings including those required by the state tax board and the attorney general's office will be completed and filed with the appropriate agency by the Executive Director.

15. Financial Reports

The contract accountant will prepare the quarterly and annual financial reports for distribution to the Executive Director. The reports will include: statement of financial position, statement of activities, statement of activities by class, budget vs. actual by class, and any other requested reports.

Quarterly and annual financial reports will be submitted to the Finance Committee and Board of Directors for review and approval.

16. Audit

The Finance Committee will determine how often Museums Alaska will go out for bid regarding auditing services. If a bid is recommended the Executive Director shall secure bids from at least three independent CPA firms for the purpose of conducting an annual audit. The selected CPA firm will conduct the audit as soon as feasible after the fiscal year ends. The CPA firm shall perform all audits under the accounting and auditing standards applicable to nonprofit organizations.

If grants/contracts have been received from governmental agencies or departments, the audit must conform to GOVERNMENT AUDITING STANDARDS. If Federal funds in excess of the amount set by the Single Audit Act Amendments, OMB Circular A-133 and the OMB Circular Compliance Supplement and Government Auditing Standards have been received during the audit period, the audit must also conform to OMB CIRCULAR A 133 and any applicable amendments. Reports on A133 audits will be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipts or 9 months after the end of the fiscal year.

CPA firms meeting the GOVERNMENT AUDITING STANDARDS will be considered eligible to bid on the annual audit. All CPA firms must be independent and meet the continuing professional education (CPE) and other requirements of GOVERNMENT AUDITING STANDARDS.

If in any year there are no externally imposed audit requirements, the Finance Committee may elect to recommend to the board that Museums Alaska forego the annual audit. In such case, the Board may consider having a CPA firm review or compile the financial statements.

17. Operating Reserve

The target minimum operating reserve fund for the organization is three (3) months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services.

The amount of the operating reserve will be calculated each year after approval of the annual budget, reported to the Finance Committee and Board of Directors, and included in regular financial reports.

The operating reserve will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for operating reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.

To use the operating reserves, the Executive Director will submit a request to the Finance Committee of the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve (12) months to restore the operating reserve fund to the target minimum amount.

18. Competitive Pricing/Bid Solicitation

Competitive bids or quotes must be received from at least three vendors for equipment purchases of more than \$1,000, and professional services over \$10,000. A contract or procurement file will include, at a minimum, the following evidence of all competitive solicitations:

Telephone/Internet Solicitations: (\$1,000 - \$10,000)

- Vendor name
- Person contacted
- Date contacted
- Fee quote
- Justification of acceptance of other than low bid

Competitive Bidding: (\$10,000 or greater)

- Request for proposal
- List of firms contacted or evidence of public notice
- Copies of all bids
- Justification for acceptance of other than low bid

The practice of breaking down purchases into units or project phases for the purpose of avoiding the competitive solicitation requirement is prohibited.

19. Investment Policy

The Board will make all investment decisions in partnership with the Executive Director. Decisions shall require a majority vote of the Board of Directors.

As the entity grows, the Board will establish specific monetary policies regarding investments for the organization to be appended to this document.

20. Fee for Service

The following steps will be used to determine if a fee for service will be charged:

1. Determine if there are any restrictions to charging for a service or product that is associated with a program funded by a government grant.
2. Analyze the true cost of offering the service or producing the product.
3. Determine a fair fee for the service or product.
4. Determine if the fee is optional or required.

5. Draft a fee for service plan.
6. The Finance Committee, or other appropriate committee or staff person, will review the plan and take their recommendation to the Board.

21. Fiscal Sponsorship

Museums Alaska is governed by a Board of Directors that is ultimately responsible for the policies and practices to assure compliance with federal, state and local laws/rules/codes and Museums Alaska grants and contracts, and the safeguarding of its assets. The Board will review financial statements as well as operations and activities to ensure Museums Alaska is serving its mission and complying with applicable state and federal laws.

The Museums Alaska Board of Directors offers fiscal sponsorship services to proposing entities for projects to be performed within Museums Alaska's domain. To accomplish this, proposing entities must formally request that Museums Alaska provide fiscal sponsorship services, and the Museums Alaska Board must approve the application submitted by the proposing entity before the fiscal sponsorship service can begin.

Only proposing entities which are not themselves qualified by the IRS as tax exempt, under 501(c)(3) or other IRS code provisions, may be eligible to utilize Museums Alaska fiscal sponsorship services.

Museums Alaska may recover its costs by charging administrative fees for delivery of fiscal sponsorship services. Fees will be no less than 15% of the project total or a percentage otherwise negotiated by Museums Alaska and the proposing entity and approved by the Museums Alaska Board of Directors at the time the project is approved for sponsorship. Consistent with best practices, fiscal Sponsorship contracts will be reviewed and re-negotiated annually, with a 5-year maximum sponsorship period, unless otherwise negotiated.

For each project for which Museums Alaska provides fiscal sponsorship services, Museums Alaska shall oversee its implementation and execution to be sure that the project is conducted in accordance with the proposal, any grant or contract guideline, Museums Alaska policies and all relevant laws. Changes that affect the intent of the project, its grants, project plan or budget will need to be approved by Museums Alaska prior to the change.

If the project no longer aligns with Museums Alaska's mission or the project fails to meet performance expectations, Museums Alaska retains the right to redirect the money in accordance with funder requirements, through action by the Museums Alaska Board.

Prior to Museums Alaska's acceptance of a project proposal, the proposing entity may not accept grants, donations or contributions for a project for which it is seeking Museums Alaska sponsorship. All grants and donations for an accepted project must be delivered directly to Museums Alaska, and Museums Alaska will be responsible for issuing appropriate receipts to the grantors or donors for tax-deductible contributions. No funds for any proposed project shall pass through any proposing entity.

If the project is approved, a "Letter of Agreement" and Fiscal Sponsorship Contract will be signed by Museums Alaska and the "proposing entity," who then will become the "sponsored entity."

22. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by Museums Alaska will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.
2. All capital expenditures which exceed one thousand dollars (\$1,000) and has a useful life greater than one year will be capitalized.
3. Employee or public personal checks will not be cashed through the petty cash fund.
4. No salary advances will be made under any circumstances.
5. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director, or in the case of the Executive Director, the Board Chair.
6. Reimbursements will be paid upon complete expense reporting and approval using the official Museums Alaska form (see Appendix C). Reimbursements to the Executive Director will be authorized by the Board Chair or Treasurer.
7. Any donated item with a value exceeding \$50 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of receipt of the donation, or as soon as reasonably possible, before the end of the calendar year.
8. All volunteer time shall be recorded as in-kind donations.
9. The Executive Director and two designated Board or staff members are the signatories on Museums Alaska's bank accounts. Checks over \$35,000 require approval from the Board of Directors.
10. Bank statements will be reconciled monthly. All bank statements will be reviewed by the Executive Director.
11. Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.
12. Accounting and personnel records will be kept in locked file cabinets and only parties with financial and/or HR responsibility will have access to the keys.

23. Appendices

23.1 Appendix A – Budgeting Calendar

Month	Task	Responsible	Deadline
September	Draft budget	Executive Director	Before meeting with Treasurer
October	Review budget, recommend changes	Treasurer	Before Finance Committee meeting
November	Review budget, recommend changes and approval	Finance Committee	Before last board meeting of the year
December	Approve budget	Board of Directors	At last board meeting of the year, no later than December 31

23.3 Appendix B – Check Request Form

See attached PDF.

23.4 Appendix C – Expense Reimbursement Form

See attached PDF.

23.5 Appendix D – Personnel Action Form

See attached PDF.



625 C St
Anchorage, AK 99501

CHECK REQUEST

Amount:
\$XXX

Class:
UV-RBS (FY24)

Acct:
62160 Honorariums

Make Check Payable to (include address):

Name
Address Line 1
Address Line 2

Description:
Webinar honorarium

Authorized By (Printed Name): Authorizer Name

Authorized By (Signature):

Date: XX/XX/XX

Museums Alaska

Expense Reimbursement Request

PURPOSE: _____

PERIOD: From _____
To _____

EMPLOYEE INFORMATION:

Name _____

Date	Description	Fund/Class Code	Hotel	Transport	Meals	Entertainment	Supplies	Misc.	Total
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
									Subtotal \$ -
									Advances
									Total \$ -

Preparer's Signature: _____

NOTES: _____

Approved By: _____

Instructions: Attach receipts for all expenses listed above. If travel is included, attach written correspondence authorizing travel (email PDF or other documentation).

Museums Alaska

Personnel Action Form

EMPLOYEE PROFILE

Employee Name: _____ Social Security #: _____
 Date: _____ Date Effective: _____
 Job Title: _____ Department: _____

EMPLOYEE HIRE

New Hire: _____ Rehire: _____ Male / Female _____
 Permanent: _____ Full Time: _____ Part Time: _____ Date of Birth: _____
 Temporary: _____ W-4 Completed _____ I-9 Completed _____ Class Code: _____

EMPLOYMENT CHANGES

Change	Old Information	New Information
Transfer:	Title/Dept: _____	Title/Dept: _____
Promotion:	Title/Dept: _____	Title/Dept: _____
Demotion:	Title/Dept: _____	Title/Dept: _____
Title:	Title/Dept: _____	Title/Dept: _____
Shift:	Shift: _____	Shift: _____
Location:	Location: _____	Location: _____
Pay:	Pay: _____	Pay: _____
Status:	Status: _____	Status: _____

Other changes:

VERIFICATION OF CHANGES

Signature _____ Date: _____

California Association of Museums - Internal Controls and Procedures

DRAFT FOR APPROVAL -- revised on 4/24/2023

Treasurer	President/VP/Past Pres.	Executive Director	Bookkeeper	Administrative Manager
Payables:				
	<ul style="list-style-type: none"> • Authorizes Bill.com or other disbursements * • Two signatures required for expenditures over \$3,500 * 	<ul style="list-style-type: none"> • Submits email notification of payables to Bookkeeper • Approves invoices for payment • Cannot process check** • Credit card holder • Authorizes Bill.com and other disbursements * • Two signatures required for expenditures over \$3,500 * 	<ul style="list-style-type: none"> • Enters invoices and electronic fund transfers in QuickBooks • Processes checks using Bill.com or electronic fund transfers • Collects receipts • Reconciles credit card statement; attaches receipts 	<ul style="list-style-type: none"> • Receives mail packet from PO Box • Distributes mail to staff, as addressed
Receivables:				
		<ul style="list-style-type: none"> • Records pledges 	<ul style="list-style-type: none"> • Records PayPal & OpenEdge transactions/funds in QuickBooks 	<ul style="list-style-type: none"> • Scans, labels, and submits checks for bank deposit • Prepares and reconciles check deposits in Dropbox for Bookkeeper to add to QuickBooks • Reconciles OpenEdge deposit to bank account • Invoices, tracks and collects payments for job postings • Enters manual credit card payments and

* Board-approved policy and/or directed by committee charter.

** Adjustments were made to these tasks in order to comply with quarantine orders to prevent the spread of COVID-19.

				sends secure payment requests.
Payroll:				
		<ul style="list-style-type: none"> Approves monthly payroll 	<ul style="list-style-type: none"> Processes payroll in ADP Enters payroll in QuickBooks Provides employees access to their ADP profile and online paystubs Ensures Dreyfuss retirement payments updated/current 	
Reconciliation:				
<ul style="list-style-type: none"> Has online access to bank statement/ activity Reviews monthly reconciliation 		<ul style="list-style-type: none"> Reviews bank statement sent by email from Bookkeeper Approves Bookkeeper's monthly bank statement reconciliation 	<ul style="list-style-type: none"> Retrieves bank statement online Reconciles monthly bank statements within ten days Makes journal entries as needed 	
Budgeting/Monitoring:				
<ul style="list-style-type: none"> Presents quarterly financial statements & Finance Comte report to Board, after Finance Committee's review * Proposes annual budget to Board, after Finance Committee' review and approval * 		<ul style="list-style-type: none"> Prepares quarterly financials and Finance Committee report Prepares annual budget for Finance Committee 	<ul style="list-style-type: none"> Enters approved budget in QuickBooks 	
Annual Review/Filings:				

* Board-approved policy and/or directed by committee charter.

** Adjustments were made to these tasks in order to comply with quarantine orders to prevent the spread of COVID-19.

<ul style="list-style-type: none"> • Finance Committee selects firm for annual review or audit (if applicable) and makes recommendation to the Board for approval * • Finance Committee reviews/approves end-of-year financial statements * • Finance Committee reviews annual tax filings and shares with Board prior to filing (Board approval not required) • Approve, prior to the commencement of services, any non-audit services, including tax services, proposed to be performed by any independent public accounting firm providing audit, review or similar services. * 		<ul style="list-style-type: none"> • Supports accounting firm in performing annual review or audit (if applicable) • Supports accounting firm in preparing end-of-year financial statements (if applicable) • Supports accounting firm in preparing annual federal and state tax filings (if applicable) 	<ul style="list-style-type: none"> • Prepares annual 1099s, Form 1096, and other contractor reporting requirements • Assists Executive Director as needed with annual review, audit and/or other tax filings (if applicable) 	
<ul style="list-style-type: none"> • Other 				
<ul style="list-style-type: none"> • Review/recommend to the board the selection, retention, or termination of banks and/or other financial services firms. * 				

* Board-approved policy and/or directed by committee charter.

** Adjustments were made to these tasks in order to comply with quarantine orders to prevent the spread of COVID-19.

<ul style="list-style-type: none">• Oversee compliance with CAM's conflicts of interest policy and ensures that it reflects current practices. *				
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* Board-approved policy and/or directed by committee charter.

** Adjustments were made to these tasks in order to comply with quarantine orders to prevent the spread of COVID-19.

MAA Financial Policy and Procedures
DRAFT April 17, 2024

Introduction

The Museum Association of Arizona (MAA) is committed to ensuring the sound management of organizational assets in the interest of achieving the organization's mission.

These policies and procedures contained herein are intended to:

- Protect the assets MAA
- Put in place basic accounting, billing and cash control policies and procedures
- Ensure the maintenance of accurate records of the organization's financial activities
- Create a framework for operating standards and behavioral expectations
- Ensure compliance with all federal and state procedures and reporting requirements

Finance Committee

- The Finance Committee shall be comprised of the Executive Director (ED), President, Treasurer, and Past President.
- The Committee shall meet at least twice a year to review MAA's financial status, including investments.

Budget Development and Approval

- The Finance Committee shall develop MAA's annual budget for approval by the Board at its November meeting.
- Budgets for special projects (grants, workshops, conferences) shall be developed by the Finance Committee, with the input of the project coordinator/lead, as appropriate.

Financial Reporting and Records

Reports

- The Treasurer shall provide a monthly report to the Board of all account balances.
- The ED shall provide a quarterly report to the Board of YTD expenses and income
- The year-end report and Board-approved current FY budget shall be provided to the membership at the Annual Business Meeting.

Financial Record-Keeping

-The ED shall maintain the financial records of the Association, using Quicken, keeping paper records

For payments: Invoice, signed approval, copy of check

For deposits: copies of checks, deposit slips

For PayPal transfers: printout of individual payments with date, source, amounts and budget area

- The ED shall provide the Treasurer with the necessary information to reconcile monthly investment and bank account statements

Revenue receipt and expenditures

PA Museums' Executive Director and Financial Coordinator are authorized to make day-to-day payments and transactions on behalf of PA Museums and to determine timing and priority of payments based on invoice due dates and cash flow.

Username and passwords for financial accounts and tools such as Quickbooks, Woocommerce, Affinpay, Paypal, etc. will be secured in the office of PA Museums

- The Executive Director shall receive all income (checks, Paypal, Square, etc.) on behalf of the Association and ensure that it is deposited in the appropriate account.
- [Payments to the Association will be accepted by check, cash or credit card using Paypal]
- Payments must be approved by the ED, President or Treasurer.
- The ED may not approve self-payment for services or reimbursement
- The ED maintains the Association checkbook. Checks may be signed by the ED, President or Treasurer.
- The ED ensures that the bank signature card and account contact information is kept up-to-date.

Expenditures and Approvals

Expenditures exceeding \$2,500 will be paid only upon approval of the Executive Committee as stated in the PA Museums By-Laws.

Staff should make a good-faith effort to obtain multiple bids for potential expenditures whenever practical and in the best interest of PA Museums.

Investments

- All association investments shall be governed by a separate Investment Policy.
- Investment fund statements shall be sent to the ED and Treasurer

External Review

- The Treasurer shall arrange for an annual review by an external accountant

External Audit

- PA Museums may elect to have an audit or review prepared by an external CPA firm annually.
- The selected auditing firm will not be used for non-auditing services except tax form preparation.

In the event of an annual audit, the audit is reviewed in detail by the Treasurer and presented to the board.

Insurance

- The Executive Director shall ensure that the appropriate insurance coverage is maintained, including Directors and Officers and General Liability as required by the Association's activities.

Taxes and Registrations

- The Executive Director shall ensure that the appropriate tax forms are filed
- The ED shall ensure that annual Arizona Corporation Commission report is filed.
- The ED shall ensure that the Association's grant and purchasing registrations, including SAM, Grants.gov and State of Arizona procurement, are maintained.

IRS Form 990 Preparation

- An external CPA firm or individual will prepare the organization's annual Form 990 for submission to the IRS to ensure accuracy.
- The Executive Director will oversee preparation of the form with the auditor.
- The Board will review and approve the form.

Segregation of Duties

PA Museums is committed to sound internal controls that ensure segregation of duties to create accountability and prevent misuse of organizational assets. The most important of these including the following:

- There will be a separation of financial duties and responsibilities so that no staff member has sole control over cash receipts, payroll, bank reconciliations, accounts payable or other accounting functions.
- Checks signers will not be the same people who record bookkeeping entries or prepare checks for signing.

Financial Operations

PA Museums' accounts will designate the Executive Director and Treasurer as having control over the accounts. Additional members of the Board of the Directors may be added if deemed necessary. Access to statements on these accounts will also be authorized for the Financial Coordinator.

PA Museums staff will deposit receipts in a timely manner.

PA Museums' Executive Director and Financial Coordinator are authorized to make day-to-day payments and transactions on behalf of PA Museums and to determine timing and priority of payments based on invoice due dates and cash flow.

All expenditures require receipts or invoices as matching documentation.

Credit card information from members, donors, sponsors, program attendees, etc. , such as credit card numbers, three digit security codes, and expiration dates, etc. shall be deleted or destroyed upon completion of the transaction with PA Museums.

Usernames and passwords for financial accounts and tools such as Quickbooks, Woocommerce, Affinpay, Paypal, etc. will be secured in the office of PA Museums.

Safeguarding Assets

The following policies will ensure the security of organizational resources:

- The Executive Director shall have primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of the Board are carried out.
- The Board of Directors will provide fiscal oversight in the safeguarding of the organizational assets and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial records.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a quarterly basis.
- All funds will be kept at financial institutions the board selects.
- All excess cash will be kept in an interest bearing account.
- No bank account should contain more than the FDIC insured amount.
- Bank accounts will be reconciled on a monthly basis by the Financial Coordinator.

- The Board of Directors shall approve any new signers for each bank account and any new and necessary bank accounts.
- The Executive Director is responsible for promptly notifying financial institutions of any changes to authorized signers on organizational accounts.
- Documents on all fixed assets will be kept in the permanent file.
- Appropriate insurance for all assets will be maintained.
- PA Museums shall maintain a Directors and Officers insurance policy for its Board of Director and any insurances required by law.

Security and Computer Controls

The following policies govern the security procedures that will be taken to ensure the safety of physical and electronic records:

- The Financial Coordinator and Executive Director are responsible for inputting the financial data into the computer and bookkeeping software for generating financial reports.
- The Financial Coordinator will perform a backup of electronic records on a monthly basis to ensure that data is secure and will not be lost in the event of a computer failure.

Introduction

The Board of Directors (Board) and Staff of PA Museums are committed to ensuring the sound management of organizational assets in the interest of achieving the organization's mission.

The policies and procedures contained herein are intended to:

- Protect the assets of PA Museums
- Put in place basic accounting, billing and cash control policies and procedures
- Ensure the maintenance of accurate records of the organization's financial activities
- Create a framework for operating standards and behavioral expectations
- Ensure compliance with all federal and state procedures and reporting requirements

Changes to these policies may be made by the Board of Directors at any time. Every member of the organization's management team and administrative staff is expected to be familiar with and in compliance with these policies.

PA Museums' accounting policies and procedures are consistent with Generally Accepted Accounting Principles.

Budgets

Budgets provide a standard by which to measure performance, encourage planning and allocate resources in accordance with funding source requirements. The organization's fiscal year is July 1-June 30.

- Budgets should use reasonable assumptions of income and expenses.

Procedures

- The organization budget is prepared by the Executive Director beginning no later than April of every year.
- A preliminary organization budget is presented to the Finance and Development Committee in May.
- The Funding and Finance Committee presents the organizational budget to the Board of Directors at the June meeting for their approval.

Financial Reporting and Records

The organization will employ a regular process for assessing the status of organizational finances and assets. The Executive Director and Financial Coordinator will assure that financial information is available, understood and used to guide to decision-making.

- The fiscal year for the organization will be July 1-June 30.
- The financial records of PA Museums will be maintained using the accrual basis of accounting.
- Annual budgets will be prepared by the Executive Director and will be approved by the Board.
- A Chart of Accounts will be used to code receipts and disbursements to the proper accounts to enable proper tracking.
- The Financial Coordinator will reconcile the bank statements and bookkeeping records monthly.
- At a minimum, the Financial Coordinator will prepare the following monthly financial reports for review by the Executive Director and the Treasurer: Check Detail, Deposit Detail, Profit and Loss vs. Budget Report, and bank statements.
- The Treasurer of the Board of Directors will make a quarterly presentation on the above reports to the Board of Directors.
- The Board of Directors will review the Form 990 annually.
- An audit will be conducted by an independent CPA annually.

Finance and Development Committee Meetings

The Finance and Development Committee meets at least quarterly to review the financial outlook of PA Museums with a focus on the budget, development, and investments. The Executive Director and Treasurer will select meeting dates and make these dates known to the PA Museums President and Finance and Development Committee members to allow for ample time for planning.

Segregation of Duties

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