

**CALBHB/C Governing Board  
Board/Staff Financial Accountability Policy**

**I. Accounting**

A. Staff:

1. Complete monthly statements to include:
  - Income and expense statement for each major category and for the organization as a whole.
  - Balance sheet for the organization as a whole.
  - Comparison of actual to budget on a year-to-date basis for the organization and, if appropriate, for each category.
2. Send statements to Governing Board one week in advance of Governing Board meeting
3. In a timely manner, prepare end-of-year statements, Federal Form 990, California Form 199, and other federal and state forms.

B. Governing Board:

1. Executive Committee to include member(s) who understand(s) financial information and standard accounting terms and practices.
2. Review Income and Expense Statements and Balance Sheets at monthly Governing Board meetings.

**II. Budget**

A. Staff:

1. Develop a proposed budget by category and for the organization as a whole. Annual budget to include past year income & expenditure data.
2. If significant budget variances occur, explain the variances and proposed action such as better attention to budget control or revised end-of-year projections.

B. Governing Board:

1. Develop parameters for staff to guide preparation of the draft budget, such as maximum allowable deficit for the year, or addition to reserve fund.
2. Give careful attention to budget reports.
3. Engage in long-term planning for funding, such as identifying a target mix of dues and grant income.
4. Formally accept the budget, thereby authorizing the beginning of operations as planned.

**III. Internal Controls - Ensure procedures include accountability and separation of duties:**

A. Staff:

1. Executive Director may enter into contracts on behalf of CALBHBC in the course of facilitating CALBHBC's mission, not to exceed \$2,000.00 for an individual contract.
2. Executive Director authorized to sign checks and create on-line checks.
3. Executive Director to review bank statements.
4. Staff or contractor to enter transaction information into accounting software
5. Staff or contractor to prepare deposit slips/facilitate bank deposits

B. Governing Board:

1. President and designated officers authorized to sign checks and create on-line checks.
2. President and designated officers to review bank statements and accounting software transactions.
3. Expense Reimbursement Forms (and Advance Reimbursement Requests – *if needed*)
  1. Accompany member expenses
  2. Receipts attached
  3. Approved by President or designated officer(s)

#### **IV. Audit**

##### **A. Staff:**

1. Accommodate/provide financial documents for Annual Internal Audit Report within two months of the end of the fiscal year.
2. Respond to Internal Audit Report recommendations through:
  1. Written response to be presented to Executive Committee (within 1 month of Audit Report.)
  2. Create/adjust written internal controls

##### **B. Governing Board:**

1. President to annually appoint Internal Audit Committee (President and staff may not participate in the audit.)
2. Internal Audit Committee to perform audit within 4 months of the end of the fiscal year or before a new Executive Director assumes office.

#### **V. Tax and Legal Problems**

##### **A. Staff:**

1. Immediately notify the board with complete information related to any delays in payroll, payroll tax payments or any legal matters.
2. Immediately notify the board of any tax problems or penalties
3. Immediately notify the board of any legal suits.

##### **B. Governing Board:**

1. Work closely with staff to respond to notification of possible tax problems and develop plans for resolving tax and legal problems
2. Formally approve any tax and legal settlements

Helpful documents: <http://www.blueavocado.org/content/board-staff-agreement-financial-accountability>