

**BESSER MUSEUM FOR NORTHEAST MICHIGAN  
FINANCIAL POLICIES & PROCEDURES HANDBOOK**

*Approved by the Besser Museum for Northeast Michigan Trustees  
JULY 20, 2010*

**REVISED FEBRUARY 16, 2021**

**PURPOSE**

The purpose of this Handbook is to ensure responsible financial management of Museum business. The entire organization including the Board of Trustees, Finance Committee, Executive Director, and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of the Besser Museum for Northeast Michigan (hereafter, BMFNM).

The policy and procedural guidelines contained herein are designed to:

1. Protect the assets of BMFNM;
2. Ensure the maintenance of accurate records of BMFNM financial activities;
3. Provide a framework of operating standards and behavioral expectations; and
4. Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director of BMFNM has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Trustees. Exceptions to written policies may only be made with the prior approval of the Finance Committee. Changes or amendments to these policies may be approved by the Board of Trustees at any time. A complete review of the policies shall be conducted every two years.

**Line of Authority**

The Board of Trustees has the authority to execute policies and procedures it deems in the best interest of the organization within the parameters of the articles of incorporation, by-laws, or federal, state, and local law. The Executive Committee has and may exercise when the Board is not in session, all the powers of the full Board in the management of the organization except the authority to amend the by-laws; adopt a plan of merger or consolidation; sell, lease, exchange, mortgage, pledge or make any other disposition of all or substantially all of the property and assets of the organization as limited by the powers defined in the by-laws. The Treasurer and Finance Committee have whatever authority as may be designated by the Board of Trustees. The Executive Director has the authority to make spending decisions within the parameters of the approved budget and Resolution to Delegate Corporate Authority; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; and enter into contractual agreements within the approved constraints of the budget or

under direction from the Board. The Executive Director must obtain Board approval for spending decisions of amounts exceeding \$10,000, and to enter into contractual agreements exceeding \$10,000.

### **Internal Control Environment**

The Executive Director is directed, with advice and support of the Finance Committee, to design and direct secure accounting services for BMFNM. Monthly reports shall be made available to the Executive Director covering, at a minimum, receipts, disbursements, receivables, and payables. The Executive Director is required to provide monthly budget comparisons and quarterly financial reports to the Treasurer and the Board. Standard journal entries created and posted to the general ledger by the accounting firm are reviewed by the Executive Director and made available to the Treasurer for review upon request. Journal entries are pre-numbered and are accounted for monthly.

### **Budget and Audit**

The Executive Director is required to submit a budget for final approval by the Board at the June or July Board Meeting each year. The Treasurer and Finance Committee will work with the Executive Director in the draft stages of the budget. The Treasurer and Finance Committee will review the budget quarterly against actual receivables/expenditures. The Executive Director and Treasurer will suggest amendments to the budget as needed to the Board for approval. The Board of Trustees will secure an independent audit annually and act on auditor recommendations.

### **Separation of Duties**

The Resolution to Delegate Corporate Authority passed by the Board of Trustees, at a minimum, of every two years designates the authorized check signer(s). That person(s) must not be the person(s) who writes checks or does the bookkeeping. Bank statements are reconciled by someone other than the check signer or writer. Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts.

### **Financial Reporting**

- Annual budgets are prepared by the Executive Director with assistance from the Treasurer and Finance Committee and approved by the Board.
- Budgets are reviewed quarterly by the Finance Committee and adjusted as necessary at mid-year to reflect changing conditions.
- A chart of accounts is used to code receipts and disbursements to the proper accounts.
- Non-standard journal entries are discussed with the CPA to ensure proper accounting treatment.
- Financial reports are provided to the Treasurer and the Finance Committee within 30 days of the close of the fiscal year.

- Detailed monthly financial statements are prepared by the independent accountant and presented to the Board of Trustees with a Treasurer's report.
- Reference explanations are provided to the Finance Committee for any budget variances of 10% or more at quarterly budget review.
- Annual audits will be conducted by an independent CPA at the close of each fiscal year. Copies of these reports will be made available to the public.
- The fiscal year for the organization shall be July 1 through June 30.

### **Safeguarding Assets**

- 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 Treasurer and Finance Committee shall provide fiscal oversight in the safeguarding of the assets of the organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- A proper filing system will be maintained for all financial records in accordance with the approved retention schedule.
- Actual income and expenditures will be compared to the budget on a monthly basis and reviewed on a quarterly basis.
- All excess cash will be kept in an interest-bearing account.
- Bank statements will be promptly reconciled on a monthly basis.
- Documents on all securities and fixed assets will be kept in a locked fire proof location. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation, and date of valuation of general operating assets worth \$5,000 or more at time of purchase.
- Appropriate insurance for all assets will be maintained.

### **Payroll Controls**

- Personnel files are to be maintained on site for all employees. Changes in payroll are approved by the Executive Director and recorded in the employee file.
- An outside service will process the payroll. The Executive Director notifies the payroll service of any changes to the payroll master file. The payroll service generates the payroll register, electronic funds transfer of payroll checks, SIMPLE Plan IRA checks, and tax deposit checks, and sends them to the organization for review of proper processing of amounts and approval.

### **Computer Controls**

- The Executive Director is responsible for maintaining secure access to the BMFNM financial accounting program. The Executive Director approves all input for the accounting program.

- Batch totals are calculated prior to input and compared to batch totals calculated by the system. Any errors made during the input of information will be corrected.
- Detailed printouts of cash receipts and cash disbursements are to be obtained by the Executive Director and compared for accuracy against source documents.

### **Policies on Disbursements**

- The Executive Director has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority up to the parameters set by the Resolution to Delegate Corporate Authority. The deliberate splitting of vouchers or invoices for the sole purpose or effect of countermanding this policy is expressly prohibited.
- Expenditure requests will be initiated in writing and approved within specified authority by the Executive Director.
- The Executive Director approves check requests after comparing to supporting documentation. The Executive Director prints the pre-numbered checks only with approved requests. The unsigned check, support and request are presented to authorized check signers for their signatures.
- All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation.
- All checks are pre-numbered and accounted for monthly.
- The printed checks are:
  - Original is sent out for payment
  - Copy of the original is filed with support by vendor
- All voided checks must be defaced and retained with the cancelled checks.
- No check may be written to “cash” or “bearer.”
- Blank checks are secured.
- Invoices and check requests marked paid are filed in a timely fashion.
- A petty cash account is used. The amount of the petty cash account is \$200.
- Vouchers are required for petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.
- Blank checks may never be signed in advance.

### **Policies on Receipts**

- Original receipts are filed with payment information by vendor.
- All received checks are stamped with deposit only immediately upon receipt.
- All cash receipts are recorded on the Daily Museum Sales Journal by the Guest Services employee on duty and then entered into the cash register which records the receipt on the cash register Z-Tape.
- The Administrative Assistant will assist the Executive Director with the responsibility of preparing the documentation on receipts for deposits.

- Copies of all receipts will be given to the Executive Director, who prepares the detailed cash and check deposits.
- This listing is compared to the Check and Cash Receipts Ledger (cash register Z-Tape and the Daily Museum Sales Journal) by the Executive Director.
- A copy of the deposit slip receipt from the bank is filed with the corresponding receipt copies and cash listing.

### Cash Receipts

- All checks and cash receipts received through the mail or in person are restrictively endorsed immediately by the Guest Services employee working or the Executive Director. The checks and cash receipts are recorded daily on the Daily Museum Sales Journal, minimally by payor, check#, and amount received.
- The Guest Services employee working will make a copy of the Daily Museum Sales Journal and place the original Daily Museum Sales Journal along with the cash, checks, charge slips and cash register Z-Tape in an envelope that will be put into the locked box for the Executive Director to retrieve.
- The Executive Director shall enter the information by designated account receivable and prepare the bank deposit, minimally, once per week. The originals will be filed in the Executive Director's office.

### Cash Disbursements

- All invoices are received by the Executive Director. Invoices are approved by the Executive Director who indicates the account payable.
- The Executive Director prepares all checks, using pre-numbered checks.
- The checks are signed in accordance with the Resolution to Delegate Corporate Authority.
- The original invoice and copy of payment are filed by vendor.

### Payroll

- All personnel salaries/wage rates are authorized by the Executive Director. All changes in employment are likewise authorized by the Executive Director. The employment of the Executive Director and terms thereof are at the discretion of and decision by the Board of Trustees.
- The Executive Director maintains all personnel records.
- The Executive Director approves the usage of annual leave and maintains attendance records.
- The Executive Director and/or supervisor reviews and approves all time and attendance records for employees.
- An independent accounting firm will be hired to prepare the payroll, using the approved time records and salary/wage rates for each employee. Employees are enrolled in electronic fund transfer of pay checks, and their pay check is automatically deposited into their personal bank accounts at 12:01 a.m. on payday.

- Copies of payroll check stubs and payroll registers are submitted to the Executive Director by the independent accountant. The Executive Director reviews the payroll register and places copies in a locked filing cabinet. The Executive Director issues copies of pay stubs to employees.
- All payroll tax and SIMPLE Plan IRA checks are prepared at the time payroll is prepared. The payroll taxes are paid when due. The SIMPLE Plan IRA funds are paid within one month of the recorded payroll.

### **Bank Reconciliations**

- The Executive Director shall maintain a record of all bank transactions, listing all checks disbursed and all receipts deposited.
- On a monthly basis, the independent accountant reconciles the bank statements and provides a report to the Executive Director, who provides the report to the Treasurer. The accountant will notify the Executive Director of any discrepancies.
- The Executive Director will resolve all discrepancies with the assistance of the accountant, and the bank, if necessary. The Executive Director will report the resolution of the discrepancies to the Treasurer.

### **Billings and Receivables**

- All rates for services and prices for goods are established and approved by the Executive Director and/or the Board of Trustees.
- All billings for services or goods are approved in advance by authorized personnel.
- The Executive Director prepares and enters into the books all billings and invoices on a weekly basis. Prior to mailing the Executive Director makes a copy of the billing/invoice. The copy is kept with original documentation by customer.
- Copies of all receivable records and support documentation are kept by customer.

### **Accounts Payable**

- All approved invoices are entered and recorded by the Executive Director in Quick Books on a weekly basis.
- All payments are immediately/automatically recorded in Quick Books by the Executive Director in the accounts payable software.
- All payable records and support documentation are filed by vendor name.

### **Petty Cash Fund**

- The Petty Cash Fund is maintained on an imprest basis.
- The Executive Director will act as the custodian of the Petty Cash Fund.
- Petty cash disbursements are limited to \$50 or less in amount.

- Any advances to employees from the petty cash fund must be authorized by the Executive Director.
- Employees receiving petty cash must sign a voucher. The voucher must list the amount received, the purpose, and the date of the purchase. Receipts must be attached to the petty cash voucher.
- The Executive Director must submit a check request for reimbursement of the petty cash fund. The petty cash vouchers must support the check request. The bank requires two authorized signatures to cash the reimbursement check to replenish petty cash.
- All checks for reimbursement of the petty cash fund must be made payable to the custodian (the Executive Director) of the petty cash fund.

### **Credit Card / Charge Cards**

- Use of, and access to, the BMFNM credit card and specific store charge cards (i.e. Walmart, Staples, Home Depot) must be authorized by the Executive Director.
- The cards are maintained in a locked cabinet in the Executive Director's office.
- The Executive Director is authorized to charge expenditures to the charge accounts, and to grant access to the cards to staff members.
- When requesting authorization to utilize the cards, staff are required to provide the Executive Director with a written detailed explanation including why the card is needed, proposed supplies/services to be charged, anticipated cost, and expected time/date of expenditures.
- Upon return of the card, staff members must submit a detailed proof of expenditures including vendor, date, items/services charged, and itemized costs.
- The Executive Director attaches proof of purchase documentation to the invoice form and files it in the vendor/invoice filing cabinet.
- Charges on the monthly credit card bill and store charge card bills are matched to the proof of purchase documentation prior to payment.
- Credit limits of the credit card and store charge cards are authorized by the Board and adjusted as necessary.
- Credit Card and store charge card activity is examined for accuracy and accountability annually during the independent audit process.