



Community Television  
of Santa Cruz County

# **FINANCIAL POLICIES & PROCEDURES**

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## **I. INTRODUCTION**

It is the policy of Community Television of Santa Cruz County, Inc, to operate the organization in a sound and prudent fiscal manner consistent with the regulations for nonprofit organizations and according to general accounting principles.

The Board of Directors shall provide for the policies and procedures to assure internal controls, proper division of responsibilities, and financial accountability.

The original policies were developed by the original Chief Financial Officer [a.k.a. Treasurer] of Community Television working with an independent accountant, were reviewed by members of the Finance Committee, and were ratified by the Board of Directors on May 19, 1994.

All employees and members of the Board of Directors are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest.

## **II. RESPONSIBILITIES**

Financial duties and responsibilities are separated so that no one person has sole control over cash receipts, disbursements, payroll, the signing of checks, and reconciliations.

### **1. The Board of Directors**

All financial policies, procedures, and activities of Community Television of Santa Cruz County, Inc. (CTV), are under the management or direction of the Board of Directors. The Board of Directors approves financial policy, delegates administration of the policies to the staff, and reviews the operation and activities. The Board of Directors shall elect a Treasurer and appoint a Finance Committee to carry out the financial policies and procedures of the organization.

### **2. The Executive Director**

Under the supervision of the Treasurer and the Finance Committee, the Executive Director has the responsibility for the financial management of the organization, subject to the established policies and procedures.

### **3. The Treasurer**

Acting under the supervision of the Board of Directors, the Treasurer (the Chief Financial Officer of the Corporation) shall have charge and custody of, and be responsible for, all the funds of the organization. The Treasurer shall be responsible for keeping or causing to be kept accurate financial records of the organization. He or she shall deposit, or cause to be deposited, all monies in bank accounts as designated by the Board of Directors. The Treasurer shall disburse or cause to be disbursed the funds of the organization based upon proper source documents for such disbursements.

The Treasurer shall present the Board of Directors with reports on the financial status of the organization on a monthly basis. The Treasurer shall serve as a voting member and Chair of the Finance Committee.

## **4. The Finance Committee of the Board of Directors**

The Finance Committee shall work with the Executive Director and others in the preparation of an annual budget and present the budget to the Board of Directors for approval. The Finance Committee shall meet quarterly to review the financial state of the organization, and shall report to the Board of Directors whether the organization is meeting its projected budgetary goals and shall make necessary recommendations. The Finance Committee shall make recommendations regarding selection and fees paid for accountancy services and auditing. It shall also review and recommend approval of the annual audit.

# **III. POLICIES AND PROCEDURES**

## **1. Fiscal Year**

The fiscal year of the organization shall be July 1 to June 30.

## **2. Annual Budget**

An annual budget will be presented to the Board of Directors for its approval no later than the 15th of May preceding beginning of the fiscal year. The budget will cover the period from July 1 to June 30. The budget will be presented in four parts: Operating Budget, Capital Budget and Cash Flow Projections. The Annual Budget will be formatted and follow such other guidelines as are required by the City and County of Santa Cruz.

## **3. Receipts**

All receipts shall be deposited into the appropriate bank accounts within ten working days. One individual within the organization, other than the person responsible for preparing bank deposit forms, shall be responsible for the opening of mail and recording all funds received in a Daily Cash Receipts Log. This individual shall also be responsible for stamping all checks, "For Deposit Only." The bank deposit forms shall be prepared by an individual other than the person responsible for opening the mail and maintaining the Daily Cash Receipts Log.

Copies shall be made of all checks or money orders received, as well as deposit slips. The deposit slips shall be recorded in the Daily Cash Receipts Log. The Treasurer and Executive Director (or their designee) shall periodically reconcile the Daily Cash Receipts Log against the bank deposits.

## **4. Budget Management**

The Executive Director is responsible for managing the operating and capital budgets, and is authorized to make transfers within major expense categories as follows:

**a. 7500~7600 PERSONNEL SERVICES SERIES**

Personnel Services (7500 and 7600 series) is controlled by the overall total appropriation for the series. However, savings engendered by hiring a regular employee below the position's specified salary range must be approved by the Board of Directors.

**b. 6100—7400 & 7700—7900 SUPPLIES AND SERVICES SERIES**

Supplies and Services (6100—7400 & 7700—7900) is controlled by the overall total appropriation for the series.

**c. 1600—1700 FIXED ASSETS**

Fixed assets (equipment, etc.) are controlled by the dollar amount allocated for each item. [During the start-up phase of the Corporation, which ended on December 31, 1995, the Executive Director, with the approval of the Corporation Chair, was authorized to make transfers among equipment and furniture items in order to obtain the best packages for the Corporation.]

Transfers between major expense categories must be approved by the Board of Directors.

**5. Disbursements**

Upon approval of the annual budget, all disbursement shall be authorized by the Executive Director when presented with an invoice, check request form, or reimbursement form. The Executive Director is not authorized to make expenditures over \$10,000 for items other than personnel that are not clearly identified in the Annual Budget, including but not limited to:

- a. Borrow or obtain credit in any amount greater than \$10,000 or execute any guaranty greater than \$10,000;
- b. Expend funds for capital equipment in excess of budgeted expenditures for any fiscal year;
- c. Execute any contract or make any commitment for the purchase or sale of Employer's assets in excess of \$10,000 per month;
- d. Execute any lease of real or personal property for greater than \$10,000 per year;
- e. Exercise any discretionary authority over the management of any employee welfare or pension plan benefit, or arrange the disposition of assets of any such plan.

Expenditures over \$10,000 must be approved by the Board of Directors, on the recommendation of the Finance Committee. All invoices, check request forms, or reimbursement requests shall be examined by the preparer of checks, and by those signing checks, for reasonableness and appropriateness.

**6. Checks and Bank Accounts**

All CTV bank accounts shall be established by the Treasurer as authorized by the Board of Directors. Checks will require the signatures of two individuals, one of whom must be an officer of the Board, and the other of whom may be the Executive Director, or, in the absence of the Executive Director, the

Assistant Director. Checks presented for signature by authorized individuals must be accompanied by supporting documentation. Duplicate copies of checks shall be attached to the documentation for review by the Bookkeeper and permanent recording.

Bank reconciliation will be reviewed by the executive director and/or treasurer, and the bookkeeper monthly. The bookkeeper will reconcile monthly. When possible, someone other than the person posting transactions should reconcile bank accounts. Someone who doesn't reconcile should always review the reports. The Executive Director will approve reconciliation reports by signing and dating the report in the upper right hand corner.

## **7. Bookkeeping Services**

CTV shall insure that a bookkeeper shall be responsible for preparing monthly financial reports, reconciling all checking accounts and the Daily Cash Receipts Log, and maintaining general ledgers, depreciation records, and other financial documents for the organization.

## **8. Payroll Services**

CTV shall be responsible for generating payroll checks on a twice-monthly basis, making all appropriate withholding transfers, benefit payments, and quarterly state and federal tax deposits, and providing appropriate accounting records. Paychecks must be signed by either the Executive Director or the Treasurer of the Corporation unless the funds are directly deposited.

## **9. Petty Cash**

Petty cash expenditures will be used for small non-recurring purchases not appropriate for a purchase order. All petty cash expenditures require receipts and must be approved by the Executive Director. The Petty Cash Fund shall be set at \$100, but may be adjusted upward to \$500 by the Executive Director, with the approval of the Treasurer.

## **10. Contracts**

All contracts and agreements for legal, professional consulting, leases, and accounting services in excess of \$10,000, and all contracts for services provided by any Board member, shall be approved by the Board of Directors upon recommendation of the Finance Committee. New insurance policies and contract for financial audits must be approved by the Board of Directors.

Payment will be made upon receipt of invoice from the contractor and approval of the Executive Director. All contracts must be signed by the Executive Director.

## **11. Purchase Orders**

Purchase orders are issued if requested by the vendor or for emergency purposes. All purchase orders must be signed by the Executive Director.

## **12. Competitive Pricing**

Items costing more than \$6,000 shall require at three price quotes if possible unless there is only a sole source for the item.

### **13. Reimbursements**

Expense reimbursements to staff for all travel and other expenses will be made only when authorization for the travel and other expenses has been given in advance by the Executive Director. Mileage reimbursement to an employee using his or her own vehicle will be computed at the rate currently approved by the Internal Revenue Service. No reimbursement will be made for everyday commuting expenses to and from home and office.

A detailed report listing miles dates, and destination must be submitted by the employee to the Executive Director prior to issuing of payment to the employee. Employees using their personal vehicles for CTV business must provide proof of insurance prior to their first use as a condition of reimbursement and are required to maintain appropriate insurance throughout their employment with CTV. Other expense reimbursements must be submitted on an appropriate form and be accompanied by receipts. Reimbursement for meals, lodging, and other expenses shall conform to rates set in the CTV Personnel Manual.

Volunteers may be reimbursed for actual expenses and mileage according to the same schedule, provided authorization has come in writing from the Executive Director prior to the activity that may require the reimbursement.

### **14. Financial Reports**

Current monthly Financial Reports will be presented to the Board of Directors at each Board meeting by the Treasurer. The financial reports presented will be an Income Statement and Budget comparison and Balance Sheet.

### **15. Biennial Audit**

CTV shall contract with an independent public accountant or public accounting firm for a biennial audit within two months of the end of the fiscal year. The biennial audit, along with an audit management letter, shall be reviewed by the Treasurer and Finance Committee and presented to the Board of Directors for approval. The audited financial report and all books of accounts shall be open to inspection by any member of the Board of Directors at all reasonable times.

### **16. Fixed Asset Accounting Policy**

A depreciation schedule listing all fixed assets acquired will be maintained. Items depreciated will be items purchased for \$1,000 or more. Items under \$1,000 shall be expensed. Depreciation shall be on a straight-line basis over the estimated useful life followed by the Internal Revenue Service.

### **17. Compensation**

Directors shall serve without compensation except that they shall be allowed reasonable advancement or reimbursement for expenses incurred in the performance of their regular duties.

Directors may not be compensated for rendering services to the organization in any capacity other than Director unless such other compensation is reasonable and fully disclosed in advance to, and authorized

by, the Board of Directors.

## **18. Non-Liability of Directors**

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the organization.

## **19. Prohibition Against Association Profits and Assets**

No member, Director, officer, employee, or other person connected with the organization, or any private individual, shall receive at any time any of the net earnings or profit from the operations of this organization; provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the organization in effecting any of its public purposes, provided that such compensation is otherwise permitted by and is fixed by resolution of the Board of Directors. Upon the dissolution of the organization, after all debts have been satisfied, such assets then remaining shall be distributed in a manner consistent with the Agreement with the City and County of Santa Cruz.

## **20. Credit Cards and Online Accounts.**

The Executive Director will approve all credit / debit card and online account reports by signing and dating the upper right hand corner.

## **21. Monthly Checklist**

The compliance checklist must be filled out and signed monthly by the Executive Director and Treasurer.



### **Monthly Checklist**

<b>Procedure</b>	<b>E.D.</b>	<b>Treas.</b>
Bank reconciliation complete and initialed.		
All check requests approved (initialed).		
Petty cash reconciled (initialed).		
Balance sheet reviewed and approved.		
Profit and Loss sheet reviewed and approved.		
All checks compared to check requests.		
Invoices reviewed.		
Credit card report reviewed and approved / initialed.		
Online statements reviewed and approved / initialed.		
Deposits reviewed and approved.		
Regular government income received.		
Monthly payables paid.		

These Financial Policies and Procedures may be amended by the Board of Directors by majority action.

Last Revised: 10/16/2016