

Snohomish County Fire Chiefs Association

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FINANCIAL ACCOUNTING AND REPORTING PROCEDURE

1.0 PURPOSE:

- 1.1 To define the methods and establish the standards by which the Snohomish County Fire Chief's Association can effectively and efficiently manage the Association's financial resources.

2.0 DEFINITIONS:

- 2.1 **Custodian** – shall mean an employee or a member of the Fire Association who has been appointed to an administrative or staff position and delegated certain budgetary responsibilities to accomplish the Association's specific goals, projects or services.
- 2.2 **Fund Balance** – Is defined as the excess in total resources over total expenditures.
- 2.3 **Line Item** – for the purpose of this procedure, a line item shall mean an expenditure account in the Association's budget to be used for the purpose of funding certain activities, supplies or services.
- 2.4 **Operating Budget** - for the purpose of this procedure, the Operating Budget is defined as those Association's approved line item expenditures, which reflects the Association's mission and goals of the Association which are to be funded and accomplished.

3.0 POLICY:

- 3.1 It shall be the policy of the Association to expend funds as efficiently as possible; to track and record such expenditures in the most effective and expedient manner; and to provide timely and accurate payment to all vendors.
- 3.2 The Association shall maintain a system of financial monitoring, control, and reporting for all of its funds in order to provide effective means of ensuring that the Association's overall goals and objectives are met.
- 3.3 The Association will maintain a system for monitoring the Association's budget performance.
- 3.4 Financial planning and budgeting will be based on revenue and expenditure estimates that are reasonably predictable.
- 3.5 Ongoing expenditures should be equal to or less than ongoing revenues. One-time resources and non-recurring ending fund balances may be used to fund one-time expenditures; they will not be used to fund ongoing programs.
- 3.6 It shall be the policy of the Association to maintain a prudent level of resources to guard against revenue shortfalls, or unexpected one-time expenditures. Sufficient fund balance shall be accumulated to meet this purpose and to provide fiscal stability to the Association.

4.0 RESPONSIBILITY:

- 4.1 The Association Treasurer, by authorization of the Association, has management authority over Association Funds. Primary responsibility, authority and accountability for expending Association funds are also vested in the Treasurer.
- 4.2 The Custodian shall be responsible for implementing a system of internal controls over the Association's financial processes to ensure accurate and timely recording and reporting of the Association's financial transactions and to reduce the risk of fraud or misappropriation of Association resources. The Custodian shall be responsible for preparing the monthly financial reports, the annual budget, and the annual financial report. The Custodian shall also be responsible for maintaining the accounting records, invoicing, making bank deposits and processing payments.
- 4.3 The Treasurer or his/her designee shall be responsible for monitoring the Association's financial transactions, for monitoring the recording those transactions and for monitoring budgeted and actual revenues and expenditures.
- 4.4 The Custodian shall comply with all schedules and requirements of this procedure and shall insure that all forms, requests, bids, quotes, invoices, and orders are complete, correct, and contain all of the needed information.

5.0 PROCEDURE:

5.1 General:

- 5.1.1 The Custodian shall prepare an annual operating budget for approval by the Association members prior to the start of the fiscal year.
- 5.1.2 The operating budget shall include sufficient detail of the expected revenues and expenditures to allow the members of the Association to adequately monitor revenue resources and approved expenditures during the course of the year.
- 5.1.3 At the beginning of each year, the Custodian will provide a copy of the Association's adopted Operating Budget to each of the Association's members.
- 5.1.4 Complete banking records shall be maintained, including copies of all bank statements, and cancelled checks or bank copies of cancelled checks, as well as validated bank deposit slips.
- 5.1.5 Accurate accounting records shall be maintained that reflect the actual revenue and expenditure activity of the Association. These records shall be updated at least monthly.

5.2 Monthly Reports:

- 5.2.1 The Custodian shall generate a series of monthly summary reports to be included in the monthly board meeting packets that reflect current balances and purchases for each line item as follows:
 - 5.2.1.1 The Custodian shall prepare budget and actual reports monthly that accurately reflect the position and activities of the Association as of the most recent ending month.

5.2.1.2 The Custodian shall prepare a balance sheet summary report.

5.2.1.3 The Custodian shall prepare an income statement (profit and loss report).

5.3 Accounts Payable:

5.3.1 Snohomish County Fire Chief's Association shall be used as the "Purchaser's Name" on all orders. Instruct vendors to send items/invoices "ATTN: (custodian's name)."

5.3.2 The Custodian shall process all invoices on a monthly cycle.

5.3.3 The Custodian shall create a list of the invoices received for processing each month. This list shall include the vendor name, amount being paid, and corresponding check number or other identifying transaction number.

5.3.4 The list of invoices shall be provided to the Executive Board at the monthly board meeting for approval. Processed invoices shall be made available to the Board as requested.

5.3.5 The Treasurer or his/her designee shall compare the list of invoices submitted for approval with the expenses in the monthly income statement (profit & loss statement) to ensure the amounts submitted for approval have been recorded in the correct amounts.

5.4 Accounts Receivable:

5.4.1 The Custodian shall provide the Executive Board with the detail of each agency's share of the membership dues as part of the budget process.

5.4.2 Invoicing for membership dues shall be based on each agency's share as approved in the annual budget.

5.4.3 The Custodian shall provide the Executive Board with a comprehensive monthly detail of the amounts billed and paid by each agency until all annual dues have been paid.

5.4.4 The Custodian shall provide the Executive Board with the training rosters for each training class conducted. Each roster should include names of the attendees as well as the corresponding amounts billed and paid by each attendee.

5.5 Revenues:

5.5.1 All Association revenues received shall be deposited into the Association's bank account in a timely manner.

5.5.2 The Custodian shall make copies of the checks received. The copied checks shall be filed with the validated bank deposit slips so that each deposit can be identified with the corresponding revenue sources.

5.5.3 The Custodian shall provide the Executive Board with a monthly detail of revenues received and invoiced for each major revenue source.

5.5.4 Each month, the Treasurer or other member of the Executive Board shall compare the comprehensive detail of dues collected with the amounts recorded

on the monthly income (profit and loss) statement, until all dues have been collected.

- 5.5.5 For each training class, the Treasurer or other member of the Executive board shall compare the total collections reported on training rosters with the total collections reported on the monthly income (profit and loss) statement.

5.6 Annual Review of Records:

- 5.6.1 The Treasurer or the Treasurer's designee shall be responsible for an annual review of the Association's financial records. Any designee should be some person other than the Custodian. At a minimum, this review should include the following steps:
 - 5.6.1.1 The total bank account balances should be compared with the ending fund balance on the Association's balance sheet to ensure the total resources recorded in the financial records accurately reflect the total deposits in the Association's bank accounts.
 - 5.6.1.2 The lists of approved monthly expenditures should be compared with the cancelled checks and the bank statements to ensure that only approved expenditures were submitted for payment.
 - 5.6.1.3 The bank statements and cancelled checks should be compared with the transaction detail in the accounting records to ensure that all expenditures have been properly recorded in the financial records.
 - 5.6.1.4 The deposit activity in the accounting records should be compared with the bank statements to ensure that all revenues recorded in the accounting records have been deposited timely and intact.
 - 5.6.1.5 The total revenues and expenditures recorded in the accounting records should be compared with the budget and actual report for that period to ensure they are consistent.