



MAINE ASSOCIATION OF PLANNERS

**FINANCIAL POLICIES &  
PROCEDURES HANDBOOK**

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## I. BASIC POLICY STATEMENT

Maine Association of Planners is committed to responsible financial management. The entire organization including the Executive Board and any 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 Maine Association of Planners.

The policy and procedural guidelines contained in this handbook are designed to:

- A. Protect the assets of Maine Association of Planners;
- B. Ensure the maintenance of accurate records of Maine Association of Planners' financial activities;
- C. Provide a framework of operating standards and behavioral expectations; and,
- D. Ensure compliance with federal, state and local legal and reporting requirements.

The Executive Board of the Maine Association of Planners has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Executive Board. Exceptions to written policies may only be made with the prior approval of the Finance Committee. For this purpose, the Finance Committee is the President, Vice President and Treasurer. Changes or amendments to these policies may be approved by the Executive Board at any time. A complete review of the policies shall be conducted every four years.

Every Board member is expected to be familiar with and operate within the parameters of these policies and guidelines.

## II. LINE OF AUTHORITY

A system that clearly outlines who has the authority and responsibility for the financial assets of the organization and provides guidelines for handling and controlling their accumulation and consumption

- A. Within the parameters of the Maine Association of Planners bylaws, the Finance Committee has the authority designated by the Executive Board including the authority to choose the auditor; perform regular, in-depth reviews of the organization's financial activity; review of the annual budget; and determine the allocation of investment deposits.
- B. As so far as approved by the members of Maine Association of Planners at its Annual Meeting each year, the Executive Board has the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine compensation; create and amend operating processes and procedures and controls; make decisions regarding the duties and accountabilities of any personnel and the delegation of decision-making authority; enter into contractual agreements within Board designated parameters. This authority shall not override any specific policies, procedures and controls adopted by the Executive Board. The Treasurer, in consultation

with the Executive Board, shall annually submit for approval of its membership, a budget for the next fiscal year and shall report at the Annual Meeting on the past year's activities.

### III. INDEMNITY POLICY

To the full extent that it shall have from time to time under applicable law and in the manner from time to time prescribed or permitted by applicable law, Maine Association of Planners may indemnify any past, present or future director, officer, employee or agent against all costs, expenses and liabilities, including attorneys' fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with Maine Association of Planners.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by Maine Association of Planners acting on the advice of counsel.

Maine Association of Planners shall maintain insurance on behalf of any person who is or was serving at the request of Maine Association of Planners, as a director, officer, employee, agent, staff volunteer or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of their status as such.

### IV. INVESTMENT POLICY

The investment objectives of Maine Association of Planners, in order of importance, shall be the safety of principal, liquidity, and a competitive rate of return.

#### General Investment Guidelines

Maine Association of Planners' Executive Board shall have primary responsibility for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

#### A) Key Issues to Consider When Developing Investment Policies

1. Delegation of Responsibility: Should define who is responsible and what they are responsible for;
2. Should include internal groups/individuals, i.e., Executive Board, Finance Committee, and may include staff and other qualified volunteers;
3. Should also include external groups such as investment managers, bank custodians and investment consultants.

#### B) Determining Mix and Quality of Investments:

1. Need to determine organization's ability to assume risk (Risk Tolerance);
2. Need to determine the organization's attitude and expectations about investing (Risk Preference);

3. The Risk Tolerance and Risk Preference should be compatible with each other to ensure long-term continuity in the investment program;
4. Need to establish an investment time horizon - the amount of time you are willing to set aside for an investment to meet your objectives;
5. Any investment restrictions should be explicitly stated in the Investment Policy Statement. Investment restrictions often deal with issues related to prohibited securities, quality, diversification requirements, or social issues.

The amount of risk the organization is willing to assume will determine what types of investments are available to the organization. In order to reduce the overall risk, an organization may consider a mix of investments, which may include fixed-income investments (low risk/lower returns) with some equity investments (investments with higher returns accompanied by higher risks).

## V. FINANCIAL REPORTING

A process for assessing the financial implications of program and operating plans and activities

### A) Budget Reports and Tracking

1. Annual budgets are prepared by the Treasurer in consultation with the President, reviewed with the Executive Board and approved by the general membership at its Annual Meeting each fiscal year.
2. A monthly budget-to-actual report shall be made to the Executive Board by the Treasurer.
3. Based on regular budget reviews, necessary adjustments to financial management and spending shall be made by the Executive Board. This review will include a preview of all spending decisions that exceed the budget for each line item and are deemed significant by the Treasurer and/or Finance Committee.
4. A Chart of Accounts is available and may be used to code receipts and disbursements to the proper accounts to ensure accurate tracking of expenses and budget reporting.

### B) Financial Reports and Review

1. Monthly financial reports are provided to the Treasurer and the Executive Board in advance of monthly Board meetings. These reports will include, but are not limited to, the following:
  - a. An executive summary report;
  - b. A Profit and Loss Budget Performance statement;
  - c. A balance sheet;
  - d. An accounts receivable report (as requested);
  - e. An accounts payable report (as requested);
  - f. A cash flow statement; and

- g. A Profit and Loss by Class quarterly.

A Treasurer's Report and detailed financial reports are provided to the Executive Board at each meeting and at other times as necessary. The report shall include explanations for any and all budget variances that are deemed significant by the Executive Board.

- C) The Fiscal Year for Maine Association of Planners shall be consistent with current bylaws.

## VI. FINANCIAL CONTROLS AND OPERATING PROCEDURES

Operations that incorporate controls, checks and balances, and protection of assets

### A. Operating Procedures

1. Unless otherwise designated by the Executive Board, the Treasurer will function as bookkeeper with primary responsibility for designing and maintaining the accounting system. Other staff or hired contractors as designated may provide bookkeeping support.
2. Monthly reports shall be made to the Treasurer and the Executive Board, covering, at a minimum, receipts, disbursements, receivables, and payables
3. All Journal Entries should be reviewed by an individual designated by the Board for reasonableness and approved for posting to the general ledger. The Treasurer will be required to provide monthly budget reviews and annual reviews of the adequacy of insurance coverage.
4. The Executive Board will be required to secure an independent audit every three years and an independent financial review annually, provided funds are available.
5. The Treasurer shall inform the Executive Board of all potential loans to the organization by any party prior to the finalization of the transaction.

### B. Separation of Duties

1. The Treasurer is responsible for the writing and signing of checks and making any deposits. Amounts over \$2,000 must be co-signed by another officer.
2. Prior to the use of the credit or debit card by the two authorized users (President and Treasurer), the user will inform the other of this transaction.
3. All transactions over \$2,000 will be approved by the Executive Board.
4. Review of bank statement reconciliations are to be done monthly by an individual designated by the Board, other than the check writer.
5. In order to maintain the integrity of this system, the President and Vice President shall have the primary and backup responsibility for the separation of these roles.

### C. Safeguarding Assets

1. The Treasurer shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board are carried out.
2. The Board 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.
3. A filing system will be maintained for all financial records.
4. The Treasurer or other staff as designated by the Board will compare actual income and expenditures to the budget on a monthly basis.
5. Bank statements are promptly reconciled on a monthly basis.
6. Documents on all securities and fixed assets will be kept in a locked box or password protected. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation, and date of valuation.
7. Appropriate insurance and inventory for any assets will be maintained.
8. All efforts will be in compliance with MAP's Document Retention Policy, as described herein.

### D. Payroll Controls

1. Any personnel files are to be maintained at the President's and Treasurer's work site, (including an electronic filing system) for all employees as required by all applicable laws and regulations.
2. The Executive Board shall approve any payroll changes and contract services.
3. The Treasurer shall process all payments to contractors. The bookkeeper and treasurer will send any required tax payments directly to the IRS and State of Maine.
4. Direct deposit is strongly recommended when feasible.
5. The bookkeeper reviews the payroll register.

### E. On-line Payments

Whenever possible, payments to vendors shall be made on-line and electronically.

### F. Computer Controls

The bookkeeper/treasurer is responsible for inputting the financial data into the password protected computer / accounting software for generating financial reports. The Board shall designate who will have access to the password required to log onto the system.

## VII. ACCOUNTING PROCEDURES MANUAL

Generally accepted systems that accurately record all financial transactions occurring in an organization in a manner that provides management with the information it needs to make informed and timely decisions

### A. Cash and Credit Card Records

1. All checks and cash receipts received will be restrictively endorsed (for deposit only). The treasurer/bookkeeper will enter all transaction into the electronic accounting software monthly.
2. The treasurer/bookkeeper will track income and expenses monthly and shall create monthly reports.
3. The treasurer/bookkeeper shall prepare the bank deposit monthly then prepare a deposit summary sheet, attaching 1 copy of each cash receipt, the deposit slip copy, and the bank deposit confirmation slip.
4. The treasurer/bookkeeper enters deposits and expenses into electronic accounting software on a timely basis.
5. The credit/debit card receipts are posted to the electronic accounting software monthly.
6. The President shall maintain the credit/debit card and the Treasurer shall have a copy of the front and back in order to make any purchases.

### B. Billings, Receivables and Membership Payments

1. All rates for services and prices for goods are established and approved by the Finance Committee.
2. The bookkeeper prepares a status report on all outstanding receivables on a monthly basis and submits the report to the Treasurer and Executive Board.
3. The bookkeeper initiates collection procedures on all invoices older than 60 days with the approval of the Finance Committee. This does not include membership payments that are due.
4. Membership payments shall be monitored by the Membership Chair and reminder notices sent to overdue members at least quarterly.

### C. Invoices and Disbursements

1. Request and Approval for Payments / Disbursements
  - a) The Treasurer receives all invoices and then places them in the unpaid open invoice file. The Treasurer will review and approve all invoices and pay them electronically or by check and then transfer them to the paid invoice file.
  - b) Expenditure requests by staff or board members (other than by invoice) will be paid by the Treasurer after review by the Finance Committee.
  - c) All disbursements are accompanied by substantiating documentation



- d) All new vendors and subcontractors must provide a completed W-9 Form prior to payment. W-9 forms will be updated whenever a vendor changes its name or address
2. Production and Approval of Checks
    - a) All disbursements are made by check. There will be no "petty cash" account
    - b) All checks will be pre-numbered and a check log will be maintained and reviewed on a monthly basis to account for all checks
    - c) Checks are written only after an approved check request has been presented
    - d) The authorized signers will review the supporting information and the check to ensure accuracy prior to signing the check
  3. Authorized Signatures
    - a) The Treasurer, President and Vice President shall have check signing authority.
    - b) All organizational checks over \$2,000 will require approval by a majority vote of Executive Board.
    - c) The deliberate splitting of vouchers or invoices that have the sole purpose or effect of evading the parameters of this policy authority is expressly prohibited.
    - d) No one may sign a check made payable to themselves.
    - e) Blank checks may never be signed in advance.
  4. Management of Checks
    - a) All checks are pre-numbered and accounted for monthly.
    - b) All voided checks must be defaced and retained either on the check stub or with canceled checks.
    - c) No checks may be written to "cash" or "bearer".
    - d) Blank checks and un-mailed checks are stored in a locked drawer.
- D. Asset Tracking and Depreciation
1. A schedule of any assets shall be maintained.
  2. Depreciation shall be calculated for tax return preparation using the straight-line method and recorded prior to closing the accounts at fiscal year-end. If applicable, asset class depreciation time frame shall be reviewed and approved by a certified accounting firm.
  3. Total depreciation shall be adjusted and reviewed annually by the tax preparer.
  4. A \$1,000 aggregate cost for equipment with a useful life of three years or more shall be the threshold for inclusion as an asset.

## VIII. DOCUMENT RETENTION & DESTRUCTION POLICY

Maine Association of Planners takes seriously its obligations to preserve information relating to litigation, audits, and investigations.

From time to time, the Treasurer and or President may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the Treasurer.

The following table provides the minimum requirements.

- Type of Document Minimum Requirement
- Accounts payable ledgers and schedules: 7 years
- Audit reports: Permanently
- Bank Reconciliations: 3 years
- Bank statements: 3 years
- Checks (for payments and purchases of any assets or purchases over \$2,000): Permanently or until sold or disposed of
- Contracts, mortgages, notes and leases (expired): 7 years
- Contracts: Permanently until no longer in effect
- Correspondence (general): 2 years
- Correspondence (legal and important matters, donors): Permanently
- Correspondence (with vendors, grant applications, acceptance and reports): 2 years
- Deeds, mortgages, and bills of sale: Permanently
- Depreciation Schedules: Permanently
- Duplicate deposit slips: 2 years
- Employment applications: 3 years
- Expense Analyses/expense distribution schedules: 7 years
- Year End Financial Statements: Permanently
- Insurance Policies (expired): 3 years
- Insurance records, current accident reports, claims, policies, etc.: Permanently
- Internal audit reports: 3 years
- Inventories of products, materials, and supplies: 7 years
- Invoices (to customers, from vendors): 7 years
- Minute books, bylaws and charter: Permanently
- Patents and related Papers: Permanently
- Payroll records and summaries: 7 years
- Personnel files (terminated employees): 7 years
- Tax returns and worksheets: Permanently
- Timesheets: 7 years

- Trademark registrations and copyrights: Permanently
  - Withholding tax statements 7 years
- A. **Electronic Documents and Records:** Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.
- B. **Emergency Planning:** Maine Association of Planners’ records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping Maine Association of Planners operating in an emergency will be duplicated or backed up at least every week and maintained off-site. This includes MAP bylaws, IRS tax returns, passwords/user names, and lists of accounts and vendors which shall be kept on the MAP thumb drive in the MAP Treasurer’s file box with a paper copy given to the President.
- C. **Document Destruction:** The Treasurer is responsible for the ongoing process of identifying its records, which have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.
- Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.
- D. Compliance Failure on the part of volunteers/employees to follow this policy can result in possible civil and criminal sanctions against Maine Association of Planners board members and any contractors, and possible disciplinary action against responsible individuals. The Treasurer will periodically review these procedures with legal counsel or Maine Association of Planners’ certified public accountant to ensure that they are in compliance with new or revised regulations.

Policy adopted on May 11, 2018.

## IX. OFF-SITE BACKUP/RETENTION OF ELECTRONIC RECORDS

The bookkeeper/treasurer will save a backup of electronic financial software file held on the Maine Association of Planners cloud account on a monthly basis. This backup file will be saved and stored in a safe, secure, off-site location.

## X. CONFLICT OF INTEREST and DISCLOSURE OF CERTAIN INTERESTS

The purpose of the following policy and procedures is to prevent the personal interest of staff members, board members, and volunteers from interfering with the performance of their

duties to Maine Association of Planners, or result in personal financial, professional, or political gain on the part of such persons at the expense of Maine Association of Planners or its Members, supporters, and other stakeholders.

#### POLICY AND PRACTICES

- A. Full disclosure, by notice in writing, shall be made by the interested parties to the Executive Board in all conflicts of interest, including but not limited to the following:
  - 1. A board member or their organization stands to benefit from a Maine Association of Planners transaction or staff member of such organization receives payment from Maine Association of Planners for any subcontract, goods, or services other than as part of their regular job responsibilities or as reimbursement for reasonable expenses incurred as provided in the bylaws and board policy
  - 2. A board member's organization receives grant funding from Maine Association of Planners.
  - 3. A board member or staff member is a member of the governing body of a contributor to Maine Association of Planners.
  - 4. A volunteer working on behalf of Maine Association of Planners who meets any of the situations or criteria listed above.
- B. Full disclosure shall be made by interested parties of a possible conflict of interest as soon as it arises and/or becomes apparent.
- C. Following full disclosure of a possible conflict of interest or any condition listed above, the Executive Board shall determine whether a conflict of interest exists and, if so, the Executive Board shall vote to authorize or reject the transaction or take any other action deemed necessary to address the conflict and protect Maine Association of Planners' best interests.
- D. An interested Board member, officer, or staff member shall not participate in any discussion or debate of the Executive Board, or of any committee or subcommittee thereof in which the subject of discussion is a contract, transaction, or situation in which there may be a perceived or actual conflict of interest. However, they may be present to provide clarifying information in such a discussion or debate unless objected to by any present board or committee member.
- E. Anyone in a position to make decisions about spending Maine Association of Planners' resources - who also stands to benefit from that decision - has a duty to disclose that conflict as soon as it arises (or becomes apparent); s/he should not participate in any final decisions.
- F. A copy of this policy shall be given to all Board members, staff members, volunteers or other key stakeholders upon commencement of such person's relationship with Maine Association of Planners or at the official adoption of stated policy.
- G. Definitions:

1. Conflict of Interest (also Conflict) means a conflict, or the appearance of a conflict, between the private interests and official responsibilities of a person in a position of trust. Persons in a position of trust include staff members, officers, and board members of Maine Association of Planners
2. Board means the Executive Board. Officer means an officer of the Executive Board. Volunteer means a person - other than a board member -- who does not receive compensation for services and expertise provided to Maine Association of Planners and retains a significant independent decision-making authority to commit resources of the organization. Staff Member means a person who receives all or part of their income from the payroll of Maine Association of Planners. Member means a Member of Maine Association of Planners. Supporter means corporations, foundations, individuals, 501 (c) (3) nonprofits, and other nonprofit organizations that contribute to Maine Association of Planners

## Maine Association of Planners' Conflict of Interest Disclosure Form

This form must be filed annually by all specified parties, as identified in Maine Association of Planners' Conflict of Interest Policy Statement as ratified by Maine Association of Planners' Executive Board on \_\_\_\_\_

\_\_\_\_\_ I have no conflict of interest to report

\_\_\_\_\_ I have the following actual or potential conflict of interest to report (please specify):

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The undersigned, by their affixed signature, note their understanding of the implications of this policy.

\_\_\_\_\_ Signature

\_\_\_\_\_ Printed Name

\_\_\_\_\_ Date