

## POLICY: FISCAL INTERNAL CONTROLS

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Ref: Bylaws, Article VI, Section 1 (Oversee Fiscal Policy)

The purpose of this fiscal policy is to establish internal controls to ensure integrity, allow for reliable accounting information and financial reporting, reduce risk, enhance efficiency, and assist the Board in making informed decisions for the Posse.

### Definitions

*Fiscal: relating to financial matters.*

*Internal controls: the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability and prevent fraud.*

*Online banking: a method of banking in which all traditional banking activities are done online via a bank's website in real time.*

*Separation of duties: the means by which no one person has sole control over the lifespan of a transaction. Ideally, no one person should initiate the transaction, approve the transaction, record the transaction, reconcile the transaction, handle the related asset, review reports.*

The following financial internal controls shall be implemented to fulfill the purpose of this fiscal policy:

1. Separate financial duties so no one person is solely responsible for handling a transaction.
2. Annually review new accounting software specifically created for volunteered nonprofit organizations and assess the practicality of converting bookkeeping/accounting processes to the software.

3. Transition to and maintain an online banking account tailored to a small nonprofit organization.
  - a. Integrate the bookkeeping / accounting software with the online bank account.
  - b. Allow view access to the online bank account by at least one member of the Board of Directors for oversight purposes.
  - c. Require two signatories on the bank account at a mutually agreeable dollar threshold.
4. Provide a copy of IRS Form 990 for review to the Board prior to filing.
5. Implement written procedures to secure the financial records of the Posse by limiting access to Posse file cabinets including a process to update access as members change positions.
6. Conduct an annual review of the list of vendors to ensure they are all valid and none are fictitious (done by a member other than the Treasurer).
7. Implement written procedures to ensure a positive control process for cash, from receipt of cash through deposit, especially when cash is received in the field from the public.