



**PRISONER VISITATION AND SUPPORT**

**FISCAL AND ACCOUNTING  
POLICIES AND PROCEDURES**

**Approved by the Board of Directors  
with revisions on 09.09.2022**

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## **I. Introduction**

The purpose of this manual is to establish fiscal and accounting policies and procedures and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All PVS staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Director and Finance Committee of the Board of Directors.

## II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

### ***Board of Directors***

1. Reviews and approves the annual budget
2. Sets finance policies and internal controls
3. Reviews annual and periodic financial statements and information
4. Reviews Executive Director's performance annually and establishes the salary
5. Appoint two members of the Board as authorized signers on the bank accounts with online access to accounts
6. Reviews and approves all contracts over (\$10,000)
7. Reviews and approves all non-budgeted expenditures over (\$10,000)
8. Determines whether the organization should or is required to have an audit and, if so, chooses and contracts with the auditor
9. Approve annual employee retirement contributions

### ***Finance Committee***

1. Reviews, revises, maintains and advises staff on internal controls and accounting policies and procedures
2. Reviews expenses and donations for appropriateness of allocation
3. Reviews and approves all reimbursements and fund requests over (\$2,500)
4. Reviews the Executive Director's credit card usage and approve reimbursement
5. Approves all inter-account bank transfers over \$10,000 except as otherwise restricted by the Board
6. Monitors and makes recommendations for asset retirement and replacement
7. Monitors grant reporting and appropriate release of temporarily restricted funds
8. Approves check signing procedures
9. Develop and document online payment approval process, to include schedule for downloading and storing bank statements

### ***Executive Director***

1. Sees that an appropriate budget is developed annually
2. Monitors budget and presents quarterly to the Board. Financial reporting will include a Statement of Financial Position and a Statement of Activities with budget to actual comparisons, plus other financial information as might be determined beneficial.
3. Reviews and approves all financial statements including cash flow projections
4. Reviews all incoming and outgoing invoices

5. Reviews and approves all reimbursements and fund requests
6. Reviews bi-weekly payroll
7. Ensures that expenses are ordinary and necessary, and that resources are expended to yield proper economic value to the organization
8. Is on-site signatory for all bank accounts
9. Receives, opens and reviews all bank statements
10. Reviews all bank statements and monthly bank reconciliations for irregularities and outstanding checks
11. Reviews and signs all issued checks
12. Matches all deposits and accompanying documentation to bank statements
13. Reviews and approves all contracts and bank transfers under (\$10,000)
14. Reviews and approves all grant submissions
15. Oversees the adherence to all internal controls

***Administrative Coordinator***

1. Maintains general ledger
2. Maintains accounts payable to ensure timely payment of all invoices
3. Overall responsibility for data entry into accounting system and integrity of accounting system data
4. Processes invoices and prepares checks for signature
5. Processes reimbursements and fund requests
6. Makes bank deposits
7. Processes payroll and maintains personnel files
8. Processes all inter-account bank transfers
9. Mails vendor checks
10. Reconciles all bank accounts
11. Assists Executive Director with the development of annual and program budgets
12. Prepares quarterly and year-end financial reports
13. Initiates donor thank you letter acknowledgements
14. Receives and opens all incoming accounting department mail

### **III. Chart of Accounts and General Ledger**

PVS has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Administrative Coordinator is responsible for maintaining the Chart of Accounts, with assistance from the Finance Committee and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software, QuickBooks. All input and balancing is the responsibility of the Administrative Coordinator with final approval by the Executive Director.

The Executive Director should review the general ledger on a periodic basis for any unusual transactions.

## Accounts and Signatory Authority

PVS has a checking, money market, and brokerage accounts with PNC Business.

### **Board Designated Fund**

PVS has an endowment fund held at Friends Fiduciary Corporation Fund. We receive quarterly statements, plus access to balances via an online account. Changes in the fund will be reported quarterly and entered into QuickBooks at least annually at the end of the accounting year.

The table below lists PVS accounts and which staff and Board members have signatory authority and access:

Account	Institution	Signatory Authority	Online Access
Checking - x5177	PNC Business	Executive Director, 2 Board Members	Executive Director, Administrative Coordinator
Savings (Money Market) – x4175	PNC Business	Executive Director, 2 Board Members	Executive Director, Administrative Coordinator
Credit Card	PNC Business	Executive Director	
Brokerage (Investment) – x5013	PNC Business	Executive Director, Treasurer	Executive Director, Administrative Coordinator
Board Designated Fund	Friends Fiduciary Corporation Fund	Executive Director, Treasurer	Executive Director, Treasurer

The checkbook and credit card are stored in a locked safe in PVS's office.

## IV. Cash Receipts

PVS has the following revenue sources:

1. Contributions
2. Program Fees (conferences)
3. Investment Income, gains and losses

PVS revenue consist of contributions from individuals, organizations, foundations and companies via direct mail and personal appeals, website donations, events, the combined federal campaign (CFC), and bequests. PVS may receive unrestricted, permanently restricted or temporarily restricted contributions. Funds with restrictions are maintained in the Board designated fund until the restriction has been satisfied. See PVS Gift Acceptance Policy for more details.

Donations are received via mail in the form of a check, credit card, or online via the website or PayPal. Cash received is negligible.

The principal steps in the cash receipts process are:

For checks and donations received by mail, the Administrative Coordinator opens all incoming mail. The Administrative Coordinator prepares the deposit slip and takes the deposit to PNC Bank at least weekly. PNC provides a receipt for the deposit which is attached to copies of checks and any other documents related to the deposit and filed at the PVS office. To the extent possible, other staff will be incorporated into the cash receipts process as is best practice.

For PayPal and electronic donations, the Administrative Coordinator checks the balance bi-weekly, transfers the full amount directly to PNC checking regularly, and uploads receipts to QuickBooks file.

For stock donations, donors may make a contribution directly to the PNC brokerage account. All marketable securities will be sold promptly upon receipt unless otherwise directed by the Finance Committee. Once the sale is complete, PVS receives a trade notice in the mail with donor information so an acknowledgement letter can be sent. Proceeds from the sale are transferred into the PNC checking account.

All donations are tracked in Donor Perfect and all cash receipts are recorded in QuickBooks.

### **Acknowledgement Letters**

The Administrative Coordinator or designee creates acknowledgement letters for all donations, via hard copy letter, or email when requested. The creation of the acknowledgment letter is done concurrently with entering the donation information in Donor Perfect. For hard copy letters, the Administrative Coordinator will prepares them



for signature by the Executive Director, and mails them. For those donors that request acknowledgement via email, the Administrative Coordinator will email the donor with the acknowledgement letter attached. Acknowledgment letters are sent at least weekly.

## **V. Software**

### **Accounting System**

PVS uses QuickBooks Online. The Administrative Coordinator, Executive Director, and Finance Committee Chair/Treasurer have access. Most modules are utilized, mainly general ledger, bank reconciliations, journal entries, check registry, and bank deposits. QuickBooks Online is connected to PVS' three bank accounts.

### **Donor Database**

PVS uses Donor Perfect, an online based CRM. The Administrative Coordinator has access to the database and enters donor information daily. The Executive Director also has access and can edit files. Other Board members may have read-only access to the database.

## **VI. Inter-Account Bank Transfers**

The Administrative Coordinator monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. The Administrative Coordinator recommends to the Executive Director when a transfer should be made to maximize the potential for earning interest, and the Executive Director will seek approval from the Treasurer/Executive Committee if the transfer is more than \$10,000. The Administrative Coordinator is directed in writing when to make a transfer and in what amount.

## VII. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Meeting expenses
5. Employee reimbursements
6. Fundraising/marketing/promotional materials

All the bills/invoices are properly approved and paid as they come in, with attention paid to the due date. This process often takes place weekly.

Requests for cash disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Employee expense report
3. Reimbursement Request.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

**Lodging** - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

**Meals and Entertainment** - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose. No alcoholic beverages will be reimbursed without an express business purpose.

**Other Expenditures** - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

Per PVS policy, employees receive monthly reimbursement for their private health insurance up to \$500. Employees must submit a monthly bill/statement as support for the expenditure. Reimbursement is remitted via check, noting the purpose.

### **Review, Approval and Payment Processing Procedures:**

Invoices from vendors are received via mail and email. The payment is remitted via mail or paid online via credit card or bank transfer whenever possible. When paid via check, the Administrative Coordinator writes the check, which is given to the Executive Director

along with supporting documentation to be signed. Once the check is signed by the Executive Director, it is copied and filed along with a copy of the invoice. When paid electronically, the Administrative Coordinator generates the Payment Authorization Form, and submits to the Executive Director for approval. Receipts for payment are filed with copies of the invoice. Bills paid via automatic withdrawal require an approved Payment Authorization Form which will be updated annually.

The Executive Director reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Administrative Coordinator for processing

The Administrative Coordinator processes all payments and:

1. Immediately enters them into Quickbooks
2. Writes checks according to allocation and payment date provided by the Executive Director
3. Submits checks, with attached backup documentation, to Executive Director for approval and signature. All checks in excess of \$2,500 require a second signature from an authorized board member; non-budgeted checks in excess of \$10,000 must be authorized by the Board of Directors.
4. Notes invoice has been "paid," with check number and date
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Runs an accounts payable aging at the middle and end of each month and submits to the Executive Director to assure timely payment of all invoices

## VIII. Credit Card Policy and Charges

The Executive Director is authorized by the Board of Directors to carry an organization credit card and will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which PVS receives funds. The organization will not hold bank debit cards.

The receipts for all credit card charges will be given to the Administrative Coordinator within two (2) weeks of the purchase along with proper documentation. The Administrative Coordinator will verify all credit card charges with the monthly statements. The credit card bill will be paid in full monthly to avoid any interest charges. A record of all charges will be given to the Administrative Coordinator with applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the Executive Director for approval and signing.

**The Executive Director's credit** card usage will be provided to the Board Chair and the Finance Committee Chair on a quarterly basis.

## **IX. Accruals**

To ensure a timely close of the General Ledger, PVS may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

## **X. Bank Account Reconciliations**

1. The Administrative Coordinator performs monthly reconciliations for PVS' accounts, in addition to performing the following tasks:
  - a comparison of dates and amounts of deposits as shown in the accounting system and on the statement,
  - a comparison of inter-account transfers,
  - an investigation of any rejected items,
  - a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
2. The Administrative Coordinator will verify that voided checks, if returned, are appropriately defaced and filed.
3. The Administrative Coordinator will investigate any checks that are outstanding over 60 days. Stop payments will be generated when necessary and the approval process restarted.
4. The Administrative Coordinator will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
5. The reconciliation report will be reviewed, approved, dated, and initialed by the Executive Director.



## XI. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars (\$1,000). Items purchased with a value or cost less than one thousand dollars (\$1,000) will be expensed in the period purchased. Donated capital items will be capitalized at the fair market value at the time of donation.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months

Leasehold Improvements: The lesser of the useful life or the remaining months of the lease including any lease renewal options that are reasonably certain to be exercised.

1. A Fixed Asset Log is maintained by the Administrative Coordinator, in QuickBooks if possible, including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed by the Executive Director and the Finance Committee.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Executive Director shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

As of May 1, 2022, PVS does not maintain a fixed assets/depreciation listing. All furniture in the office was donated or is property of the Friends Center. Equipment, such as computers and printers, were purchased by the organization and are not under lease.

### **XIII. Payroll Processing and Employee Benefits**

1. A roster of employees is maintained by the Administrative Coordinator.
2. Employees may be hourly or salaried, with compensation levels approved by the Board.
3. Employees use time sheets to track regular hours, holidays, and time off.
4. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the Executive Director before the change can be made.
5. Payroll is handled by an outside company, Advanced Payroll Services. The payroll withholdings and quarterly tax filings are handled by the vendor.
6. PVS processes payroll on the 15<sup>th</sup> and last day of the month. The Administrative Coordinator calls in payroll at least 3 business days before the check date.
7. PVS directly deposits paychecks into a designated bank account unless otherwise requested. Paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
8. Pay stubs are distributed by the Administrative Coordinator at the end each month or more often as requested
9. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
10. The Executive Director will review payroll expenditures, payroll exception report, and allocations monthly.
11. All quarterly federal and state payroll reports are prepared and filed appropriately by payroll vendor.
12. All W-2 statements are issued to employees prior to January 31<sup>st</sup> of the following year for the prior calendar year. Vendor provides a payroll register report, which is saved electronically. Hard copies of the payroll register and direct deposit vouchers are delivered to the office by the next business day.
13. The Administrative Coordinator uses the payroll register to create a journal entry in QuickBooks and saves the hard copies in a binder at her desk.
14. Pension Contributions (SEP-IRA) - The Board votes annually on the amount the organization will contribute to employee retirement accounts. The amount can be up to and including 10 % of the value of the employee's annual salary. Employees must be with the organization for a full year before qualifying to receive a pension contribution. Once the amount is approved by the Board, contributions are made via check directly to the employees specified account through their financial institution as outlined in an annual SEP-IRA memo, which is maintained by the Administrative Coordinator and incorporated in this document by reference. See more details in the Employee Handbook.

15. Health Insurance Reimbursement - Per PVS policy, employees receive monthly reimbursement for their private health insurance up to \$500. See reimbursement policy under section *VI. Cash Disbursements & Expense Allocations*.

#### **XIV. End of Month and Fiscal Year-End Close**

1. The Executive Director and Finance Committee Chair will review all monthly and year-end journal entries. They will be printed and filed for audit trail purposes.
2. At the end of each month and fiscal year end, the Executive Director will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings. Reconciliations of Donor Perfect donations with QuickBooks income will also be performed monthly.
4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the Executive Director and Finance Committee, no more entries or adjustments will be made into that month or year's ledgers, with the exception of any adjustments resulting from the annual audit.
5. PVS engages an outside accounting firm annually to aid in submitting the required IRS form 990. The accounting firm submits the 990 on behalf of the PVS, as well as providing an audit report. The accounting firm will be required to review the form 990 and the audit report with the Finance Committee. Both the audit and the form 990 will then be reviewed and approved by the Board of Directors
6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency:
  - a. PA Department of State
  - b. Other State charitable registrations
  - c. Check payroll company for other employment-related licenses/registrations

## **XV. Budget and Financial Reports**

The Board of Directors and Executive Director work collaboratively to develop the annual operating budget. Development of the annual budget typically begins mid-fall and is finalized for review at the November Board meeting. The fiscal year runs from January 1 through December 31st.

The Administrative Coordinator prepares the following standard financial reports, through the most current accounting period available, for Board meetings, posted prior to the Board meetings on the portal:

### **QuickBooks**

- Statement of Activities against previous year with variances
- Statement of Activities actuals vs budget with variances
- Statement of Financial Position

Other reports can be generated upon request from the Board chair, Treasurer, Finance committee, or Executive Director.

Periodic and annual financial reports will be submitted to the Finance Committee and Board of Directors for review and approval.

## **XVI. Fiscal Policy Statements**

1. All cash accounts owned by PVS, with the exception of the brokerage account, will be held in financial institutions that are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.
2. All capital expenditures which exceed one thousand dollars (\$1,000) will be capitalized.
3. Salary advances will be allowed under rare circumstances. See details in the Employee Handbook.
4. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director or Treasurer.
5. Reimbursements will be paid upon complete expense reporting and approval using the official PVS form. Reimbursements to the Executive Director will be authorized by the Treasurer.
6. Any donated item with a value exceeding (\$50) will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation. The value of the item will not be specified. See Gift Acceptance Policy for more detail.
7. The Executive Director and two designated Board members are the signatories on PVS bank accounts. Disbursements exceeding (\$2,500) require a second signature by an authorized board or staff member. Non-budgeted checks over \$10,000 require approval from the Board of Directors.
8. Bank statements will be reconciled monthly. All bank statements will be reviewed by the Executive Director.
9. Accounting and personnel records will be kept in locked file cabinets in the PVS office and only parties with financial and/or HR responsibility will have access to the keys.

## XVII. Review and Approval

The Finance Committee shall review this document annually. Any changes deemed to be major and impacting budget and policy shall be submitted to the Board of Directors for a vote. Review and approval dates will be noted in the minutes of the Finance Committee and/or Board of Directors, as well as on this document.

Approval Date	PVS Approval Authority