

Financial Control Policy

Management of financial records

- 1) The financial control policy is designed to ensure that all expenditure is on the company's business; that it is properly authorized; and that this can be demonstrated.
- 2) Financial records (a book of accounts) must be kept so that the company:
 - has proper financial control of the organization
 - meets its legal and other statutory obligations
- 3) The book of accounts must include:
 - a cashbook analyzing all the transactions appearing on the bank accounts
 - a petty cash book if cash payments are being made
- 4) Accounts must be drawn up at the end of each financial year within six months of the end of the year.
- 5) Prior to the start of each financial year, the company will approve a budgeted income and expenditure account for the following year.
- 6) A report comparing actual income and expenditure with the budget should be presented to the Board of Directors on a regular basis.

Banking arrangements

- 1) The company will bank with Bath Savings Institution and Bangor Savings Bank and accounts will be held in the name of Chebeague Transportation Company.
- 2) The list of people who can sign checks on the company's behalf will be approved and minutes by the Board of Directors, as will any changes to it.
- 3) The company will require the bank to provide statements every month. These will be reconciled with the cash book every month. The General Manager or Treasurer will check that this reconciliation has been done at least twice a year, signing the cash book accordingly.
- 4) The company will not use any other bank or financial institution, or use overdraft facilities or loan, without the previous agreement of the Board of Directors.

Receipts

- 1) All monies received by the company will be recorded promptly in the cashbook and banked without delay. The company will maintain files of documentation to back this up.

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Check payments

A check must **NOT** be signed by the person to whom it is payable.

Blank checks will **NEVER** be signed.

The relevant payee's name will always be inserted on the check before signature, and the check stub will always be properly completed.

No checks should be signed without original documentation (see below).

Petty cash payments

The company wishes to maintain a petty cash float, the Treasurer or representative of the company should be entrusted with this.

Personal expense payments

1) The company will, if asked, reimburse expenditure paid for personally by volunteers or staff, providing it has been agreed to do so, and that:

- expenditure is evidenced by original receipts containing the items claimed
- car mileage is based on IRS mileage allowances
- no check signatory signs for the payment of expenses to themselves

Payment documentation

1) Every payment out of the company's bank account must be evidenced by an original invoice. That original invoice will be retained by the company and filed. The check signatory should ensure that it is referenced with:

- check number
- date check drawn
- amount of check

2) The only exceptions to checks not being supported by an original invoice are items such as advanced booking fees for a future course, deposit for a venue, etc. Here a photocopy of the check will be kept.

Staff

1) There must be a clear trail to show the authority and reason for every payment to staff; e.g. a check requisition form for payment to an employee.

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Other rules

- 1) The company does not accept liability for any financial commitment unless properly authorized. Any orders placed or undertakings given which are likely to cost the company in excess \$10,000 must be approved by the Board of Directors. In the case of Repairs and Maintenance to the vessels, management will present an overall plan to the board with estimated costs, if available.
- 2) In exceptional circumstances, such undertakings can be made with the President's approval who will then provide full details to the next meeting of the Board of Directors.
- 3) The General Manager must sign checks over \$2,500.
- 3) The company will adhere to good practice in relation to its finances at all times. This should include when relevant a fixed asset register stating the date of purchase, cost, and division.
- 5) Any member of the Board of Directors who has a personal interest in, or connection to, an organization or individual who is already being paid by the company (or intends to quote for work being commissioned by the company) must declare this interest and have it minutes by the Board of Directors.

Adopted by CTC Board 10/22/2020