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# APPNA

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## Financial Policies & Procedures 2007

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Dear APPNA Council Members:

It is my pleasure to welcome you all to the 2007 council. I am looking forward to work with you all. One of the core responsibilities of the treasurer is to submit all APPNA account for the annual auditing to the authorities. This process has become difficult and cumbersome every year.

I need your help to keep APPNA accounts clear and transparent to avoid any account related issues in future. I pledge to make APPNA accounts more transparent for all of us. Please see attached packet from APPNA Executive Director and fill out your information as soon as possible and return it to us. We will present this data in the spring meeting.

I know I can count on each and every one of you to keep our beloved organization accounting process clean and transparent so we can keep doing all the good work we have started. Please do contact me or the Executive Director of APPNA for any question you may have.

Please understand that is an official request to submit your financial record to APPNA as required by our rules and regulations and laws related to APPNA 501C status. Please respond within two weeks, as your cooperation will help certify your chapter/Alumni and the annual auditing of APPNA accounts.

Looking forward to make APPNA an independent and transparent organization.

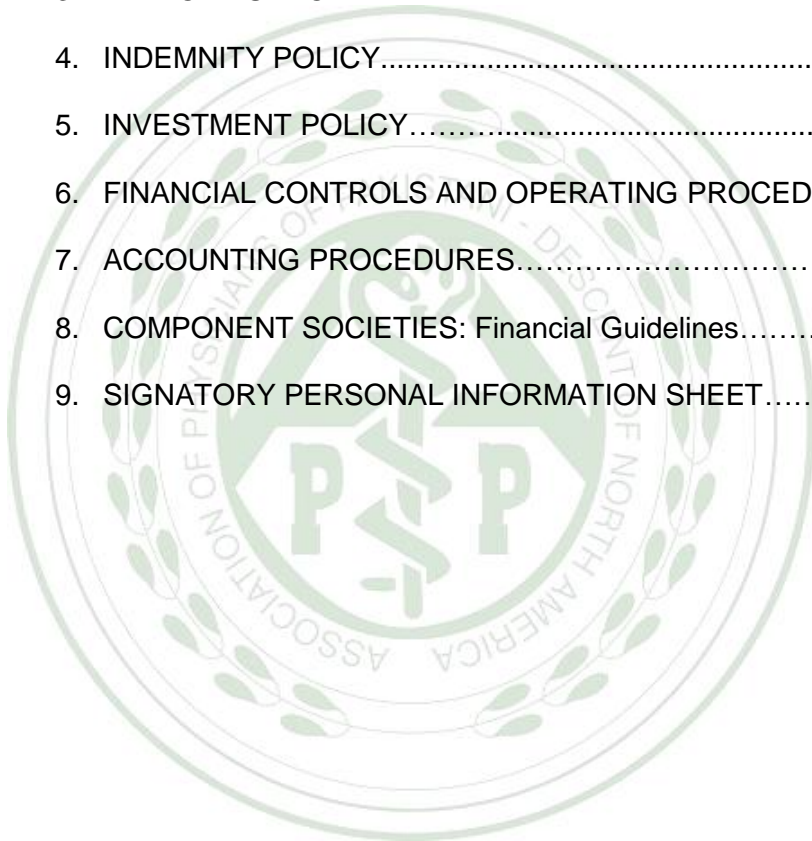
Sincerely yours,

Rizwan Naeem  
Treasurer APPNA 2007

March 1st, 2007

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## **POLICY STATEMENT**

**The Association of Physicians of Pakistani-descent of North America (APPNA) is committed to responsible financial management. The entire organization including the council, board of trustees, officers, and 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 APPNA.**

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

1. Protect the assets of APPNA.
2. Ensure the maintenance of accurate records of APPNA's financial activities.
3. Provide a framework of operating standards and behavioral expectations.
4. Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director of APPNA has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Council. Exceptions to written policies may only be made with the prior approval of the Executive Committee. Changes or amendments to these policies may be approved by the Council at any time. A complete review of the policies shall be conducted every two years.

Every office bearer or staff of APPNA with financial related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.

## **DISCLAIMER**

This document provides a quick summary of the main legal and financial rules. This information is presented in an abridged and simplified way. It cannot be treated as exhaustive and APPNA office bearers and staff are therefore advised to read all the documents referred to carefully.

## **LINE OF AUTHORITY**

### **Council:**

Council has the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state, and local law.

**Board of Trustees (BOT):**

Board of Trustees is the overseer and custodian of the Association that has control of all fixed assets and property of the Association. The BOT causes an annual audit of accounts.

**Executive Committee (EC):**

It has all the implicit powers necessary to manage the organization except the authority to amend the bylaws; adopt a plan of merger or consolidation; sell, lease, exchange, mortgage, pledge or make any other disposition of all or substantially all of the property and assets of the organization.

**Treasurer/ Chair-Finance Committee:**

Treasurer manages recurring funds, performs regular in-depth reviews of the organization's financial activity; oversee the development of the annual budget; determine the allocation of investment deposits. Finance committee develops financial policies and procedures, oversees financial activities, presents financial reports, and is responsible for overall budget.

**Executive Director (ED):**

ED has whatever authority as may be designated by the Executive Committee and Board of Trustees. He has the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; enter into contractual agreements within designated parameters.

**Chief Financial Officer/ Accountant:**

Chief Financial Officer (CFO) has whatever authority as may be designated by the Executive Director including the authority to design the organization's accounting system; make spending decisions within the parameters of the approved budget; make decisions regarding the disposition of investments within the parameters of the investment policy; make fixed asset purchase decisions over a certain dollar amount; make decisions regarding the allocation of expenses.

**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, APPNA may indemnify any past, present or future Director, Officer, Employee or Agent of 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 APPNA.

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 APPNA acting on the advice of counsel.

APPNA shall purchase and maintain insurance on behalf of any person who is or was serving at the request of APPNA, as a Director, Officer, or Employee against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.

## **INVESTMENT POLICY**

The investment objectives of APPNA, in order of importance, shall be the safety of principal, competitive rate of return and liquidity.

### **General Investment Guidelines:**

APPNA's Finance Committee 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).

### **Key Issues To Consider When Developing Investment Policies**

#### Delegation of Responsibility

- Should define who is responsible and what they are responsible for
- Should include internal groups/individuals, i.e., Board of Trustees, Executive Committee, Treasurer/Finance Committee, and Executive Director.
- Should also include external groups such as investment managers, bank custodians and investment consultants.

#### Determining Mix and Quality of Investments

- Need to determine organization's ability to assume risk (Risk Tolerance)
- Need to determine the organization's attitude and expectations about investing (Risk Preference)
- (The Risk Tolerance and Risk Preference should be compatible with each other to ensure long-term continuity in the investment program.)
- Need to establish an investment time horizon - the amount of time you are willing to set aside for an investment to meet your objectives.
- Any investment restrictions should be explicitly stated in the 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).

## **FINANCIAL CONTROLS AND OPERATING PROCEDURES**

### **Operating Procedures:**

The Chief Financial Officer (CFO) will also function as Accountant with primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated. Monthly reports shall be made to the Executive Director covering, at a minimum, receipts, disbursements, receivables, and payables. In the absence of CFO, his/ her responsibilities will be assumed by the Executive Director.

The Executive Director will be required to include budget comparisons in periodic financial reports to the Treasurer. Standard Journal Entries should be reviewed by the Executive Director for reasonableness and approved for posting to the general ledger. (Non-standard journal entries are to be reviewed by the auditor). Journal entries are pre-numbered and are accounted for monthly. In the absence of Executive Director, his/ her responsibilities will be assumed by the Chair-Office Management Committee.

The Treasurer will be required to provide semi-annual budget reviews and annual reviews of the adequacy of insurance coverage.

The Board of Trustees will be required to secure an independent audit annually.

### **Separation of Duties:**

- The check signer(s) must not be the person who writes checks or who does the bookkeeping.
- Bank statements are reconciled by someone other than the check signer or writer.
- Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts.

### **Financial Reporting:**

- Annual budgets are prepared by the Treasurer and approved by the Council.
- Budgets are reviewed mid-year (December) and are adjusted as necessary to reflect changing conditions.
- A Chart of Accounts is available and used to code receipts and disbursements to the proper accounts.
- Non-standard journal entries are discussed with the CPA to ensure proper accounting treatment.
- Monthly Financial Reports are provided to the Treasurer/ Chair-Finance Committee within 30 days of the close of the period.
- Detailed Financial Reports are provided to the Board of Directors at each Board meeting.

- Reference explanations for any and all budget variances of 10% or more are contained for the above referenced reports.
- Annual audits will be conducted by an independent CPA at the close of each fiscal year. Copies of these reports will be made available to the public.
- The Fiscal Period for the organization shall be January 1 to December 31.

## **SAFEGUARDING ASSETS**

- The Executive Director shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board are carried out.
- The Finance Committee 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.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a quarterly basis.
- All excess cash will be kept in a high-yield investment account.
- Bank statements are promptly reconciled on a monthly basis.
- Documents on all securities and fixed assets will be kept in a locked fire-proof file. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation, and date of valuation.
- Appropriate insurance for all assets will be maintained.

## **PAYROLL CONTROLS**

- Personnel files are to be maintained at organizations' site for all employees. Changes in payroll data (i.e., pay changes) are approved by the Executive Committee before files are updated.
- The CFO/ Accountant is responsible for payroll processing. In case an outside payroll processing firm is used to process the payroll, the CFO will notify the payroll service of any changes to the payroll master file. The payroll service generates the payroll register, payroll checks and tax deposit checks, and sends them to the organization. The CFO reviews the payroll register for proper processing of amounts.
- The payroll and tax deposit checks are sent directly to the Executive Director, who is responsible for comparing the checks to the payroll register before manually signing the checks.

## COMPUTER CONTROLS

- The CFO is responsible for inputting the financial data into the computer for generating financial reports. The CFO will have access to the password required to log onto the system.
- Batch totals are calculated prior to input and compared to batch totals calculated by the system. Any errors made during the inputting of information will be corrected.
- Detailed printouts of cash receipts and cash disbursements are to be obtained. The CFO is responsible for comparing the detailed printouts to source documents for accuracy.
- All subsidiary account balances are reconciled to the control accounts monthly.
- A trial balance on the general ledger totals should be obtained and compared to detailed reports for accuracy of balances.

## POLICIES ON DISBURSEMENTS

- The Executive Director has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Council, and (b) single signature authority for Standard Expenses with the exception of the Executive Director's personal expense reimbursement items which must be approved by the Treasurer or Chair of Office Management Committee.
- All non-standard expenses will require one authorized signer's signature in addition to Executive Director's signature regardless of amount.
- The CFO will maintain a list of standard expenses on file approved by the Treasurer.
- Expenditure requests will be initiated in writing and approved within specified authority by the Executive Director.
- Pre-numbered check requests should be used and sequences accounted for monthly.
- The Executive Director approves check requests after comparing to supporting documentation. The office manager/ bookkeeper prints the pre-numbered checks only with approved requests. The unsigned check, support and request are presented to authorized check signers for their signatures (information on checks is compared to support for accuracy).
- All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation.
- All checks are pre-numbered and accounted for monthly.
- The checks print in three (3) parts:
  - The original is sent out for payment
  - One copy is filed numerically with support
  - One copy is filed by vendor and all checks are accounted for monthly.
- All voided checks must be defaced and retained either on the check stub or with canceled checks.

- No checks may be written to "cash" or "bearer".
- Blank checks are stored in a locked drawer.
- The bookkeeper is responsible for invoices and check requests being marked "PAID" once they have been.
- An "imprest" petty cash account is used. The amount of the petty cash account is \$200.
- Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.
- In the absence of the Executive Director, The Treasurer or the Chair of Office Management Committee will be the signatories.
- Blank checks may never be signed in advance.

### **POLICIES ON RECEIPTS**

- Two copies of all receipts are made; one for deposit file documentation and one for source file documentation (i.e., loan files or grantor files)
- All checks are stamped with "Deposit only" stamp immediately upon receipt.
- All cash receipts are recorded on pre-numbered duplicate receipts.
- The CFO will be responsible for preparing the documentation on receipts for deposits and the bookkeeper will be responsible for making daily deposits.
- Copies of all receipts are given to the CFO, who prepares the detailed cash listing to be posted to the general ledger (amount, date received, account number, etc.).
- This listing is compared to the bookkeeper's cash journal to ensure all postings equal amounts deposited.
- A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies and cash listing.

### **ACCOUNTING PROCEDURES**

#### **Cash Receipts:**

- All checks and cash receipts received through the mail are restrictively endorsed immediately by the bookkeeper and recorded in the cash receipts register, listing the date received, payor, check #, and amount received.
- The bookkeeper will make two copies of each cash receipt, and deliver all cash received and copies to the CFO.

- The bookkeeper shall prepare the bank deposit daily, attaching a copy of the deposit slip and deposit receipt to the cash receipts copies, and forward the entire package to the CFO.
- The CFO shall code all cash receipts according to the chart of accounts, and compare the cash deposit receipt with the bookkeeper listing of cash receipts for that day, to ensure that all cash receipts are deposited in the bank account. The accountant then prepares a deposit summary sheet, attaching 1 copy of each cash receipt, the deposit slip copy, and the bank deposit confirmation slip. The second copy of the cash receipt is filed by type of revenue/support.
- The bookkeeper prepares the cash receipts journal on a timely basis, using the cash receipts summary sheet.
- The CFO posts the cash receipts journal to the general ledger on a timely basis.

## CASH DISBURSEMENTS

- All invoices received are stamped with the date received by the bookkeeper, and obtains approval of all invoices and expenditures by the CFO.
- The bookkeeper prepares pre-numbered check requests for the approved expenditures.
- The CFO prepares all checks for the approved expenditures, using pre-numbered checks.
- The checks, with support documentation (approved invoices, check requests), are forwarded to the Executive Director. The Executive Director reviews all checks and supporting documentation prior to signing checks.
- For non-standard items, the CFO or bookkeeper will be responsible for obtaining the second signature from an authorized signatory.
- After the checks are signed, the bookkeeper stamps the check request and all supporting documentation "PAID", noting check number and date. The bookkeeper will then make two copies of each check and check request. The check copies and supporting documentation is then submitted to the CFO.
- The bookkeeper is responsible for mailing all checks.
- The CFO will file one copy of the check, with supporting documentation attached, in numerical order. The second copy of the check and check request is filed by vendor, in alphabetical order.
- The bookkeeper prepares the cash disbursements journal on a timely basis, using the check file.
- The CFO posts the cash disbursements journal to the general ledger on a timely basis, using the cash disbursements journal.

## **PAYROLL**

- All personnel salaries/wage rates are authorized by the Executive Director and/or the Executive Committee. All changes in employment are likewise authorized by the Executive Director and/or the Executive Committee.
- The Executive Director maintains all personnel records.
- The bookkeeper monitors the usage of vacation and sick time, and maintains the attendance records and submits to the Executive Director for review.
- The CFO shall prepare the payroll, using the approved time records and salary/wage rates for each employee, using pre-numbered checks. All payroll checks are recorded in the payroll register by the accountant.
- The payroll checks and payroll register are submitted to the Executive Director. The Executive Director reviews the payroll register and compares the payroll checks to the register, prior to signing the checks. Once the payroll checks are signed, the CFO distributes the payroll to all employees.
- All payroll tax checks are prepared at the time payroll is prepared. The payroll taxes are paid when due.

## **BANK RECONCILIATIONS**

- The CFO shall maintain a record of all bank transactions, listing all checks disbursed and all receipts deposited on a daily basis. This “Bank Book” shall show the current bank balance for all bank accounts.
- On a monthly basis, the Treasurer will reconcile the bank statements to the Bank Book, and notify the Executive Director of any discrepancies.
- The Executive Director will resolve all discrepancies with the assistance of the CFO, and the bank, if necessary. The Executive Director will report the resolution of the discrepancies to the Treasurer.
- The accountant will adjust the Bank Book as needed.
- The CFO will reconcile the Bank Book to the general ledger cash accounts on a monthly basis.

## **BILLINGS AND RECEIVABLES**

- All rates for services and prices for goods are established and approved by the Executive Committee.
- All billings for services or goods are approved in advance by Executive Director.
- The bookkeeper prepares all billings and invoices on a timely basis. Prior to mailing the billing/invoices, the bookkeeper makes two copies of the billing/invoice. One copy is submitted to the CFO, and the other copy is placed in the open invoice file/receivables records.

- The bookkeeper records the billing/invoice in the accounts receivable ledger on a timely basis.
- The CFO posts the accounts receivable ledger to the general ledger on a timely basis, utilizing the billing/invoice copies.
- The CFO reconciles the accounts receivable ledger to the general ledger on a monthly basis.
- The CFO prepares a status report on all outstanding receivables, on a monthly basis, and submits the report to the Executive Director.
- The bookkeeper initiates collection procedures on all invoices older than 30 days.
- All receivables records are maintained in a locked file cabinet.

### ACCOUNTS PAYABLE

- All approved invoices are submitted to the CFO promptly upon approval.
- The CFO records all invoices in the accounts payable ledger immediately upon receipt, and places the invoices in the unpaid open invoice file.
- All invoices from unfamiliar or unusual vendors must be reviewed by the Executive Director for approval.
- All payments are immediately recorded in the accounts payable ledger by the bookkeeper.
- The accounts payable ledger is reconciled with the general ledger by the CFO on a monthly basis.

### PETTY CASH FUND

- The Petty Cash Fund is maintained on an imprest basis.
- The bookkeeper will act as the custodian of the petty cash fund.
- Petty cash disbursements are limited to \$40 in amount.
- Any advances to employees from the petty cash fund must be authorized by the Executive Director.
- Any employee receiving petty cash must sign a petty cash voucher. The petty cash voucher must list the amount received, the purpose for which the cash is needed, and the date of the purchase. In addition, receipts for goods/services purchased must be attached to the petty cash voucher.
- The bookkeeper must submit a check request for reimbursement of the petty cash fund to the CFO. All petty cash vouchers used must be attached to the check request as supporting documentation.
- All checks for reimbursement of the petty cash fund must be made payable to the custodian of the petty cash fund.
- The petty cash fund will be kept in a fire-resistant box, located in a locked file cabinet.

## COMPONENT SOCIETIES: Financial Guidelines

Applicable only to component societies operating as a subsidiary under the APPNA's EIN.

### Affiliate Banking:

Organizations approved by, affiliated with, and operating under the federal tax identification number of The Association of Physicians of Pakistani-descent (APPNA), all such organizations must comply with APPNA's banking guidelines to maintain their association with APPNA.

APPNA must comply with legal (government filings and audit requirements) and ethical obligations to ensure that all receipts and disbursements of funds are proper, and properly reported and documented. Affiliates have **two** procedural options for compliance:

#### 1) Separate Affiliate Banking:

- If an affiliate society chooses to maintain their own bank account(s), all new or existing accounts must have APPNA Executive Director or Treasurer added as a signatory on the banking resolution (facilitating central office to promptly access account information), and a copy of the monthly bank statement must be mailed (or provided electronically) to the APPNA Central Office directly by the bank. This is to safeguard APPNA in case of routine and on-spot external audits.
- All officers of the affiliated organization with signatory authority will complete a personal information sheet to be maintained on file in the APPNA central office. (form attached)
- The signatory also agrees to relinquish their banking authority at the end of their term of office.
- The affiliate organization will provide APPNA with summary financial statements in a controlled format within 30 days of the end of each calendar quarter. A detailed transaction log (all receipts and disbursements) will be provided to APPNA for the full calendar year, within 30 days of the end of the year.
- The organization may make disbursements to domestic charitable causes as long as all documentation requirements are met (*Grantmaking Guidelines & Application may be requested from central office*). However, all international disbursements must be processed through APPNA's central office. Monies received from fundraisers for projects outside of the United States

must be remitted to, and subsequently disbursed by, APPNA's central office.

- The affiliate organization agrees to maintain proper documentation of all receipts and disbursements. In order to meet its audit requirements, a component society may be asked to provide copies of any transactions selected for review by APPNA's external auditing firm.

## 2) Banking through Central Office:

- Any affiliated organization may elect to have its banking and accounting functions maintained in APPNA central office. The officers of the affiliate will maintain control of all funds, where deposits, disbursements, and record keeping will be processed by APPNA office.
- Checks for deposit will be mailed to the central office, with adequate descriptions of the revenues or contributions.
- Requests for disbursements will be made in writing, with the signature of an authorized officer of the component society.
- APPNA office will provide financial reports to the affiliated organization on quarterly basis.

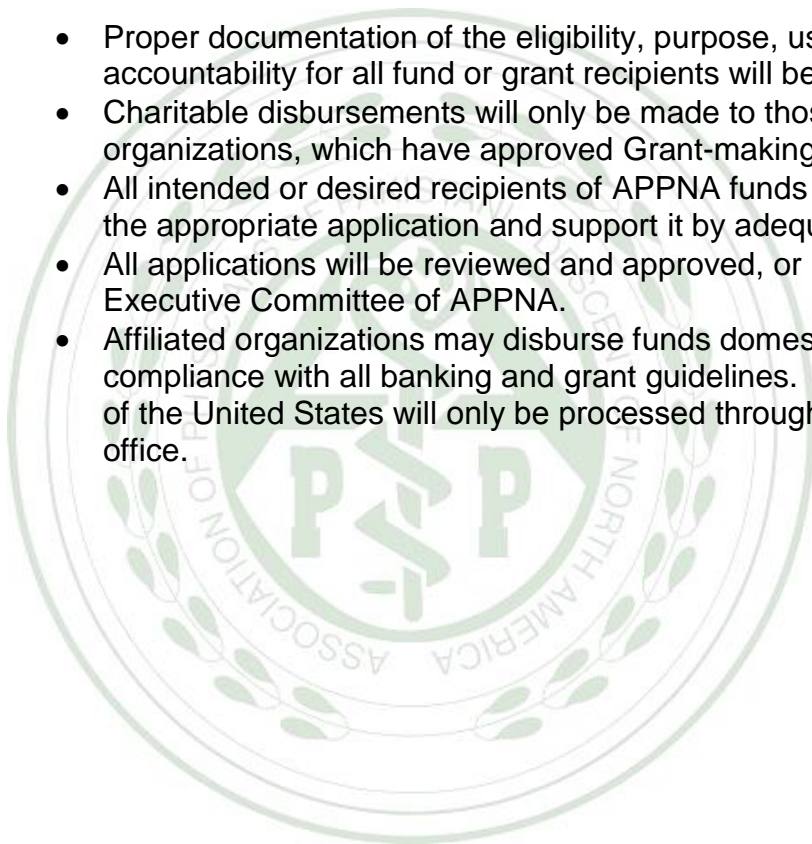
## **Fundraising:**

- Advance permission from the Executive Committee is essential to hold a fundraising event. Notify APPNA at least two months prior to the event.
- The name of your event should be the prominent feature on all event literature and promotional materials. Use of the APPNA name and logo can only be in the secondary context of "a fundraising event to benefit APPNA".
- The event organizer/sponsor is responsible for underwriting 100% of the cost of producing the event.
- The event organizer/sponsor is responsible for filing all necessary permits, for providing insurance coverage, if required, and accepts all liabilities incurred from the event.
- Compensation of outside fund-raising consultants or an organization's own employees based directly or indirectly on a percentage of charitable contributions raised is not allowed.
- All representations of fact, descriptions of financial condition of the organization, or narrative about events must be current, complete and accurate. References to past activities or events must be appropriately dated. There must be no material omissions or exaggerations of fact or use of misleading photographs or any other communication which would tend to create a false impression or misunderstanding.

- All statements made by the organization in its fund raising appeals about the use of the gift must be honored by the organization. The donor's intent is related to both what was communicated in the appeal and to any donor instructions accompanying the gift. The organization should be aware that communications made in fund raising appeals may create a legally binding restriction.
- All contributions must be obtained through legal means and be submitted within 30 days after the event. Make all checks payable to APPNA and send to central office at 6414 S. Cass Ave., Westmont, IL 60559, (Ph:630-968-8585)
- APPNA retains the right to withdraw its approval of and participation in an event if the above guidelines are not strictly followed.

### **Grant Making:**

- Proper documentation of the eligibility, purpose, use of funds, and accountability for all fund or grant recipients will be maintained by APPNA.
- Charitable disbursements will only be made to those individuals or organizations, which have approved Grant-making applications on file.
- All intended or desired recipients of APPNA funds or grants will complete the appropriate application and support it by adequate documentation.
- All applications will be reviewed and approved, or rejected, by the Executive Committee of APPNA.
- Affiliated organizations may disburse funds domestically if they are in compliance with all banking and grant guidelines. Disbursements outside of the United States will only be processed through APPNA's central office.



## Signatory Personal Information Sheet

Signatory Name: \_\_\_\_\_

Assumed Affiliate Society: \_\_\_\_\_

Officer Title: \_\_\_\_\_

Term of Office: \_\_\_\_\_ Ending on: \_\_\_\_\_

Bank Name: \_\_\_\_\_

Bank Contact Information: \_\_\_\_\_

Account Number: \_\_\_\_\_  
(others, if multiple)

Signatory Address: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**(No personal information will be disclosed to other individuals / organizations)**

As an officer of the APPNA affiliated organization referenced above and signer on the listed bank accounts, I agree to comply with all APPNA guidelines regarding disbursements of funds. All disbursements will be to approved vendors or charitable recipients and supported by adequate documentation, subject to audit upon request.

I agree to relinquish all signatory rights and authority to transfer or disburse funds at the end of my term of office as identified above.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date