

# **FINANCIAL CONTROL GUIDELINES FOR THE KENTUCKY SECTION PGA**

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## **Fiscal Year**

The KPGA fiscal year will be from the first day of January to the last day of December.

## **Financial Management**

Financial resources of the KPGA are the responsibility of the Board of Directors. The Board will have a clear plan for acquisition of financial resources to pay for the programs and services provided by the KPGA and will:

- Provide guidelines for management and allocation of financial resources which will produce optimum benefit for those we serve;
- Monitor and evaluate the financial plans and guidelines of the KPGA to ensure financial integrity.

## **Budgeting**

An annual operating budget will be prepared by the Executive Director and presented to the Board for approval prior to the beginning of the next fiscal year. The budget will reflect the cost of carrying out the programs and services of the KPGA for the next fiscal year. This budget will also reflect the anticipated revenues of the KPGA.

The budget will be viewed by the Board as their financial plan for the KPGA, and approval of the budget by the Board will authorize the Executive Director to manage the KPGA's finances. The Executive Director will keep the Board well informed of the ongoing status of the financial plan, and should seek approval from the Board if expenditures outside of the budget plan are necessary. Amendments to the budget will be presented to the Board for approval for any of the following reasons:

- KPGA enters into contracts that were not included in the approved budget;
- Major expenditure not included in the approved budget is proposed;
- Significant unanticipated revenues are received or cost overruns occur.

## **Working Capital Reserves**

A working capital reserve sufficient to keep the KPGA operating for one year will be maintained.

## **Accounting**

The accounting system used by the KPGA will utilize generally accepted accounting practices that are required and/or recommended by regulatory or lending agencies.

The accounting practices and procedures used by the KPGA will allow for adequate management of the KPGA's revenues and expenses, and will provide adequate systems of monitoring by the Board of Directors.

## **Financial Reports**

Reports reflecting the financial condition of the KPGA will be presented by the Vice President, on behalf of a Finance Committee appointed by the President, at each Board of Directors Meeting. These financial reports will include:

- Revenue and expense statement year-to-date with comparison to the same time period in the previous year and to budget.
- Balance sheet

The Executive Director will submit quarterly reports, consisting of a current profit and loss statement, balance sheet, bank statements, investment account statements, and the general ledger to the members of the Finance Committee as soon as possible upon the conclusion of each financial quarter.

A review of the KPGA's financial report will be conducted annually by an independent accountant approved by the Board. An audit of the KPGA's financial report will be conducted at least once every three years by an independent accountant approved by the Board.

## Financial Control Guidelines for the Kentucky Section PGA

### **Signing Checks**

Authorized signatories for all general fund accounts must include a signature from one of the following: an officer of the KPGA or the Executive Director.

It is the responsibility of the Executive Director to ensure that signatures can be gained from appropriate signatories so that payment can be made on obligations of the KPGA. It is also the responsibility of the Executive Director to ensure that adequate controls and safeguards have been established to ensure disbursement of funds only for proper purposes.

It is the responsibility of all signatories to ensure that adequate documentation, consistent with good internal controls, exists for payment of checks they sign.

### **Use of Credit Cards**

The Executive Director will recommend to the Board those staff members authorized to use a KPGA credit card.

KPGA credit cards will only be used for appropriate KPGA business, and all uses will be appropriately documented. KPGA credit cards will not be used for personal expenditures.

### **Investment Practices**

Funds not required for current operations will be invested according to an investment plan approved by the Board.

The Vice President will present reports to the Board at every Board meeting regarding the status of all investments, including the rate of return and current market value. The Vice President will be assisted in monitoring investments by an Investment Committee appointed by the President.

### **Executive Limitation**

The Executive Director may not risk financial losses to the KPGA beyond those that may occur in the normal course of business. The Executive Director will:

- Ensure against embezzlement, casualty losses to full replacement value, and against liability losses (to Board members, organization or staff) beyond the minimally acceptable prudent level;
- Ensure that facilities and equipment are properly maintained;
- Limit exposure of the KPGA, the Board or staff to claims of liability;
- Disburse funds only under controls sufficient to meet the Board-appointed accountant's standards;
- Invest operating capital only in investments previously approved by the Board.

### **Spending Authorizations**

The Executive Director may make expenditures consistent with the Board-approved budget without further Board approval. However, expenditures that are not within the Board approved budget must be formally approved by the Board of Directors.

A list of anticipated major capital expenditures should be included with the annual budget that is submitted to the Board for approval.