A brief overview of District 10’s financial processes and risk management controls:

* Financial transactions in D10 are handled by a minimum of three parties, and sometimes more. In addition, grant reimbursement requirements typically add an additional layer of separation and scrutiny.
* The executive director handles invoices and payments that arrive at the office via mail or email.
* Payments are deposited as needed to our account at Sunrise Banks. Checks are stamped “for deposit only.”
* District 10 contracts with an outside accountant (Harrington Langer and Associates) to issue all checks, handle all bookkeeping, and issue monthly financial statements. The monthly statements include a Statement of Financial Position (similar to a P&L), a Statement of Activities by account, and a report of the General Ledger.
  + On a monthly basis, the treasure reviews the Statement of Activities and reconciles it to the two check requests (noted below). Each account is entered into a spreadsheet, broken down by line item according to the board-approved budget. This spreadsheet is balanced to the Statement of Activities.
  + The entirety of each financial statement is included in the monthly board packet, with significant or unusual revenue and expenses highlighted by the treasurer at each board meeting and recorded in the minutes.
  + On an annual basis, the accountant also prepares D10’s federal and state reporting forms (the 990 and COAR). The treasurer and executive director review the forms before authorizing filing.
* The executive director and treasurer have credit cards in the organization’s name for non-recurring and/or online purchases. Some monthly and annual subscriptions (such as cloud storage, web hosting, and other technology services) also are charged to the credit card. The credit card account has a maximum limit of $3,000 combined.
  + The credit card balance is paid in full once a month. The executive director matches charges with receipts before requesting payment of the monthly credit card statement.
  + The treasurer reviews each charge on the credit card statement and the associated invoice.
* Staff keep time sheets, with hours charged to specific sources of funding, primarily the Community Engagement and Innovation Fund grants with the City. Time sheets cover the pay period of the 1st-15th, and the 16th-31st. Time sheets must be signed by an officer before a paycheck can be requested.
* If a staff member or board member is being reimbursed for expenses they incurred on behalf of the organization, they must complete a separate Reimbursement Form, and include all receipts (or accounting of hours), before a reimbursement request will be made.
* Twice a month (typically on the 15th and last day) the executive director issues a “check request.” This is a spreadsheet that lists the payee, the amount of the requested check, the account number to which the amount is charged, and often (but not always) an explanatory note about what is being paid.
  + If a credit card payment is included in the check request, it contains a similar transaction-by-transaction list.
  + The check request also contains a list of revenue and deposits for that time period. Each line lists the source of the revenue, the amount, the account to which the deposit in credited, and often (but not always) an explanatory note about the source of the revenue.
* The executive director bundles the check request spreadsheet with copies of all the relevant invoices, statements and time sheets, scans the bundle, and emails the request to the accountant and treasurer.
* The treasurer reviews each item on both check requests and the scanned invoices.
* The accountant mails paper checks to the D10 office. When checks arrive, the executive director makes a copy of each check, matches it with the appropriate supporting documentation, and places this paperwork on file.
* The executive director notifies officers that checks are available. Each check requires the signature of two officers. If one of the officers is receiving a reimbursement, that officer cannot sign her/his check.
  + Individual officers are documented as authorized check signers according to Sunrise Bank policy.
  + Once two officers sign each check, the executive director mails payments.
  + To minimize the time delay of waiting for signatures, paychecks are an exception: They come from the accountant with electronic signatures of two officers affixed. (Recall, however, timesheets cannot be submitted without the signature of an officer.)

Most D10 expenses are supported by reimbursement grants from the City or other entities. The district council does not receive funding in advance. Instead, it incurs an expense, then receives reimbursement -- if the expense meets the grant parameters and is supported by appropriate documentation. Therefore, D10 financial files typically are arranged to expedite the filing of grant paperwork for reimbursement purposes. Expense documentation is kept in monthly bundles to meet City requirements.

For City purposes, the documentation for each expense must include (at a minimum) a copy of the check with which the expense was paid, and copies of statements, invoices, receipts, timesheets, etc., as appropriate. Certain transactions (such as outside printing) must include additional documentation or explanatory notes. This typically parallels the documentation that is assembled for issuing a check request to D10’s outside accountant.

However, the City also requires additional forms. For the Community Engagement grant, these include:

* A Schedule of Expenses. This spreadsheet lists the date of the check, the number of the check, the payee, the amount of the check, and a breakdown of categories to assign the expense. These categories are City classifications; they do not necessarily match D10’s internal classifications. The City assigns these classifications into one of two categories: Personnel or Non-Personnel.
* Other Grants and Funds. This spreadsheet is for expenses that will be reimbursed by other funding sources.
* Non-Reimbursable Funds Listing. This spreadsheet is for expenses that do not qualify for reimbursement.
* Payroll. This spreadsheet tracks gross pay, deductions, net pay, and other payroll information.
* Funding Source Breakdown. This summary spreadsheet pulls data from the other sheets and ensures the accounting for that month reconciles.

The executive director typically submits reimbursement requests to the City every 30-60 days, once the contract has been authorized for the year. Submitting a reimbursement request requires completing an additional form, that tracks personnel and non-personnel expenses for the year to date.