

Greater Lansing Catholic Education Foundation

Financial Policies

Approved September 10, 2008

The Greater Lansing Catholic Education Foundation, in an effort to have the best possible system of internal controls and financial accounting, abides by the following policies related to financial matters. Additionally, the internal controls offered through these policies are an attempt to minimize and manage the risk for fraud within financial operations. These financial policies are set by the Board of Trustees to guide the work of staff.

I. Finance Committee

The Board of Trustees of the Greater Lansing Catholic Education Foundation will annually appoint a Finance Committee who works under the Board Treasurer to ensure the appropriate preparation of an annual budget, appropriate handling and distribution of funds, and the appropriate preparation and presentation of regular financial statements. The Finance Committee directs, reviews, and presents the annual audit to the Board of Trustees. In performing these functions, the Finance Committee has an understanding of the fraud risks associated with a small office and conducts its reviews

II. Definitions of Fraud

Fraud is a broad legal concept that generally refers to an intentional act committed to secure an unfair or unlawful gain. Misconduct is also a broad concept, generally referring to violations of laws, regulations, internal policies, and general expectations of ethical business conduct. Together, they fall into the following categories of risk that can undermine public trust and damage an organization's reputation for integrity:

- a. Fraudulent financial reporting (e.g., improper revenue recognition, overstatement of assets, understatement of liabilities)
- b. Misappropriation of assets (e.g., embezzlement, payroll fraud, external theft, procurement fraud, counterfeiting)
- c. Revenue or assets gained by fraudulent or illegal acts (e.g., over-billing customers, deceptive sales practices, accelerated revenue, bogus revenue)
- d. Expenses or liabilities avoided by fraudulent or illegal acts (e.g., tax fraud, wage and hour abuses, falsifying compliance data provided to regulators)
- e. Expenses or liabilities incurred for fraudulent or illegal acts (e.g., commercial or public bribery, kickbacks)
- f. Other misconduct (e.g., conflicts of interest, discrimination, environmental violations)

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III. Response to Fraud

The Board of Trustees of the Greater Lansing Catholic Education Foundation will have a zero tolerance policy toward fraud. Any fraud committed intentionally or due to gross neglect or dereliction of duty are grounds for dismissal. Other disciplinary action may be taken in lieu of dismissal at the discretion of the Board of Trustees depending on the severity of the offense. Employees of the Foundation are expected to report any knowledge or suspicion of fraudulent activity and should do so without fear of retaliation or repudiation from other staff or Trustees.

IV. Approval of plans and commitments before they are implemented

The Board of Trustees will set the annual budget, based on the Greater Lansing Catholic Education Foundation's fiscal year (July through June), to direct how funds are spent. Board approval is necessary in order spend funds or make financial commitments to projects that have not already been incorporated into the approved budget in amounts over \$500.

V. Accurate, timely financial reports and information returns

The Finance Committee oversees that the Greater Lansing Catholic Education Foundation provides accurate, timely financial reports and information returns. The Finance Committee will review regular financial statements, including a balance sheet, and a comparison of actual financial activity to the approved budget. The office staff will maintain a calendar of report deadlines and will advise the Board of Trustees to ensure that all financial reports and information returns have been filed as required.

VI. Banking institutions and accounts

In order to minimize risk and maximize benefit, the Greater Lansing Catholic Education Foundation utilizes only federally insured local banking and savings institutions. The amount on deposit with any one institution may not in the usual course of business exceed the FDIC insured limit of \$100,000.

VII. Deposits

All income intended for the Greater Lansing Catholic Education Foundation will be properly received, deposited, recorded, reconciled, and kept under adequate security. Any cash received will be promptly and fully deposited. More specifically, bank deposits will be made at least once per week (more frequently during fundraising campaigns). Between deposits, checks, credit card information to be processed, and any supporting documentation will be kept in a locked cash box, in a file cabinet that is locked at the close of each business day, in an office that is likewise locked at the close of business.

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VIII. Grants, gifts, and pledges

All grants and gifts will be properly received and recorded. Compliance with terms of any related restrictions will be monitored by staff and reported to the Finance Committee. Pledges are recorded at the time they are made. All grants, gifts and pledges will be acknowledged within one week of their receipt.

IX. Donated goods and services

Donated goods and services are recorded as "in-kind" gifts, with notations in the donor software program about source, materials, and estimated values. Estimates are recorded at fair market value. Services, including but not limited to volunteer hours (direct service, event, board and administrative) and professional services (graphic designers, artists, etc.), shall be computed at rates commensurate with the tasks performed. In-kind gift documentation and accounting is reviewed by the Finance Committee like any other financial transaction. Donors of in-kind gifts will be acknowledged within one week of receipt of the in-kind gift and will provide any necessary IRS forms for documenting their in-kind gift.

X. Fixed Assets

Expenditures for equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of the donation. Depreciation expenses are calculated using the straight-line method and the estimated useful lives for furniture and equipment is between 3 and 10 years. The Greater Lansing Catholic Education Foundation capitalizes all fixed assets with a cost greater than or equal to \$400 and a useful life of greater than one year. Fixed assets may be acquired and disposed of per the budget without Board of Trustee approval. Purchase or disposal of fixed assets not accounted for in the annual budget must be approved by the Board of Trustees. Disposal of a fixed asset that has been fully depreciated and has an estimated fair market value of less than \$100 can be done at the discretion of the office staff. Every attempt should be made to pass on a fixed asset with any useful life to a school or parish. The Greater Lansing Catholic Education Foundation will conduct a regular inventory of fixed assets and maintain a central list of fixed assets which includes registration numbers, warranty information, original cost, and service contract information as appropriate. Equipment and furniture that cost below \$400 or has been fully depreciated can be included on this list in a separate section for record keeping purposes.

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XI. Petty cash

A petty cash fund is maintained by staff to facilitate efficient operations, not to exceed \$100. Such petty cash funds will be disbursed only for proper purposes, will be properly recorded, and will be adequately safeguarded at all times. Specifically, petty cash is kept in a locked cash box, in a file cabinet that is locked at the close of each business day, in an office that is likewise locked at the close of business.

XII. Credit card/check card

The Greater Lansing Catholic Education Foundation maintains a credit card with Staples, Inc. and a check card with Capitol National Bank Corp. to facilitate efficient operations. Credit card and check cards are issued in the name of specific employees with specific credit limits as appropriate and will be adequately safeguarded at all times. All credit card and check card transactions will be only for proper purposes and will be properly recorded.

XIII. Procurement and purchasing

The Greater Lansing Catholic Education Foundation will always seek to maximize value and cost-effectiveness in all procurement and purchasing. Purchases exceeding \$1,000 shall require at least three competitive bids.

XIV. Disbursements

The Board of Trustees specifies authority to approve payments for services and financial commitments of the Greater Lansing Catholic Education Foundation. Funds will be disbursed only upon proper authorization of management and only for valid business purposes. All disbursements will be initiated only from properly authorized documentation and will be properly recorded. No check may be made out to "Cash." The Board shall designate the Board Chair, Treasurer, the President, and any other Board member or staff member deemed appropriate as authorized signers of checks on behalf of the Greater Lansing Catholic Education Foundation. All checks require two signatures. No check signers may sign a blank check or a check payable to themselves.

XV. Payroll

Payroll disbursement will be made only to bona fide employees and only upon proper authorization. Changes to each payroll will be properly documented. The Greater Lansing Catholic Education Foundation will ensure that payroll disbursements are properly recorded and that related legal requirements (such as payroll tax deposits) are met. Payroll checks will not be released prior to payday, and employee advances are not permitted.

XVI. Reconciliation of banking/security statements

All banking/security statements will be delivered unopened to a member of the Executive Committee of the Board of Trustees to be opened and reviewed. The statements will be signed and dated by the reviewer and given back to the office for reconciliation. A staff member who is not an authorized signer of checks reconciles the accounts and presents the reconciliation to the Treasurer or his/her designee from the Finance or Executive Committee within 15 days of the statement date. A signed copy of the reconciliation is placed on file with the monthly financial records.

XVII. Contracts

- a. Procuring contracts: All procurement transactions will be conducted in a manner to provide practical and free competition. The Greater Lansing Catholic Education Foundation shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict competition or restrain trade. Cost or price analysis will be made and documented in connection with every procurement action before a contract is awarded. Various ways of price analysis include comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the evaluation of each element of cost to determine reasonableness, allocability and allowability.
- b. Awarding contracts: Awards shall be made to the bidder whose bid is most advantageous to the recipient after considering all factors. The Greater Lansing Catholic Education Foundation will clearly set forth all requirements that the bidder must fulfill in order for the bid to be evaluated by the recipient. Any and all bids may be rejected when it is in the Greater Lansing Catholic Education Foundation's interest to do so. No employee, officer or agent shall participate in the selection, award, or administration of a contract if a conflict of interest would be involved. Such a conflict would arise if the employee, officer or agent, or any member of their immediate family, their partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. Officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of greater than nominal monetary value from contractors, parties to sub-agreements, or parties receiving benefits or services from the Greater Lansing Catholic Education Foundation. Any violations of such standards by officers, employees or agents of the Greater Lansing Catholic Education Foundation shall be subject to disciplinary action. Gifts of any value received at the Greater Lansing Catholic Education Foundation will be considered gifts to the organization.

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Money and gratuities received from public appearances as representatives of the Greater Lansing Catholic Education Foundation will be deposited as unrestricted revenue to the Greater Lansing Catholic Education Foundation.

- c. Contract administration: The Greater Lansing Catholic Education Foundation will maintain a system for contract administration to ensure compliance with the terms and conditions of the contract, to ensure adequate and timely payment of obligations, to ensure that contractors have met the terms, conditions and specifications of the contract, and to evaluate contractor performance. Procurement records and files for purchases in excess of \$5,000 will include the following: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained and (3) basis for award cost or price.