**SAMPLE FINANCIAL POLICIES AND PROCEDURES**

**FOR**

**NYC DISTRICT MANAGEMENT ASSOCIATION, INC.**

As Approved by Board of Directors on \_/\_/\_\_

**Prepared by Lawyers Alliance for New York**

**in partnership with the New York City Department of Small Business Services**

**Current as of 11/7/16**

**Summary of Responsibilities**

The District Management Association’s (DMA) Board of Directors, is determined to establish and maintain sound fiscal and financial procedures consistent with not-for-profit corporations and in accordance with generally accepted accounting principles. The DMA will comply with city, state and federal government reporting requirements and all applicable government regulations in accordance with its Contract with the City of New York.

In accordance with standard operating procedure, the DMA’s Board of Directors shall establish all financial and fiscal policies in consultation with the Executive Director. The Board may, pursuant to its bylaws, delegate these responsibilities to individual Officers or Directors or Committees made up of Officers and/or Directors.

The Executive Director of the DMA has responsibility for the financial management of the corporation under the supervision of the Finance Committee, Executive Committee and Board of Directors. The Executive Director will report to the Treasurer, Chairman of the Finance Committee, or another director designated by the Board of Directors, on actual expenditures on a monthly basis, and to the Finance and Executive Committees no less than on a quarterly basis.

The Finance Committee will review and approve the Annual Budget and recommend policies and procedures to the Board of Directors as appropriate.

**Annual Budget**

The Executive Director, , shall develop and present a proposed budget for each fiscal year (July 1st through June 30th) to the Finance Committee no later than [May 1st] of the preceding fiscal year. Each budget shall set forth, in reasonable detail, the DMA’s projected revenues and expenses for the coming fiscal year, along with a description for proposed activities and sources of revenue. In so far as is possible, projected revenues and expenses shall be divided into both quarterly and annual totals. Additionally, the proposed budget should show differences versus the previous fiscal year’s projections and actual expenses.

Upon approval of each fiscal year’s proposed budget by the Finance Committee, it shall be submitted to the Board of Directors for its review and approval. After approval by the Board, the budget shall be submitted to the Department of Small Business Services, as well as presented to the membership at the Annual Meeting.

**Budget Modifications**

Budget modifications from one service category to another (e.g. from sanitation to security) within a given fiscal year must be approved by the Executive Committee or the Board of Directors. In the operation of the corporation, any budgetary excesses should be promptly reported to the Executive Committee. Within each category, line items may be increased or decreased at the discretion of the Executive Director, who should communicate any changes to the Executive Committee Chair and Treasurer.

Amounts budgeted and not spent within the current fiscal year will be carried over into the following fiscal year in accordance with general accounting principles.

**Financial/Fiscal Procedures**

All expenditures must be approved by the Executive Director and must be supported by appropriate documentation. The Executive Director is the sole employee of the DMA with the ability to sign checks and is responsible for the payment of bills. All checks, transfers and wires exceeding $1,000 shall require the signature of at least two signatories on the bank account as determined by the Executive Committee. Any authorized person signing a check is responsible for reviewing all supporting documentation.

*All Payments*

No payments, other than regular payroll, shall be made without an invoice approved by the Executive Director and one member of the Executive Committee as determined by the Committee. Whenever possible, checks should not be written and signed by the same individual. All checks, transfers and wires shall require the signature of at least two signatories on the bank account as determined by the Executive Committee. Whenever there is a question regarding the appropriateness of an expenditure, the Executive Committee Chair, or Treasurer should be consulted.

*Debit or Credit Card*

A debit or credit card linked to the DMA’s primary bank account will be issued to the Executive Director for the purposes of making urgent and necessary purchases in amounts not to exceed $500 per transaction. All expenditures must be pre-approved by the Executive Director and must be supported by appropriate documentation. The Finance Committee should review a summary of all debit or credit card transactions at each Finance Committee meeting.

*Vendor* *Invoices*

All vendor invoices and other accounts payable shall be approved by the Executive Director prior to payment. All payments in excess of $2,500 that are not expressly provided for in the budget shall be promptly reported to the Finance Committee or the Board of Directors.

*Checks Received*

All checks received are entered promptly into the accounting system’s database. Copies of all checks and remittance advice received, together with any related correspondence, are given to the Executive Director on a daily basis. Following review by the Executive Director, checks are endorsed and promptly deposited.

*Contracts*

All contracts for goods, services or consultants in excess of $5,000 shall be reviewed by the Chair of the Finance Committee pursuant to the BID Procurement Policy. The Executive Director shall assure all contracts are in accordance with the DMA’s contract with the City of New York and all applicable laws and regulations, and are reviewed by Counsel when appropriate. All contracts must be signed by the Executive Director.

*Leases*

All leases of real property shall be approved by the Board of Directors or the Executive Committee and signed by both the Executive Director and Chair or Vice Chair of the Board.

*Reimbursement of Expenses*

Officers, directors and employees shall be reimbursed for such expenses made for and on behalf of the DMA as shall have been approved in writing in advance of their incurrence by the Executive Director, and then only upon submission of an expense report that shall have been executed by the Executive Director. Reimbursement of any such expenses incurred by the Executive Director shall require the approval of either the Treasurer or the Chair or Co-Chair, if any, of the Finance Committee.

*Computerized Accounting System*

The DMA will utilize a computerized accounting system designed for small-to-medium sized organizations that satisfies its accounting and tracking needs and generates reports necessary to show the DMA’s operating results and financial standing at any given time.

Access to the accounting system must be password protected. Those in possession of the password are the Executive Director, Treasurer, and others designated by the Executive Committee. All electronic computerized accounting information is backed up at periodic intervals.

**Financial Reports**

The Finance Committee shall be given a report within ten business days after the close of each quarter that shall include, at a minimum, the following information with respect to the immediately preceding quarter:

* actual revenues and expenditures,
* cash receipts and cash flows, together with a reconciliation to the budget and an explanations of variances;

Upon request of the Finance Committee or Board of Directors, the following information may be made available within a reasonable time frame:

* such accounts receivable reports as may then be available from the City of New York and any other funding source;
* the incurrence of any material contingent liabilities and quantitative estimates potential exposure; and
* such additional information as may be requested by the Finance Committee from time to time.

Cash balances, together with applicable bank statements and their reconciliation, should be reviewed by the treasurer or other director designated by the board on a monthly basis

The Finance Committee, after completing its review of each such report and conferring with the Executive Director, shall give such report to the Board together with a statement of the Finance Committee’s comments and concerns, if any, with respect thereto.

**Annual Audit**

The Audit Committee of the Board will select the DMA’s independent external auditor and will review both the fees to be paid to such auditor and the audit plan.

Upon receipt of the DMA’s annual financial statements and the auditor’s report thereon, the Audit Committee will consider whether they are complete and consistent with information understood by its members.

The Audit Committee will also review and evaluate the management letter received from the auditor will discuss with auditor and then with the Executive Director and the Board its recommendations for any changes necessary to remedy problems and deficiencies, if any, identified in the letter.

**Conflict of Interest Policy**

The Board adopted a Conflict of Interest Policy in [ ], [updated in ]. The policy provides that the DMA’s staff and members of its Board of Directors shall disclose any transactions with the DMA from which they may derive an economic benefit and if any such persons are directors, they will recuse themselves from participating in the Board’s deliberations upon, and its decision as to whether such transaction should be approved. An updated conflict disclosure statement is obtained from each director annually, and held by the chairman of the Audit Committee or Compliance Officer.

**Whistle Blower Policy**

The Board adopted a Whistle Blower Policy in [ ]. This policy encourages the District Management Association staff to come forward with credible information on illegal practices or violation of the DMA’s adopted policies, identifies to whom such information can be reported, and promises that the DMA will protect the individual from retaliation.

**Records Retention Policy**

The Board adopted a Records Retention Policy in [ ]. This policy identifies the record retention responsibilities of staff and Board members for maintaining and documenting the storage and destruction of the DMA’s records.