

Current Accounting, Purchasing and Payroll Procedures: Hmong Cultural Center

Accounting

Hmong Cultural Center contracts with an independent accountant to prepare and maintain its accounting records. The contracted accountant has no access to the organization's cash accounts.

The financial records are prepared on an accrual basis. The accounting procedures used by the organization conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

The books for the month are generally closed by the 20th of the succeeding month. The exception to this timeline is fiscal year-end (Dec. 31) in order to ensure the most accurate financial statements for external reporting and public inspection. The books for the fiscal year will be closed no later than March 31 for the preceding fiscal year.

All external reporting (eg., Form 990, MN Attorney General report, HCC's annual report) will be reviewed by the Board of Directors before submission.

On a monthly basis, the contracted accountant reconciles cash accounts, prepares reimbursement requests and compiles financial statements for the Board of Directors.

If the Board of Directors schedules an independent audit of its financial statements, the accountant will prepare the necessary statements and schedules, as required by the auditor.

Accounts Payable

All requests for payment follow the following procedure:

1. They are submitted to the Executive Director for coding and approval with appropriate receipts attached.
2. Upon approval, they are given to the contracted accountant for preparation of payment. This normally happens every two weeks, in conjunction with preparation of payroll (see below).
3. When the payment is prepared, the check for payment is attached to the submitted paperwork.
4. The payment check and paperwork is reviewed by two Board authorized check signers before they approve and sign the check.
5. All checks are required to have two signatures. The Board Authorized Check Signers are the Treasurer and Secretary.
6. Check stubs and accompanying paperwork are reviewed and filed by the accountant.

Purchasing/Procurement

1. Staff or the Executive Director typically compare prices on websites such as Office Depot, Staples and Amazon.com when determining which office supplies and other needed items to purchase.
2. Purchases are typically made using the organizational credit card either physically at the store or at the store's website.
3. The Executive Director approves all purchases.
4. Invoices/Receipts for purchased items are submitted along with an organizational "request for funds" form with a staff signature to the Executive Director. The Executive Director signs and submits these forms and receipts to the contracted accountant who includes them as part of the organization's monthly financial statement. Copies of all requests for funds forms and receipts are also maintained in the Executive Director's office.

Payroll

Payroll follows the following procedures:

1. Timesheets are submitted to the Executive Director for approval.
2. Upon approval, the timesheets and a summary page are submitted to the accountant for preparation of payroll checks/direct deposits. Payroll is bi-weekly, with pay period ending one week prior to the pay date.
3. The accountant prepares payroll checks and schedules direct deposits.
4. Timesheets are attached to paychecks and paystubs for review by the Board authorized check signers. Paychecks are signed by them.
5. Paychecks and paystubs are distributed to employees by the Executive Director.
6. All timesheets and paystubs are filed in the HCC office by the accountant.
7. The accountant is responsible for monthly and quarterly payroll tax payments, quarterly tax filings and annual reporting, including W-2s for employees and submission of W-2s/W3 to the appropriate state and federal agencies.
8. For grants in which time studies are required, a time study is conducted of each relevant staff position and the results of the time study in terms of the proportional allocation of the staff member's time is shared with the accountant for the purposes of tracking grant-related expenses on a ledger for reimbursement.

Bank Deposits and Withdrawals

The Executive Director opens the mail. The Executive Director prepares bank deposits. The Executive Director or Board Officers may make bank account deposits, Board Officers (the Board Chair or Treasurer) make bank account withdrawals in communication with the Executive Director. The Director of Programs and Contracted Accountant review monthly organizational bank statements. The contracted accountant reconciles bank deposits and withdrawals along with cash receipts and disbursements on a monthly organizational financial statement.

Approved by Hmong Cultural Center Board of Directors 6/15/17