



# Guidelines for Financial Management

## I. Introduction

These Guidelines for Financial Management are intended to ensure the sound and systematic management of the Council's finances. They will guide the actions of the Board of Directors and officers by establishing a financial system with the following characteristics:

1. Clear definition of the financial responsibilities of the Board and officers.
2. Sound, prudent management of the Council's financial resources in line with generally accepted accounting principles and audit standards, and in conformity with the requirements of the Internal Revenue Service, the taxing agencies of the Commonwealth of Massachusetts, and any grant-funders or donors.
3. Strategies for expanding the Council's income to keep ahead of its commitments for services and programs.
4. Periodic reports to the officers and Board of Directors to enable them to keep track of the Council's income and expenses and to match its financial resources to program initiatives.
5. A coordinated annual work plan and annual budget.
6. Provisions for reporting to the membership on income, expenses, and the Council's overall financial status.

These guidelines and changes that the Board of Directors may approve shall be in accordance with the Bylaws of the Council of State Historical Records Coordinators, Inc., doing business as the Council of State Archivists, as revised and adopted on September 12, 2006, and shall comply with any subsequent bylaw revisions adopted by the Council.

## II. Budget Year

The budget year runs from January 1 through December 31. The Board shall adopt an annual budget prior to the beginning of each fiscal year.

## III. Responsibilities

Responsibilities for the Council's sound financial management are delegated to Board members and contractual service providers as indicated below.

### A. Board of Directors

- Provides overall policy direction to the Council.
- Authorizes officers or agents of the Council to enter into contracts; sign or issue checks or drafts or orders for the payment of invoices and other evidences of indebtedness; and authorizes the banks or other depositaries for the maintenance of Council funds.
- Has ultimate responsibility for all aspects of the Council's well-being.

- Designates one of its members, in addition to the Treasurer, plus one other member of the Council to serve as members of the Finance Committee.
- Reviews and approves financial policies developed by the Finance Committee.
- Reviews, revises, and adopts the proposed annual work plan and budget.
- Periodically reviews the status of the work plan and of resources and directs changes as necessary.
- Prepares an annual work plan that is related to the budget that is prepared and presented by the Treasurer.
- Shall have the books and records of account of the Council reviewed annually and audited periodically by a certified public accountant and shall present a report at the annual meeting of members.

#### **B. President**

- With the Treasurer, reviews and approves all expenditures of the Council above the limits specified in Section VI, including reimbursement claims and invoices for services submitted by the Executive Director and other CoSA contractors.
- With the Treasurer, approves contracts for service providers (e.g., staff, meeting planners, computer programmers, speakers, authors, other vendors).
- Signs all contracts on behalf of the Council except when the responsibility is specifically delegated to the Executive Director.

#### **C. Treasurer**

- Serves as the Council's chief fiscal officer and is responsible for the orderly management of its finances.
- Chairs the Council's Finance Committee.
- Presents an annual budget to the Board for members' approval.
- Prepares periodic financial reports to the Board with assistance from the Executive Director and Fiscal Manager/Bookkeeper.
- Presents an annual financial report to the full membership.
- Ensures the preparation and filing of annual nonprofit corporation report with the Secretary of the Commonwealth of Massachusetts (due November 1 each year) and other similar required reports.
- Manages investments (e.g., CDs, mutual funds).
- With the President, approves contracts for service providers (e.g., staff, meeting planners, computer programmers, speakers, authors, other vendors).
- Reviews expenditures of the Executive Director, including charges made to the Council's credit card, to ensure they are appropriate and adequately documented.

#### **D. Finance Committee**

- Composed of the Treasurer and two additional members, one from the Board of Directors and one from the general membership.

- Ensures that proper financial policies and procedures are developed.
- Prepares the annual budget for the organization with the assistance of the Certified Public Accountant, Fiscal Manager/Bookkeeper, and Executive Director.
- Establishes policies and procedures for soliciting and collecting dues from members and for other income-generating activities, including product sales and sponsorships.
- Periodically reviews and updates the Council's Financial Guidelines and related procedures.
- Procures and oversees insurance policies and bonding for staff and contractors.
- Negotiates indirect cost rates for federal grants.
- Develops long-term strategies for the Council's continued financial growth and well-being.

**E. Certified Public Accountant** (contractual service provider)

- Prepares and files annual returns to the Internal Revenue Service (due May 15 each year).
- Conducts annual audit or review to keep the Council in compliance with grant regulations as well as standard accounting practices, including A-133 audits as necessary.
- Advises Treasurer and Finance Committee in preparation of annual budget and on development of financial policies and procedures.

**F. Fiscal Manager/Bookkeeper** (contractual service provider)

- Manages the organization's checking and savings accounts, including issuing checks as authorized by the Treasurer and President and presented by the Executive Director.
- Prepares monthly financial reports for the Treasurer and Administrative Staff.
- Provides reports and other documentation needed by CPA to prepare IRS returns and conduct audits.

**G. Executive Director** (contractual service provider)

- Establishes a permanent post office box for the Council's mail service and picks up mail from this box at least once a week.
- Receives and maintains the record copies of all executed contracts, agreements, or financial obligations.
- Oversees work of contractors providing financial services to the organization (i.e., CPA, Bookkeeper).
- Prepares required financial reports to granting agencies, requests payments of grant funds, and deposits all receipts.
- Deposits all payments made to the Council by check or in cash.
- Delivers finance-related documents received in the mail or electronically to the Treasurer, Fiscal Manager/Bookkeeper, or CPA, as appropriate.

- Oversees the sale of CoSA products, including credit card processing and order fulfillment.
- Sends dues notices to all states on a schedule to be determined by Finance Committee.
- Sends acknowledgements to the Council's members re: receipt of dues payments.
- Prepares contracts for service providers (e.g., staff, meeting planners, computer programmers, speakers, authors, other vendors) and forwards them to the President and Treasurer for approval. Once approved, sends final copy to President and service provider for signatures.
- Develops and distributes forms for travel reimbursement in cooperation with the Treasurer. Reviews and approves travel reimbursement requests and submits them to Fiscal Manager/Bookkeeper for payment.
- Develops and distributes forms for other reimbursement claims in cooperation with the Treasurer.
- Reviews and approves other reimbursement claims for amounts less than \$3,000 that are included in the budget. Forwards claims in excess of that amount to President and Treasurer for approval. Submits approved claims to Fiscal Manager/Bookkeeper for payment.
- Prepares and files annual nonprofit corporation report with the Secretary of the Commonwealth of Massachusetts (due November 1 each year) and other similar required reports.
- On behalf of the Council, maintains current registrations for Dun and Bradstreet, federal contracting and grant systems, sales tax permits, website domains, email services, and similar entities.

#### **IV. Annual Budget**

The Finance Committee is responsible, with assistance from the Executive Director, CPA, and bookkeeper, for developing and presenting a proposed annual budget that projects income and expenditures of funds needed to carry out the work outlined in the annual work plan. The budget should indicate an expenditure breakdown by categories. The budget provides direction and an indication of anticipated revenues and approved expenditures. The budget should be considered flexible and is subject to change by the Board of Directors based on actual revenue and cash flow as well as changing needs and priorities.

#### **V. Contracts and Obligations**

The Council may enter into any lawful contracts, agreements, or financial obligations necessary to carry out the annual work plan.

Except as hereinafter provided, the President shall execute on behalf of the Council any and all grant applications, grant acceptances, contracts, agreements, or other obligations for services or products that are clearly included in the annual budget and approved by the Board of Directors.

The Board may authorize the Executive Director to serve as Project Director for grants in order to file narrative and financial reports on behalf of the Council. Copies of any such reports will be provided to the Board and Finance Committee.

When necessary due to the physical unavailability or inability of the President or Treasurer to act in a timely manner and in order to comply with external deadlines, the majority of the Board of Directors may authorize, in advance, other officers or agents of the Council to execute documents on behalf of the Council.

Copies of all executed contracts, agreements, or financial obligations shall be deposited with the Executive Director.

## **VI. Procedures for Authorizing and Making Payments**

All claims to the Council shall be submitted as an invoice or on an official Council form obtained from the Executive Director. Claims shall specify the product or services provided, give date or dates of service, indicate the expense amount, contain signature of claimant, and be accompanied by adequate invoices/receipts.

The Executive Director may process claims and authorize the issuance of checks or credit card purchases when (1) the amount involved is less than \$3,000; and (2) the expenditure is for an item that is clearly included in the annual budget as adopted by the Board of Directors.

Both the Treasurer and the President must approve the issuance of all checks or credit card purchases over \$3,000 when the expenditure is for an item than is clearly included in the annual budget as adopted by the Board of Directors.

In addition to the Treasurer and President, the majority of the Board of Directors must give its advance approval in order to issue checks for any amount when the expenditure is for an item that was not part of or included in the annual budget and, therefore, not previously authorized by the Board of Directors.

Use of CoSA credit cards for individual member's reimbursable expenses may be authorized under the following circumstances: (1) unexpected circumstances in which an individual will incur expenses related to service to CoSA; (2) demonstrated hardship; (3) instances where CoSA will realize savings, and (4) case-by-case review and approval by the Finance Committee.

Monthly credit card statements for CoSA staff will be reviewed by the Executive Director. The Executive Director's credit card statements will be reviewed by the Treasurer.

Each check issued shall be appropriately recorded in the books of the organization.

Every expenditure shall be reflected in monthly reports prepared by the Fiscal Agent/Bookkeeper under the direction of the Treasurer and Executive Director.

## **VII. Reports**

Monthly reports shall be prepared showing all income and expenditures. These shall be reported by budget category. These reports shall show, for each category, the amount originally budgeted in the annual budget plan, the amount disbursed that month, the amount spent to date in that year, and the amount remaining in each category. The reports shall include a summary of receipts, disbursements, and funds held by the Council.

These financial reports shall be produced within two weeks after the end of the month they cover.

A balance sheet showing all assets and liabilities of the Council shall be prepared as directed by the Board of Directors, and not less than annually, and sent to the President.

An annual financial report in a form to be determined by the Treasurer and the President and with the concurrence of the Board of Directors shall be prepared.

Copies of these reports will be sent to the President.

Other reports will be produced as requested by the Board of Directors.

### **VIII. The Council's Policy on Annual Dues and Non-Paying States**

All directors of state archival programs are automatically members of the Council by virtue of their position, whether his or her state has paid dues to the organization or not.<sup>1</sup> However, the Board will actively encourage all states to support the organization by paying dues.

Dues notices for the next fiscal year will be mailed in December. States will be encouraged to pay dues by April 30. A second letter requesting payment will be sent to those states that have not paid dues by the above deadline. These states will be encouraged to send payments by September 30. The Treasurer may choose to contact nonpaying states at any time.

### **IX. Support for Council-related Travel**

Specific provisions for reimbursing travel expenses, including allowable costs, are contained in the CoSA Travel Reimbursement Policy.

### **X. Guidelines for Grant-Funded Projects**

Financial arrangements and procedures for administering grants and their funds are covered in a separate policy statement on this topic.

*These guidelines were developed by the CoSA Finance Committee in February 2004. They were revised by the Finance Committee and approved by the full Board of Directors in June 2009.*

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<sup>1</sup> The CoSA Bylaws state that its membership is "limited to the State Historical Records Coordinators and their deputies or designees as defined by regulations governing the National Historical Publications and Records Commission (36 CFR Part 1206)." These regulations define a "State Historical Records Coordinator" as the "full-time professional official in charge of the state archival program or agency," which CoSA defines as essentially the same thing as "director of the state archival program."