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## Grandview Lot Owners' Association, Inc. Policy

Title: <b>Financial Controls</b>	
Document Author / Owner: <b>GLOA President</b>	Doc Number: <b>FINANCIAL POLICY 003</b> Revision: <b>0</b>

### 1.0 Purpose:

- 1.1 The intent of this policy is to document the internal financial controls to safeguard the financial assets of the Grandview Lot Owners Association, Inc.

### 2.0 Definitions:

- 2.1 **BOD:** As the term is used anywhere in the Grandview Lake policies, procedures and work instructions, the term "BOD" means and refers to the Board of Directors of the Grandview Lot Owners Association, Inc.
- 2.2 **GLOA:** As the term is used throughout these Grandview Lake policies, procedures and work instructions, "Association" means and also refers to the Grandview Lot Owners' Association, Inc., an Indiana not-for-profit corporation. Also referred to as the "corporation." To contact the Grandview Lake office call 812-342-1219 or email [gloa@grandviewlake.org](mailto:gloa@grandviewlake.org). The office is located at 5150 S 650 W Columbus, In 47201-8813. Office hours: Monday through Friday 1:00 PM to 5:00 PM.

### 3.0 Minimize Exposure to Cyber Theft

- 3.1. Movement of funds in or out of an account is limited to "paper" transactions with signature of an authorized board member
- 3.2. Exception is use of company credit cards when use of a check is not practical. Limit is kept low, at a total of \$5,000. The GLOA Employee Handbook explicitly states use of company credit card for personal expenses is grounds for dismissal. All individual expenditures including credit card transactions are reviewed by the board each month.
- 3.3. No electronic withdrawal/ bill payment capability on our accounts except the following direct debits or credits to our checking account:
  - 3.3.1. Credit card transactions (deposits), and monthly processing fee by processor.
  - 3.3.2. Monthly gas pump credit card connectivity fee.
  - 3.3.3. Monthly payroll processing fee from Intuit.
  - 3.3.4. Indiana Dept of Revenue and Dept of Workforce Development for tax and withholding payments.
  - 3.3.5. US Treasury for tax and withholding payments.

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- 3.4. Treasurer has two-factor-authentication electronic access to brokerage accounts for statements and for investing funds, but accounts are set up such that Treasurer cannot move funds in or out of accounts.
  - 3.5. Treasurer and Office Manager have “read only” access to checking and savings accounts and are not signatories – cannot move funds. GLOA does not have electronic “bill-pay” – must be by paper check only.
  - 3.6. No electronic bill payment is to be allowed for any user.

#### **4.0 Minimize Exposure to Postal Theft**

- 4.1. “Paperless statements” (not via US Mail) option is chosen for all bank and brokerage accounts.
- 4.2. This requires web-based “read-only” monitoring of accounts by Treasurer and Office Manager. Two-factor authentication required.
- 4.3. Checks, Bank Deposits, etc. are not to be left in GLOA’s outdoor mailbox for pickup. The Office Manager is responsible for delivery of these mail pieces to a secure mailbox, the Post Office, or directly to the bank.
- 4.4. To minimize exposure of mail being stolen out of the GLOA mailbox before they are retrieved by GLOA staff, the Post Office is instructed not to leave mail on Saturdays.

#### **5.0 Minimize Exposure to Embezzlement – (Oversight & Separation of Duties)**

##### **5.1. Office Manager**

- 5.1.1. Writing of checks is limited to the Office Manager.
- 5.1.2. Because of above duty, Office Manager cannot be a signatory on accounts or move money to/from accounts
- 5.1.3. Because of above duty Office Manager cannot reconcile bank/investment accounts (but can enter transactions into the accounting system from the bank statements)
- 5.1.4. Check stock is kept in locked file cabinet in locked room.
- 5.1.5. During an extended absence of the Office Manager, a BOD member designated by a majority of BOD members may write checks. These checks must be signed by a different Board member.
- 5.1.6. At the end of the term of an authorized signer on a GLOA account, the President or other board member authorized on the account shall see to it that GLOA’s banks are notified in writing that such board member is no longer authorized.

##### **5.2. Treasurer**

- 5.2.1. Reconciles all bank/brokerage accounts each month. With Board approval, this could also be performed by another qualified person who is not a check

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signer provided they can commit to performing this duty monthly at the office using QuickBooks after being trained.

- 5.2.2. Approves financial statements and transaction listings shared with the board each month.
- 5.2.3. The Treasurer CAN make investments within the brokerage accounts. This can be done electronically with two-factor authentication, or via phone instructions to the brokerage Investments are limited to FDIC-Insured Certificates of Deposits and U.S. Treasury obligations or Funds/ETFs that are invested at least 85% in U.S. Treasury obligations.
- 5.2.4. At least quarterly, the Board President or other designated board member other than the treasurer will review bank and brokerage statements to ensure they reflect only authorized activity.
- 5.2.5. Because of the above duties, Treasurer is not a signatory on accounts and cannot move money to/from accounts.
- 5.2.6. Because of the above duties, Treasurer cannot have access to check stock.

### 5.3. Board Members

- 5.3.1. Not all board members are authorized to sign checks. To ensure timely bill payment, consideration of number of authorized signers, and those chosen to be check signers will include availability, frequency of travel, etc.
- 5.3.2. All checks require board member or Lake Manager approval according to Financial Policy 001, Commitment/ Expenditure Authority Limits. Check signers are to verify this with each check they sign.
- 5.3.3. Financial Policy 001 - Commitment/ Expenditure Authority Limit is reviewed and updated as necessary, with board approval ,upon every change in board members. Financial Policy 001 differentiates between routine payments and one-time large items. It also differentiates approval level for various board members depending on their role, and items that are within budget or MR&R estimate, vs. over budget/estimate.
- 5.3.4. Each month's financial statements and list of individual expenditures, including individual credit card charges are provided monthly to board members prior the board meeting. Board members are asked to question items that seem unusual.
- 5.3.5. A board member other than the Treasurer is assigned as the Administrator of GLOA's online access to Bank and Brokerage accounts and will grant "read-only access" described above to the Treasurer and Office Manager. This duty is kept separate from the Treasurer or Office Manager because of their roles.
- 5.3.6. Check signers must verify that checks written to move money from one GLOA account to another GLOA account-meet the following criteria

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- 5.3.6.1. Reason for transfer is stated in writing by Treasurer.
  - 5.3.6.2. Payee is "Grandview Lot Owners Association, Inc."
  - 5.3.6.3. Memo line of check states "For deposit to account #\_\_\_\_\_"
  - 5.3.6.4. Bank deposit slip with pre-printed account number is attached
  - 5.3.6.5. Back of check is stamped with restrictive endorsement (For Deposit Only to Account #\_\_\_\_\_).
  - 5.3.6.6. Signer must sign under the restrictive endorsement on back of check.

**6.0 Document Revision History and Reason for Change:**

<b>Rev:</b>	<b>Sec Changed</b>	<b>Change Made:</b>	<b>Date Approved</b>
0	Initial release		10/21/2021
1	5.15	Changed interim check preparer from President to Board Member assigned by BOD.	12/16/2021
	5.16	Added requirement to notify banks when board members no longer authorized	