



at Taft Hill  
1 Summerfield Drive Uxbridge, MA 01569

November/2021

### **Financial Policy and Rules for Checks and Balances Version 1.6**

This document is to establish written procedures for - good financial handling practice incorporating checks and balances for the finances of the Summerfield at Taft Hill Trust.

1. The basic rule is that there must be at least two signatures or approvals by Trustees (BOT) for any outgoing funds, i.e., checks written against the accounts of the Trust. If the bookkeeper is a Trustee, the bookkeeper may be one signatory, the preferred second is the Treasurer or, if the Treasurer is unavailable, any of the other Trustees can cosign.
2. In addition, the signing of the invoice by a Committee Chair is more than checking accuracy of the presented vendor invoice, it is a verification that the item has been budgeted as an expense, or that a vote of the BOT has authorized the application of the total annual budget or a portion thereof.
3. No single Trustee can authorize an item to be paid, without a vote of the BOT authorizing them to review the item and authorize it for the BOT. Such item will be authorized if budgeted (operating) or a capital item as appropriate and determined by a vote of the BOT. Committee Chairs can authorize items within their monthly/annual operating Budget, although Trustees may override such an authorization. Monies can only be expended from Capital Reserves with a vote of the BOT, and an appropriate Committee Chair validating the invoice, or the Chairman (BOT) if none exists for the expenditure.
4. In the case where the bookkeeper is also a Trustee, they cannot be an authorizing person to sign/submit a proper invoice to the bookkeeper for payment. This applies in the case of electric bills, cleaning of the mail building., taxes, or misc. items, where there is no Committee Chair. In no case can the Trustee who is also the bookkeeper authorize a payment to themselves (the bookkeeper) for processing, as this would defeat the two-person rule. To be practical, the Trustee who is cosigning the check, as a cosigner, may also sign the invoice as proper to pay once they have reviewed it and consulted with the bookkeeper as to whether it's budgeted properly.
5. We pay all invoices from our checking accounts, not in cash nor certified checks. We do not accept cash payments for monthly dues.
6. At the monthly meeting, accounts will be reviewed by the BOT. The Treasurer will validate balances of the bank accounts vs. that presented by the bookkeeper. All requirements of the Trust, regulations, and rules still apply with respect to the duties of the officers and the BOT for reviewing and managing the monthly and annual budget.

The following is the Rule for the processing of invoices, subject to revision by the BOT.

Rule 1. Invoice processing

- A. Invoices arrive via US Mail and are retrieved by the bookkeeper from the BOT US mailbox or the green BOT box if another Trustee has put them there.
- B. Bookkeeper will route the invoices to the appropriate Committee Chair for verification of the order and signature/ approval. When invoices are received, they need to be checked for accuracy as to what was ordered and what was delivered, whether goods or services, and whether it's within their approved budget for the fiscal year. If within their annual budget, they then route the approved/signed invoice back to the bookkeeper for payment via Trust check. In no case are any vendors to be paid in cash or certified checks, but rather only Trust checks with invoices attached, countersigned by the Treasurer, or another Trustee if the Treasurer is not available. Email is acceptable for routing.
- C. The responsibility of the approving Committee Chair is to assure accuracy of the vendor invoice, and whether the amount is within their budget as laid out by the BOT in the annual budget and shown in the budget / Profit and Loss statement as an estimated monthly expense by the bookkeeper. The Committee Chair shall submit expenses that are over the budget amount to the Trustees for approval prior to payment.
- D. Once the Committee Chair clears the budget analysis, they can approve the invoice to the bookkeeper by signing the invoice "OK to pay" with their signature and date approved. If BOT override was required then they should indicate "approved by a vote of the BOT".
- E. The bookkeeper will take the approved invoice and review once more whether it's within the stated budget, or has special written approval by a vote of the BOT. If the review is positive, the bookkeeper will set up the invoice for payment and issue a check for the amount due in a timely fashion.
- F. If the review is negative, i.e., there are insufficient funds in the budgeted department, and it has no vote by the BOT to approve annual funds, then the invoice needs to be referred to the BOT for discussion and approval on which budget account the funds are to be applied.
- G. Once the bookkeeper has drawn a check ready for mailing, the bookkeeper will get it signed by the Treasurer and another Trustee. The signers are responsible to verify that the check is written to the vendor/supplier, and that the invoice is signed by the Committee Chair who has approved the invoice for payment. They need to check dates and that the amount of the check matches the amount of the invoice to be paid and nothing more. The previous steps have insured that the invoice is accurate, proper, and budgeted. The signers are simply to ensure accuracy of the process and the 2-person signatory rule, not budget compliance. If the cosigning Trustee has questions, they may direct them to the BOT, and decline to sign until reviewed and the questions are resolved.
- H. The responsible parties (Committee Chair) for signing invoices are (subject to revisions by the Trustees);
  1. Chairperson of the Grounds Committee- all activities related to grounds
  2. Chairperson of the Beautification Committee- activities as the BOT has assigned
  3. Chairman of the Board- all legal invoices rendered and approved by the BOT
  4. Any Trustee submitting personal expenses as proscribed for Trust business
  5. Any chairperson submitting personal expenses for Trust business.

6. Proper office expenses submitted by the bookkeeper for the Trust must be signed by a Trustee different from the Trustee who cosigns the reimbursement check.

This method outlined above is substantially followed today Nov/2021 and ensures that the Committee Chair has budgetary approval for their signature on an expenditure. Further, the check by the bookkeeper for budget compliance is a check and balance on the Committee Chair and the budget. The 2-signature requirement is a check and balance on the bookkeeper to ensure good cash/ expenditure handling practice. There is overlap, but that is by design and ensures accuracy, good cash management, and good oversight.

If there are any questions on this process, they are to be referred to the Treasurer. Once adopted by a vote of the BOT, there are no deviations, changes, or additions without a vote of the BOT.

It is expected that there will be changes as time goes on, hence the numbering scheme of version 1.6.