

## Section 12- effective March 1, 2013

### **Area Chair Finance Policy and Guidelines**

Area Chairs are responsible for managing funds which are derived from grants and contributions from the American Association as well as donations and other contributions from several sources including Area members. The purpose of these funds is to further the mission of the American Association at the local level. Therefore, there should not be an accumulation of cash above the \$50,000 level. The Area Chairs, subject to the provisions of the Area Chair/Area Hospitalier Guidebook including oversight by the Association, have broad day-to-day authority over the use, disbursement and accounting for their funds. The following protocols have been instituted to ensure the integrity and accountability of the Area Chairs for managing these funds, thus reducing the risk of misuse and misappropriation.

Any exception to this policy must be approved by the President of the Association and must be fully justified and documented. The Area Chairs are free to implement additional internal controls consistent with this Policy.

#### **A. Accounting Internal Controls:**

##### **1. American Association**

- a. The Association shall enhance the internal audit of Area financial activities. This will be accomplished by conducting annual internal audits. The American Association will establish an audit plan which will randomly select Areas to be audited. The plan will allow for each Area to be audited at a minimum of once every 3 years. A written report will be issued to the Area Chair, the Association's President, Treasurer and Executive Director.
- b. Any material discrepancies found will require a response and Plan of Corrective Action from the Area Chair.
- c. All bank accounts must include the Association's Treasurer and Executive Director as signatories on the accounts.
- d. The Association Executive Director or Designee shall have electronic access to the bank accounts for each Area.

##### **2. Area Chairs**

- a. Quarterly financial statements shall be submitted to the Association's Controller by the 15th day of the month following each quarter. The statements should include the applicable receipt and disbursement logs. Monthly bank statements and those that also include copies of cancelled checks should also be sent in quarterly.
- b. Cash received at events must be deposited to the bank account. Cash on hand must not exceed \$500.
- c. The Area Chair must provide a justification and purpose for approval by the Executive Director for any funds accumulated over \$50,000 in combined cash balances at all Financial Institutions at the end of the fiscal year, December 31<sup>st</sup>.

- d. The 15th day after each quarter is a critical date for submission of financial data. All Areas operate under the financial umbrella of the Association and, therefore, all their financial activities must be included in the Association's financial statements. Any exceptions of submissions hold up the issuance of the Association's financial statements. We appreciate your adherence to this deadline.
- e. All reports must be cosigned by the Area Chair prior to submission to the Association office. This report shall include a statement that the financial statements have been reviewed by each and appear after reasonable due diligence to be in order.
- f. The Area Chair shall have ultimate responsibility for the financial affairs of his or her Area but shall appoint a Treasurer who shall be responsible for the day-to-day financial books and records of the Area including preparing a budget and other necessary functions.
- g. The Area Chair shall endeavor to ensure that the Area Treasurer is qualified and experienced in financial matters and otherwise shall communicate regularly with the Treasurer concerning the Area's financial books and records and any other financial matters.
- h. Area Treasurers shall serve in that position for three years and could be granted a second term with the approval of the Executive Director.
- i. The Area Chair and Area Treasurer must sign all checks and disbursements over \$2500. Disbursements below \$2500 will require a single signature combined with an electronic approval from either the Area Chair or Area Treasurer depending which person is signing the check. Such dual signature authority shall be evidenced by appropriate signature cards on file with the bank where the funds are maintained. No other Area Member shall have the authority to transact any business with the accounts.
- j. Internal audits will periodically be conducted by an independent person appointed by the Executive Director.
- k. The Area Chairs shall report any material discrepancies in their financial records or otherwise relating to the funds immediately to the Executive Director. Notification must be made within one business day to the Executive Director or the Association's Treasurer via telephone or email. A written report maybe requested by the Executive Director. Legal counsel may be sought with the approval to the Association's President.

If any of these procedures contradict any current procedures set forth elsewhere, these procedures shall govern unless stated otherwise by the Executive Director.