

SUSTAINABLE ENVIRONMENTAL ADVOCACY AND DEVELOPMENT

Financial Controls Policy

Board Governance Policy

Adopted by Board of Trustees	_____
Effective Date	_____
Next Review	_____

1. Purpose

Sustainable Environmental Advocacy and Development (SEAD) is committed to safeguarding charitable assets, maintaining accurate financial records, complying with applicable law and grant requirements, and ensuring that financial decisions support SEAD's mission. This policy establishes minimum internal controls for authorization, custody of assets, accounting, reporting, purchasing, reimbursements, banking, grants, and oversight.

2. Scope and Responsibilities

This policy applies to trustees, officers, employees, volunteers, contractors, and any other person who handles, approves, records, or oversees SEAD funds or financial information. The Board of Trustees retains ultimate fiduciary oversight. The Treasurer and President/Executive Director, if applicable, oversee implementation, while individuals assigned accounting or administrative duties maintain records and follow approved procedures.

3. Core Internal-Control Principles

- Segregation of duties should be used whenever practical so that no one person controls authorization, custody, recording, and reconciliation of the same transaction.
- Transactions must have a legitimate organizational purpose, appropriate approval, and sufficient supporting documentation.
- SEAD funds and assets may not be used for personal benefit, loans to insiders, or expenditures unrelated to SEAD's charitable purposes.
- Financial records must be timely, complete, accurate, and retained in accordance with SEAD's Document Retention and Destruction Policy.
- Actual or potential conflicts of interest must be disclosed and handled under SEAD's Conflict of Interest Policy.

4. Budgeting and Financial Planning

Management will prepare an annual operating budget for Board review and approval before or near the beginning of each fiscal year. The budget should identify anticipated revenue, program and administrative expenses, restricted funding, major commitments, and expected cash needs. Material departures from the approved budget should be explained to the Board and significant unbudgeted commitments should receive appropriate approval.

5. Bank Accounts and Cash Management

- Bank and investment accounts must be opened in SEAD's legal name and authorized by the Board or pursuant to Board-approved authority.
- Authorized signers must be designated in writing. Online banking credentials, cards, checks, and security devices must be protected from unauthorized access.
- Bank statements should be reviewed and reconciled monthly by a person who did not originate all underlying transactions whenever staffing permits.

- Transfers between SEAD accounts must be documented. Cash withdrawals should be avoided except for documented, approved business needs.
- Petty cash, if used, must be maintained at a Board- or management-approved limit with receipts and periodic reconciliation.

6. Receipts, Deposits, and Contributions

- Incoming funds should be recorded promptly and deposited intact into an authorized SEAD account.
- When practical, two persons should participate in counting significant cash collections or event receipts.
- Donor restrictions, grant restrictions, and other externally imposed limitations must be recorded and honored.
- Contribution acknowledgments and donor records must be maintained as required by law and SEAD policy.
- Refunds or reversals of contributions require documentation and appropriate approval.

7. Purchasing, Contracts, and Disbursements

Purchases must be reasonable, necessary, properly documented, and consistent with approved budgets, grants, contracts, and procurement requirements. Competitive quotes or bids should be obtained when required by a funder, law, contract, or Board-approved procedure.

- Invoices must be reviewed for accuracy and evidence that goods or services were received before payment.
- The person approving an expense should not approve a payment to themselves. Reimbursements to officers or trustees require independent approval.
- Blank checks may not be signed in advance. Electronic payments must receive the same level of authorization and documentation as checks.
- Contracts creating significant financial obligations should be reviewed by authorized leadership and, when material, approved by the Board.

8. Expense Reimbursement and Organizational Cards

- Reimbursement requests must identify the business purpose, date, amount, and supporting receipt or equivalent documentation.
- Requests should be submitted promptly, ordinarily within 60 days unless circumstances justify an exception.
- Organizational credit or debit cards may be used only for authorized SEAD business. Personal charges are prohibited.
- Cardholders must submit receipts and documentation for each charge and promptly reimburse SEAD for any accidental personal charge.
- Travel expenses should be reasonable and consistent with any applicable grant, contract, or travel policy.

9. Payroll and Compensation

Compensation must be properly authorized, documented, and processed in compliance with payroll and tax requirements. Changes to compensation for senior officers or key employees should be approved by disinterested Board members or an authorized committee using appropriate comparability information when required. Time and attendance records must support payroll and grant allocations where applicable.

10. Grants and Restricted Funds

- Grant awards, budgets, reporting requirements, match requirements, and restrictions must be documented and communicated to responsible staff.
- Costs charged to grants must be allowable, allocable, reasonable, consistently treated, and adequately documented under applicable award terms.
- Restricted funds must be tracked separately in the accounting records or by another reliable method that demonstrates compliance.

- Required financial and program reports must be reviewed for accuracy before submission.
- Subrecipient or contractor payments funded by grants must follow applicable procurement, monitoring, and documentation requirements.

11. Accounting Records and Reconciliations

SEAD will maintain an accounting system capable of identifying assets, liabilities, revenue, expenses, net assets, restricted funds, grants, and material obligations. Bank, credit-card, and other significant balance-sheet accounts should be reconciled regularly. Journal entries and material adjustments should contain an explanation and supporting documentation and, where practical, independent review.

12. Financial Reporting to the Board

The Board should receive financial information at intervals appropriate to SEAD's size and activity, including at minimum periodic statements of financial position and activities, budget-to-actual comparisons, significant grant or restricted-fund information, cash-flow concerns, and material financial risks. The Treasurer should help the Board understand significant variances, commitments, and compliance matters.

13. Fraud, Irregularities, and Whistleblower Protection

Suspected fraud, theft, embezzlement, falsification of records, misuse of funds, material control failures, or other financial misconduct must be reported promptly under SEAD's Whistleblower Policy. Records related to an investigation, audit, subpoena, government inquiry, or reasonably anticipated litigation must not be altered or destroyed.

14. Independent Review, Audit, and Tax Filings

SEAD will obtain audits, reviews, compilations, agreed-upon procedures, or other financial examinations when required by law, a funding agreement, the Board, or prudent organizational practice. Required federal, state, charitable-registration, payroll, and other tax or information returns must be prepared and filed timely. The Board or an authorized committee should review significant findings and ensure corrective actions are addressed.

15. Access, Security, and Confidentiality

Access to accounting systems, banking platforms, payroll systems, donor data, and financial records must be limited to persons with a legitimate business need. Passwords and multifactor authentication should be used where available. Sensitive financial and personal information must be handled confidentially and protected against unauthorized disclosure, alteration, or loss.

16. Related-Party Transactions

Transactions involving a trustee, officer, key employee, family member, or related entity must be disclosed and evaluated under SEAD's Conflict of Interest Policy. Any approved related-party transaction must be fair, reasonable, in SEAD's best interests, and documented in the Board or committee record.

17. Exceptions and Violations

Exceptions to this policy must be documented and approved by an authorized person who is independent of the transaction. Material violations or control deficiencies must be reported to the President/Executive Director, Treasurer, or Board Chair, as appropriate. The Board may require corrective action, repayment, additional review, or other measures.

18. Policy Review

The Board of Trustees will review this policy periodically and revise it as SEAD's operations, staffing, funding sources, legal obligations, and financial risks evolve. More detailed procedures may be adopted to implement this policy, provided they are consistent with Board-approved controls.

Acknowledgment

I acknowledge that I have received, read, and understand SEAD's Financial Controls Policy and agree to comply with its requirements.

Name	_____
Signature	_____
Date	_____