

# Chapter Financial Operations

Basic Essentials



# Internal Controls

Internal controls are the financial processes and procedures that enable the organization to safeguard its assets.

- ▶ Clarity in volunteer role descriptions and responsibilities
- ▶ Ensure segregation of duties
- ▶ Use banking tools such as positive pay
- ▶ Managing conflict of interest (Governance session)
- ▶ Use insurance as a tool to mitigate risk (Governance Session)



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# Segregation of Duties Sample Procedure



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# ACFE-Three Most Common Areas of Fraud

## Check Tampering

- ▶ Forging a signature
- ▶ Inappropriate use of check stamps or online banking

## Expense Reimbursement Schemes

- ▶ Travel is a common theme

## Billing Schemes

- ▶ Shell company (bills from SHRM or other known providers)
- ▶ Fictitious goods and services



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# Signs to Be Aware Of

## Behavioral “red flags”

- ▶ Unusually close association with a vendor
- ▶ Unwillingness to share duties or have oversight

## You can’t get financial data

- ▶ Continual lag in financial preparation
- ▶ Continual lag in bank reconciliations



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# Budgeting

- ▶ Every chapter should have a budget
- ▶ Every chapter should operate within their budget
- ▶ Every role should have a line item in the budget



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# Budgeting for Revenue

- ▶ Be Realistic using a year over year approach is good
- ▶ No wishful thinking
- ▶ Understand your revenue targets and the why of the target
- ▶ Balance your budget from the start



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# Budgeting for Expenses

- ▶ Look at historical (regular) expenses
- ▶ Review vendor contracts for recurring expenses and expiration (Treasurer should have in their calendar)
- ▶ Budget for Chapter meetings (should balance against revenue)
- ▶ Budget for Chapter leadership travel
- ▶ Budget for SHRM VLS
- ▶ Budget for CalSHRM quarterly meetings
- ▶ Budget for other services



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# When to Re-Forecast/Update Budget

- ▶ Unexpected major event leading to a larger expense
- ▶ Unexpected major loss of revenue



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# The Budget is a Tool

- ▶ For future board members
- ▶ For your members
- ▶ Transparency to the public



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# Who, What, When

Annually before installation of officers

- ▶ Review and update bank signature cards
- ▶ Review, order and/or destroy issued bank cards
- ▶ Review and transition check stock (truly why do you need it)
- ▶ Review and have board approval for financials monthly
- ▶ Consider outsourcing to get the proper expertise
- ▶ Ensure you update your SI-100 annually



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