

## Fiscal Control Policy of Folklore Society of Greater Washington (v5- 3.2)

Article X, Paragraph E of the Bylaws of FSGW states:

'No contract or obligation of The Society's funds in excess of the budget for any activity shall be made or undertaken except with the express approval of The Board or membership, as herein provided.'

The Board adopts the following policy on Financial Controls so as to implement this provision of the Bylaws.

This Policy will take effect immediately upon approval by the Board.

It is the responsibility of the Board to review and control commitments and expenditures against the current and future fiscal year budgets. Additionally, the Board shall see that commitments, transactions, and event reports are timely reported to the bookkeeper and the treasurer according to the Financial Reporting Policy of 1/14/2020.

The Financial Reporting Policy passed on 1/14/2020 applies to all provisions of this policy regarding timely reporting of transactions. The Board may approve revisions to the current fiscal year budget and individual exceptions to this policy during the course of the fiscal year. Definitions used for this policy.

- Event - a planned public or private occasion. A concert is an event as is a dance. An event is allocated a budget as part of a program.
- Annual Event - an event that occurs once per year. The Getaway, Contrastock and the Washington Folk Festival are examples of annual events. An annual event is allocated a budget.
- Program - a group of events or costs that are allocated a budget - As examples, the monthly concert events are a program; the weekly English Country Dance is a program; administrative costs, such as the newsletter and publicity, are programs. Programs can be aggregated for reporting purposes, as in all Dance Programs.
- Commitment - an action that commits FSGW to a future possible expenditure, such as a formal contract, a verbal or email agreement for a performance, or an agreement to provide some specified future support. If an action commits FSGW to a possible future expenditure, even if the amount is not yet known, it is a commitment.

Pertinent email addresses:

- treasurer@fsgw.org - the treasurer
- president@fsgw.org - the president
- bookkeeper@fsgw.org - the bookkeeper
- report@fsgw.org - financial transactions and commitments should be sent to this address. It forwards to the bookkeeper and the treasurer
- contract@fsgw.org - contracts should sent to this address before signing. It forwards to the bookkeeper, treasurer, president and legal reviewer.

### A. Accounting and Reporting

1. FSGW will operate on accrual accounting by Fiscal Year 2021; therefore, timely reporting of future commitment of funds is essential and mandatory.
2. When funds are committed, regardless of the applicable fiscal year, it must be reported to the bookkeeper and Treasurer and to other responsible parties as designated.
3. The Treasurer will provide monthly financial reports to the Board that include future commitments. Reports will include each program's budget variance (actuals to budget and

actuals-plus-future commitments to budget), a Balance Sheet with comparison to the prior fiscal year and dollar variance and Income/Expense Statement with comparison to the prior fiscal year and dollar variance and additional reports as determined by the Finance Committee.

#### B. Authorization for Commitments and expenditure of FSGW funds

1. No one may make contractual or other commitments for bank loans, corporate credit cards, or leases or purchases of real estate without approval from the Board.
2. Only individuals authorized by the Board may commit or expend funds. Signatories to a checking account must be authorized by a resolution from the Board.
3. The Board must approve each transfer or expenditure from a named fund or investment account. This includes a transfer from an investment account to a cash account.
4. For the purposes of this section, the aggregate expenditures or commitments for an event are subject to the following restrictions:
  1. A commitment or expenditure of \$1000 or more requires approval by the Treasurer or the President, who must verify that the current fiscal year budget is not exceeded. A record of these approvals shall be kept by the Treasurer.
  2. Recurring monthly expenditure of \$1000 or more may be approved on a fiscal year basis by the Board. The sum of the expenditures may not exceed the current fiscal year budget. A record of these approvals shall be kept by the Treasurer.
  3. A commitment or expenditure of \$3000 or more has the same requirements as 4.1 plus approval by the Board, written contracts, and legal review of the contracts. The contracts shall be signed by the Treasurer or the President.
  4. d. Any commitment or expenditure of \$5000 or more has the same requirements as 4.3 plus the contracts shall be signed by an additional member of the Board.

#### C. Limitations on Commitments and Expenditures

1. No program or annual event may commit or expend funds for the current fiscal year that exceed its approved budget.
2. Funds to be committed for an annual event in a future fiscal year may not exceed its current fiscal year budget plus 5%.
3. Funds to be committed for a program's events in a future fiscal year may not exceed 50% of that program's current fiscal year budget.

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