

Treasurer's Tutorial & Guidance 101



American Welding Society

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OVERVIEW

These guidelines are designed to supplement the AWS Manual of Operations For Sections and Divisions and bring the best business practices for Sections' Treasury operations. Each Section should review, analyze and evaluate these guidelines and make necessary changes in its existing operations. The only mandatory requirements provided in the guidelines are located in the Annual Financial Report and Retention of Financial Records sections.

TREASURER ORIENTATION

- Three months before transitioning of duties to a new Treasurer, provide a description of the official duties (See AWS Manual of Operations for Sections and Divisions) and follow-up to ensure clarity in understanding of the information.
- Two months before transition, summarize the tips for the new Treasurer based on your experience in the position and outline all the informal DOs and DON'Ts of being in the role.
- One month before transition, meet with the new Treasurer and the new Chairman to review your records and documents in details and go over the software utilized to record and report Section's finances.

These include:

- Bylaws
- archive of documents and receipts
- forms
- names of contacts from banks and vendors
- contracts with hotels
- computer software and online merchant accounts (Eventbrite, PayPal, etc)
- bank statements
- budgets
- other relevant financial and membership information

BANKING PROCEDURES

Opening / Closing of a Bank Account

To open or close a bank account, a written request should be made to the Section's Executive Committee. The following information should be included in the request:

- Bank name, address, bank contact and phone number
- Purpose of the request
- Proposed account signatories

All requests to open or close a bank account should be approved by the Section's Executive Committee. The Section Treasurer will process and retain all documentation related to the opening or closing of bank accounts. All changes should be reported to the Executive Board and recorded in the Section's meeting minutes.

Account Signatories

The Treasurer is responsible for ensuring that accounts are properly maintained and that signatories are correct and updated as necessary. This includes responsibility to ensure accounts are opened and closed as necessary including timely accounting for all related funds. For the bank accounts, the signatories should be the Treasurer and at least two other current officers of the Section. At the beginning of each Section year, the procedure of updating the signatories on each of the bank accounts should be performed as quickly as possible.

The Treasurer should identify each account and then contact each of the applicable banks to determine the best methods of updating signatories.

Additions / Deletions of Authorized Signatories

All requests to add or delete bank signatories should be approved by the Section Treasurer and Chairman. All changes to authorized signatories should be reported to the Executive Committee and recorded in the Section meeting minutes. Upon receipt of an approved request, the Treasurer will notify the bank of signature changes and coordinate the effort to ensure the changes occur timely. The Treasurer will retain all documentation related to the addition and deletion of bank signatories.

Cash Receipts

Receipts usually come in the following ways: 1. Checks and cash from members or sponsors
2. Credit/Debit card payments received through merchant accounts (i.e. Eventbrite, PayPal) 3. Section rebate checks from American Welding Society Headquarters.

To ensure safeguarding of Section's assets, the following controls are recommended for implementation:

- A. Registration for events should be handled by a Section Member, preferably other than the Section Treasurer
- B. Event payments should be received by the Section Treasurer
- C. Cash payments should be deposited as soon as practical, preferably within three business day of the event.
- D. Electronic payments via Eventbrite, PayPal or other third party payment systems should be under the control of the Section Treasurer. Such payments should be transferred directly to the Section bank account
- E. The Treasurer is responsible for obtaining the cash receipts activity from any merchant accounts and posting the necessary transactions into the book of records (i.e. QuickBooks/Monthly Reconciliation)
- F. An officer or designee should reconcile actual receipts (credit card payments, cash, and checks) to the attendance records (hard copy or electronic sign-in sheets) for every paid event offered by the Section. This control is not recommended to be performed by the Treasurer to ensure proper segregation of duties.

Cash Disbursements

Each Section should establish their own monetary disbursement limits, determine authorized approvers and the process to approve transactions supporting operations of the Section. This decision should be discussed and approved by all members of the Executive Board and documented in the Section's meeting minutes.

Each payment should be supported by an invoice or appropriate supporting document (check request form, quote, receipt, vendor contract, venue contract, etc.) and approved by the authorized approver. In case an approval is obtained verbally, as part of the Executive Meeting or other arrangement, a note specifying an approval should be made in the Executive Committee meeting minutes subsequently. Original hard/soft receipt copies should be obtained and retained by the Treasurer per the provision for records retention (see p.7).

The Treasurer makes payments in the following ways: 1. Manual check 2. Debit card 3. Online payments. If payment is made by a check, the Treasurer manually prepares the check for the invoice amount, signs the check and mails it to the designated payee. Check stock should be maintained by the Treasurer and adequately safeguarded at all times. Debit card and Online payment receipts should be stored per the retention of the Organizational records guidance (p.7)

Recommended Cash Disbursement and Authorization Matrix:

Approver	Monetary Limit
All Members of the Executive Board	Over \$1,000 or 50% of Section’s Cash Balance as of 1 st of the month subsequent to receipt of AWS rebate check.
Treasurer, Chairman and half of the Board Members	\$500 - 1000
Chairman, Treasurer, First Vice Chair or Secretary	Up to \$500

PLANNING, REPORTING AND RECORD KEEPING

Annual Budget Procedures

A budget is a plan of action. It represents a Section’s blueprint for the entire year, expressed in monetary terms. The budget results from the Board’s decisions as to the Section’s programs for the future. Thus, a Section should know what its goals are before it can prepare a budget. The following basic steps are recommended to prepare a well-conceived budget.

- A. Past performance is generally a good indicator of future performance; thus, budgets and financial statements from previous years are invaluable to establishing a realistic budget. Financial statements from previous years that compare the budgeted revenue with actual revenues and expenses, item by item, are similarly an indispensable budgeting aid. It also is helpful to review a year-to-date financial statement and compare it with the budget. Input from past Section program leaders and directors, as well as other Sections in a district, may also prove valuable.
- B. Prepare a list of objectives or goals for the upcoming year. Re-evaluate the relative priority of existing programs and include any new initiatives.
- C. Estimate the cost of each objective or goal on the list. For continuing programs, the previous year’s actual expenses and budget will be helpful in estimating these costs.
- D. Compare total expected income to the expense of achieving the Section’s objectives and goals. Where projected expenses exceed income, value judgments will have to be made. What programs are most important? What costs can be reduced? Can additional income be found?
- E. Submit the final proposed budget to the entire Board for review and approval. This should not be just a formality. The budget should be carefully presented and reviewed so that once approved, all Section leaders will be firmly committed to the resulting plan of action.

The most carefully thought-out budget will be of little value if it is not compared throughout the year with the actual results of Section operations. As such, the budget should be compared to actual financial statement figures monthly to monitor Section financial activities throughout the year. Properly used, the budget can provide a benchmark that will be an early warning to the Board that financial goals may not be met. A budget, to be effective, should be a working document that forms the basis for action. A budget should not be seen as a restrictive device, but a way of estimating and guiding the spending of Section resources.

The best-prepared budget serves little purpose if the Board is unwilling to take action once it becomes apparent that expenses are exceeding the budget or that income has not been as high as anticipated. The Board should be prepared to modify the Section's plans if it becomes clear that the budget cannot be met. Many budgets fail because the Board does not take aggressive, corrective action. In these instances, the Section's Board is not fulfilling its responsibilities and the budget is a meaningless formality.

Monthly comparison of the Section's budget to actual operating results can also be a very effective internal control. If deviations from the budget are carefully followed up by the Board, the likelihood of a misappropriation occurring without being detected quickly is considerably reduced. Every Board member should ask questions about any item that appears out of line either with the budget or with expected figures.

Bank Reconciliations

One of the most important methods of financial control for a Section is a bank reconciliation of all Section bank accounts. Preparing a bank reconciliation involves reviewing the Section's checkbook balance and bank accounts' cash balances. Reconciliation is the primary method of double-checking the Section's handling of cash receipts and disbursements during the month and exposing any errors.

To facilitate collaboration between Sections and their Districts, as well as to provide accountability and transparency, Treasurers are encouraged to determine an optimal frequency of performing reconciliations of their financial operations with agreement and confirmation of their District Directors (monthly, quarterly etc). Once a frequency is determined, Treasurer should start submitting reconciliations along with the corresponding bank statements to District Director for a review.

Annual Financial Report

The Section Annual Financial Reports, with required documentation (see below), should be submitted to the AWS Headquarters by the July 1 due date for the Sections to receive their Annual Rebates in September. Copies of these Reports should also be sent to the Section's District Director.

1. Annual Financial Report

2. 12 bank statements for the entire year

3. Self-Assertion Confirmation Form. The form is designed with intuitive PDF features and can be completed and signed without printing (**A new form required to be submitted beginning 2018, see p.7**)

Retention of Organizational Records

The Treasurer should maintain books and records to document transactions by Section year, which runs from June 1 through May 31. These records should be maintained in a neat, orderly fashion by year and type of receipt or expense. Examples of the types of books and records would include:

- Event attendance records
- Board meeting minutes
- Cash receipts and cash disbursements (including copies of checks issued, if not part of the bank statements)
- Records of cash disbursement approvals (if not part of the meeting minutes)
- Annual Financial Reports
- Bank Reconciliations

These records should be turned over to the succeeding Treasurer at the conclusion of each term of office. Records should be maintained in accordance with the following schedule:

- Retain cancelled checks should be stored for a minimum of three years and maximum of eight years before disposing of them.
- Section's Bylaws and Annual Financial Reports are the key documents for any Section and therefore should be stored permanently.
- All other financial and operational records shall be maintained for current year plus a minimum of three years.

Self Assertion Form



Section
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