

TO: CUW Board

FROM: P & P committee (Eric, Don, Karen, Chris, Brian)

DATE: 1/23/10

SUBJECT: P & P for Purchasing and Expenses

Attached is the policy and procedure proposal for purchasing and expenses. There are four basic things it accomplishes: Improved efficiency, preservation of the ability to operate as an organization, formalization of internal controls, and strengthening of budgetary controls.

Improve efficiency

A small but important change already made is the addition of a payment request form. In addition to an envelope stuffed with receipts, the Financial Director will be receiving payment request forms from all of us when we turn in expenses. It is a simple thing to do but will make the Financial Director's job in attributing expenses to budget categories much easier.

Operating as an organization

Board approval of a budget authorizes individuals to spend against the budget. Purchases that are within budget will work as in the past. Purchases that will exceed the budgeted category amount approved by the board by more than \$100 or 10%, whichever is less, must receive executive board approval. In both cases a payment request form will need to be used when submitting expenses.

Internal controls

The most sophisticated internal controls separate the purchase process among three people, an expense initiator, approver, and check cutter. Since our organization is small in size, a two point internal control is appropriate for expenses that are within budget. A three point internal control is established for expenses that are more than \$100 or 10% over budget, whichever is less, or for unbudgeted expenses. Individuals making expenses will send the Financial Director a payment request form with receipts or invoices and the Financial Director will cut the check.

Budgetary controls

Unbudgeted expenses or expenses that are more than \$100 or 10% over budget, whichever is less, will require executive board approval.