Accounting Procedures

**Basis of Accounting**

American Music Therapy Association Students (AMTAS) uses the accrual basis of accounting. The accrual basis is the method of accounting whereby expenses are matched with the related revenues and/or are reported when the expense occurs, not when the cash is paid.

**Journal Entries**

Journal entries will be posted by the American Music Therapy Association Students (AMTAS) treasurer or Student Affairs Advisory Board (SAAB) representative and will be reviewed by the Board of Directors as requested. These postings will occur on a regular basis for deposits and bank statement reconciliation, and customer and vendor entries. Payroll and other entries will occur as needed.

**Bank Reconciliations**

All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 days of the close of the month. Angie Elkins, or the current Director of Membership Services and Information Systems will regularly collect banking statements and download electronic statements from the bank. The monthly statements will be available during the middle of the month after the statement closed. For example, the January bank statement will be available in mid February and so on throughout the year. This will be emailed to the AMTAS treasurer. The treasurer will reconcile P&L vs. Budget. The Board of Directors may request to review the reports at any time.

**Bookkeeping**

AMTAS Record Retention Schedule is set forth in Appendix A. The treasurer shall administer this Policy. All managers will be required to be training on the record retention guidelines as part of the new hire training procedure. The treasurer is also authorized to: make modifications to the Record Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws and includes the appropriate document and record categories for AMTAS; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this policy. Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types in Appendix A will be maintained for the appropriate amount of time. If an employee has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder.

No director, officer, employee, volunteer or agent shall destroy, dispose of, conceal, or alter any record or document while knowing that it is or may be relevant to an anticipated or ongoing investigation or legal proceeding conducted by or before a federal, state or local government agency, including tax and regulatory agencies, law enforcement agencies, and civil and criminal courts, or an anticipated or ongoing internal investigation, audit or review conducted by AMTAS.

During the occurrence of an anticipated or ongoing investigation or legal proceeding as set forth above, the treasurer shall suspend any further disposal of documents until such time as the treasurer, with the advice of the SAAB, determines otherwise. The Administrator shall take such steps as necessary to promptly inform all staff of any suspension in the further disposal of documents.

All accounting records will be kept in a file folder, kept by the current AMTAS treasurer. Additionally, all electronic documents will be maintained in the AMTAS drop box, with paper back-up copies as needed. The monthly bank statements and receipts will be uploaded through a scanning app. All records will be filed at the time of transaction, following the given policy and procedures for each document. Bookkeeping will be completed by the treasurer and supervised by the SAAB advisor.

**Internal Controls**

**Lines of Authority**

The SAAB Advisor will review any changes to fiscal policy with treasurer. The treasurer will review and seek approval of the budget on a yearly basis. The American Music Therapy Association Students remembers will have the authority to approve expenses in accordance with the approved budget.

**Conflict of Interest**

Advisory board members have an obligation to conduct business within guidelines that prohibit them from seeking personal gain.

**Segregation of Duties**

When possible, there must be a separation of duties between the person receiving/processing/depositing cash and the person responsible for maintaining the accounting records in which the cash will be deposited.

The AMTA Director of Membership Services and Information Systems is depositing checks and mailing receipts and monthly bank statements to the treasurer to track the transactions.

The treasurer is required to give their credit card information the the Vice President once elected. The weebly.com website fee will be taken from the treasurer’s personal bank account in early December. The current treasurer will write a reimbursement check of $100 that the new treasurer must cash/deposit before January 1st of the following year.

The treasurer must follow steps to be added as the main account holder on the AMTAS M&T Bank Account. The treasurer must provide home address, a copy of their license, birthdate and social security number with Dianne Wawrzusin or the current AMTA Administrative Services Coordinator. The past treasurer will get the current treasurer in contact with this person.

Cash receipt activity should be reconciled to the Budget Statements on a monthly basis. An accountant, independent of the cash handling or account ledger maintenance should review the reconcilement, once every two years at minimum.

**Physical Security**

The treasurer will store the blank checks with them wherever they reside. Checks will require one signer. The signer is the treasurer. The treasurer will write and sign a check upon receiving a check request form.

**Financial Planning & Reporting**

**Budgeting Process**

**AMTAS operating budget is prepared and approved annually**. The treasurer, in conjunction with the Student Advisor, prepares the budget. The budget is to be approved by the members of AMTAS prior to the start of each fiscal year.

**Financial Reports**

The Treasurer will create and present the following financial reports to the SAAB advisor on a monthly basis:

P & L

Proposed Budget

Balance Sheet

The SAAB advisor will follow the procedures within the *Monthly Close* to submit requested reports to the Finance Committee. On an annual basis, the Finance Committee will receive the reports listed above with annual totals and make requests to change the list of provided reports.

**Policy for Handling Revenue and Accounts Receivable**

**Safekeeping of Funds**

All forms of *Cash* (currency, checks, money orders, transactions) should be physically protected through the use a lock box. Cashshould not be retained in desk drawers or standard file cabinets since they are easily accessible and provide no security or safeguarding of funds. The transportation of funds must always be completed using a locked box.

Lock box keys must remain with the treasurer at all times and must never be handed out in conjunction with a separate set of keys.

**Check Acceptance**

Checks are to be written payable to “AMTAS” or “American Music Therapy Association Students”. After the check is accepted and verified for check negotiability (see below), the customer account number should be added to the check.

**Check Negotiability**

Negotiability is the term used to describe money that can be transferred from the customer. For a check to be negotiable and payable, six elements must appear on the check, along with a MICR line, as illustrated below:



6

5

4

3

2

1

1. Date – must be a current date, and cannot be beyond a six month period.
2. Payee – this should read the “Institute for Therapy through the Arts”
3. Amount – written amount.
4. Signature – the maker’s signature.
5. Financial Institution – name of bank (may also have city and state).
6. MICR Encoding Number – Includes routing and transit, check, and account numbers.

**Deposits 🡪 how am I tracking**

Deposits are to be made in a timely manner to facilitate proper posting of accounts and to ensure the security of funds. Transportation of daily deposits to the bank should not conform to any regular time or day of the week schedule. Cash and checks will be placed in a locked bag or bank-issued deposit bag when transporting to the bank. Such transfers should be irregular, subject to change without notice, with times known only to a select few. Attempting to cash checks, borrowing cash for personal use, lapping receipts to cover shortages in cash receipts, withholding checks for deposit in order to float checks, commingling of personal funds, and modification of cash records are all serious offenses and will result in immediate disciplinary action and/or termination. AMTA will notify the treasurer when deposits are made.

**Check Endorsement**

All checks should be restrictively endorsed as “Deposit only- AMTAS” using the appropriate stamp. This protects the check if lost or stolen. Please review each check to make sure all six elements of negotiability are complete.

**Deposit Forms & Supporting Paper Trail**

Deposits should be recorded on a business deposit form (as provided by the bank). This form is used to record, communicate and document deposits made to General Ledger accounts. All deposits that involve cash and/or multiple checks (3 or more) should be counted twice prior to being delivered to the bank. Please note that AMTAS does not accept foreign currency, travelers’ checks, or post-dated checks. All checks are to be copied before compiling them with the deposit form and cash to be taken to the bank. This copy should be stapled to the carbon copy of the deposit form and be kept on file for a length of 3 years.

**General Journal Entry for Deposits**

After preparing the deposit slip for receipts to the bank, either complete a General Journal entry for the total deposit or import the bank statement including the deposit. General journal entries for deposit will be made directly on the AMTAS drop box P&L vs. Budget under membership and fundraising. All entries will be reconciled on a monthly basis.

**Returned Check Policy**

Any checks returned by the depository bank as uncollected are sent to the treasurer for review. Examples of returned checks include: non-sufficient funds (NSF), account closed, payer’s signature missing, refer to maker, and post-dated or stale-dated checks. After review by the treasurer , direction will be provided for notifying the check writer and collecting the amount of the check from the payor. Generally, restitution should be in the form of currency, money order, cashier’s check, or a certified check. Any incurred bank service charge fees will be charged to the payor. In addition to incurred bank service charge fees, the payor will be charged a $25.00 handling fee.

**Invoice Approval and Processing Check Request**

The treasurer and SAAB advisor must approve all invoices. An *AMTAS Request for Check* *Form* will be completed by an AMTAS E-board member and will be submitted to the treasurer for payment. The treasurer will write checks. The policy for handling blank checks is outlined above in the *Physical Security* policy.

Example of AMTAS Request for Check form

**AMTAS Request for Reimbursement\***

*All requests for payment must be completed, signed, and sent to Rachel Williams, AMTAS Treasurer and Jeffrey Wolfe, AMTAS Student Advisor for final approval.  \*A receipt is required for payment.  An approved copy of the request will be returned with payment for AMTAS records.*

**Personal Information:**

**Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Phone Number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Details of Requested Payment:**

**Item(s): Payable to: Cost:**

|  |
| --- |
|   |
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|   |
|   |
|   |
|   |
|   |
|   |

**Total payment(s) requested:     $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

I certify that this statement is complete and accurate.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature Title Date

**SEND COMPLETED FORM AND RECEIPTS TO:**
Rachel Williams, Treasurer, AMTAS

6573 Royal Pkwy S, Lockport NY 14094

Telephone:  716-940-6598
E-mail:  treasurer.amtas@gmail.com

Advisor Use:

Payment approved \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Treasurer Use:

Date Received: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date Paid:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Check Number(s):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Balance:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Once this information is completed, the form should be submitted to the Treasurer. A copy of the request will be returned with a response to whether the request has been approved. If the request is approved the treasurer will provide a check according to the provided information.

**Appendix A.**

1. Accounting and Finance

Record Type Retention Period

Accounts Payable ledgers and schedules 7 years

Accounts Receivable ledgers and schedules 7 years

Annual Audit Reports and Financial Statements Permanent

Annual Audit Records, including work papers and other documents that relate to the audit

7 years after completion of audit

Bank Statements and Canceled Checks 7 years

Expense Records 7 years

General Ledgers Permanent

Electronic Payment Records 7 years

Notes Receivable ledgers and schedules 7 years

Investment Records 7 years after sale of investment

1. Corporate Records

Annual Reports to Secretary of State/Attorney General

Permanent

Articles of Incorporation Permanent

By-laws Permanent

Board Meeting and Board Committee Minutes Permanent

Board Policies/Resolutions Permanent

IRS Application for Tax-exempt Status Permanent

IRS Determination Letter Permanent

State Sales Tax Exemption Letter Permanent

Contracts (after expiration) 7 years

Licenses and Permits Permanent

1. Employee Documents

Background Check 5 years

Benefit Plans Permanent

Drug Test Results 5 years

Employee Files Termination + 7 years

Employment applications, resumes and other forms of job inquiries, ads or notices for job opportunities 3 years

Education Verification 5 years

Employment Verification 5 years

Forms I-9 Termination + 3 years

Employment Taxes 7 years

Payroll Registers (gross and net) 7 years

Time Cards/Sheets 5 years

Unclaimed Wages 6 years

Retirement and Pension Records Permanent

1. Property Records

Lease Agreement Permanent

Property Insurance Policies Permanent

1. Tax Records

Tax-Exemption Documents and Related Correspondence

Permanent

IRS 990 and 990T tax returns Permanent

Tax Bills, Receipts, and Statements 7 years

Tax Workpaper Packages - Originals 7 years

Sales/Use Tax Records 4 years

1. Grant Records

Original grant proposal 7 years after completion grant period

Grant agreement and subsequent modifications, if applicable 7 years after…

All requested IRS/grantee correspondence including determination letters and “no change” in exempt status letters

7 years after…

Final grantee reports, both financial and narrative 7 years after…

All evidence of returned grant funds 7 years after…

All pertinent formal correspondence including opinion letters of counsel

7 years after…

Report assessment forms 7 years after…

Documentation relating to grantee evidence of invoices and matching or challenge grants that would support grantee compliance with the grant agreement

7 years after…

Pre-grant inquiry forms and other documentation for expenditure responsibility grants

7 years after…

Grantee work product produced with the grant funds 7 years after…

1. Contribution Records

Records of Contributions Permanent

ITA’s other documents evidencing terms of gifts Permanent