Essential Financial Policies For Your Policy Handbook

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Essential Financial Policies

• A review of the range of basic financial policies to be included
• Understanding how sound policies are crafted – design and purpose
• Getting started or conducting a policy audit to identify weaknesses or gaps
Basic Financial Policies

- Investment Policy
- Endowment Policy
- Record Retention Policy
- Whistle Blower Policy
- Cash Management Policy
- Student Accounts & Collections Policy
- Business & Travel Expense Policy
Investment Policy Statement (IPS)

- Definition and purpose of assets
- Governance roles and responsibilities
- Time horizon
- Return objectives
- Risk parameters
- Asset classification structure
- Allowable allocation ranges
- Investment and trading restrictions
- Rebalancing policy
- IPS review policy
<table>
<thead>
<tr>
<th>Definition of Endowments</th>
<th>Perpetual, Term, Quasi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum for Establishing</td>
<td>e.g., $50,000</td>
</tr>
<tr>
<td>Investing</td>
<td></td>
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<tr>
<td>Spending Allocation</td>
<td>Four percent (4%) of the FYE FMV, 36 month rolling average</td>
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<tr>
<td>Process for Distribution</td>
<td>Business Office, Financial Aid, Development</td>
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Record Retention Policy

- Electronic and Paper
- Required Retention Periods
- Safeguarding Records
- Record Retention Storage
- Disposal and Destruction of Records
Whistle Blower Policy

- Reporting Process
- Investigation
- Individual Responsibility
- Employee Protection/Confidentiality
Basic Financial Policies

- Signature Authority
- Stewardship
- Petty Cash
- Purchasing
- Capitalization
- Internal Control
- Gift Acceptance
- Contracts
- Depository
- Budget Development
- Credit Card
- Institutional Awarding
- Debt /Credit
- Employee Benefits
- IT Responsible Use
- Board/Trustee
Creating Sound Policies

We have always been shameless about stealing great ideas.

(Steve Jobs)
Common Mistakes

- “Reinventing the wheel”
- Not getting input
- Creating for a single issue (organizational scars)
- Not getting buy-in
- Not having someone review for understandability
- Not distributing/communicating the policy
Policy Standardization

1. Header Block

(a) the title of the policy document;
(b) identity of the department responsible for drafting, reviewing and enforcement of the policy;
(c) effective date of the policy;
(d) policy number;
(e) date of approval;
(f) identity of approval authority;
(g) whether it replaces or modifies an existing policy; and
(h) number of pages inclusive in the document.
Policy Standardization

2. Background

3. Purpose

4. Scope

5. Definitions
Policy Standardization

6. Policy Statements

7. Procedures

8. Related Policies

9. References/Citations
Policy Audit – Identify Weaknesses or Gaps
Policy Audit

- Centralized Posting
- Readily Accessible
- Policy Ownership
- Annual Review
What is a Policy Audit?

A systematic review of existing policies in the area of policy that you are interested in

An analysis of policy-making processes

An analysis of how policies are being enforced
<p>| | |</p>
<table>
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<tbody>
<tr>
<td>1.</td>
<td>Inventory your policies</td>
</tr>
<tr>
<td>2.</td>
<td>Pick the most important policies, and a few more.</td>
</tr>
<tr>
<td>3.</td>
<td>Talk to the owners of each policy</td>
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<td>4.</td>
<td>Validate automated enforcement</td>
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<td>5.</td>
<td>Manually audit the remainder of the policies</td>
</tr>
<tr>
<td>6.</td>
<td>Prepare general conclusions</td>
</tr>
<tr>
<td>7.</td>
<td>Document Results</td>
</tr>
<tr>
<td>8.</td>
<td>Report Findings</td>
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  Email “subscribe” to jan@cfocolleague.com
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ANY QUESTIONS?

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