



AGENCY FINANCIAL ACCOUNTABILITY POLICY

Financial Accountability Requirements

Adopted by the Board of Trustees: March 3, 2013

It is important that each agency conduct its financial affairs with adequate separation of duties and independent oversight so that opportunities for embezzlement or fraud are eliminated. The highest standards of excellence possible should be observed so that donors can be assured their donation is being well spent.

United Way of Fairfield County encourages all United Way funded partners to have an annual audit by an independent Certified Public Accountant. This practice provides protection for the board and employees of the agency and provides assurance to funding organizations as to the appropriateness of not only expenditures, but also the financial controls in place at the organization.

The United Way of Fairfield County also understands that the cost of an audit is not always affordable, particularly for smaller agencies and those without funding for administrative costs.

Considering these factors, our policy is as follows:

- If the total revenue of the agency is \$250,000 or more, the agency shall submit annually IRS Form 990, including Schedule A and Supporting Statements and an independent financial audit conducted by a Certified Public Accountant that is in conformity with generally accepted accounting principles.
- If the total revenue of the agency is \$100,000 or more but less than \$250,000, the agency shall submit annually IRS Form 990, including Schedule A and Supporting Statements, and a review opinion by a Certified Public Accountant. The review report must include a supplemental schedule showing the use of United Way Community Investment grant (allocation) funds.
- If the total revenue of the agency is less than \$100,000, the agency shall submit an internally prepared financial statement which shows in detail how the Community Investment grant (allocation) funds from United Way of Fairfield County were used. The statement must be accompanied by a certification signed by the members of the agency's audit (finance) committee, one of whom must be the Treasurer, certifying that the information is true and correct to the best of their knowledge and belief.

All funded partners must agree to maintain accounting records for a minimum of three years and to allow access to those records by United Way Board Members and Employees or representatives engaged by the United Way.

Definitions:

AUDIT - Examination of a client's accounting books and record by an independent certified public accountant for the purpose of expressing an *AUDIT OPINION* thereon. The auditor must follow a relatively rigid set of guidelines, generally accepted auditing standards (GAAS), and will examine source documents to substantiate their legitimacy.

REVIEW - Performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with generally accepted accounting principles (GAAP) or, if applicable, with another comprehensive basis of accounting.