



United States Submariner Veterans, Inc
National Financial Policy and Procedures Manual
July 22, 2020

The National Financial Policy and Procedures Manual (NFPPM) was been developed to establish accounting procedures to be used in the daily operations and management of USSVI national organization funds (excluding the Investment Funds).

The approved Constitution and By-Laws establishes the duties and responsibilities of the National Officers and committees.

The National Convention Financial Management Policy and Procedures will be in accordance with the current approved version of the National Convention Manual.

Should any statement within this document conflict with that of the Constitution and By-Laws, the Constitution and By-Laws will overrule the conflicting statement(s).

The intent of this manual is to simplify the procedures so that all members can easily follow.

Section 1. Signatory Authority on Bank Accounts (excluding Charles Schwab)

Bank of America USSVI National Bank Accounts.

Those have signatory authority are:

1. National Commander
2. National Treasurer
3. National Office Manager

Intention. The National Treasurer will normally be the only member of this organization who “sign’s checks” or disburses funds with the approval of the National Senior-Vice Commander.

The National Commander and National Office Manager maintains signatory authority for emergency purposes only, primarily to keep funds flowing in the event the National Treasurer is unavailable or becomes incapacitated.

Section 2. Bank Accounts

There are only two bank accounts which will receive and disburse National Funds, i.e.

1. National Office Bank Account
2. National Treasurer's Bank Account

Section 3. Deposits and Receipts

All receipts will be deposited by the National Office Manager into the National Office Bank Account.

Section 4. Checks and Expenditures

All checks and expenditures will be disbursed by the National Treasurer from the National Treasurer's Bank Account with exceptions as noted within this Manual (e.g. credit card expenditures).

Section 5. Transfer of Funds

1. All transfers from the Charles Schwab Investment account will be done by National Investment Fund Manager either by check, bank draft or electronic wire transfer into the National Office Account.
2. The National Treasurer will transfer the necessary funds from the National Office Account to the National Treasurer's Bank Account using electronic intra bank funds transfer (EFT) to pay the approved bills and invoices approved by the National Senior Vice-Commander.
3. The National Office Account is the primary holding account where the majority of USSVI funds are maintained.

Section 6. Travel Claims and Reimbursement Payment Requests.

The National Senior Vice-Commander receives, reviews and authorizes all such claims. Upon approval, he/she forwards the approval and supporting documentation to the National Treasurer for payment.

Any reimbursement request submitted by the National Commander must be approved by the National Senior Vice-Commander; and the National Senior Vice-Commander reimbursement requests must be approved by the National Commander.

Section 7. Payment of National Office Bills

All bills received will normally be presented to the National Senior-Vice in a digital format using e-mail and attachments. The physical copy of bills may be discarded after the annual audit for the preceding year.

The National Office Manager will send the National Senior Vice-Commander all invoices and bills received. The National Senior Vice-Commander will review, approve and direct the National Treasurer to pay such invoices and bills.

Office bills which are routine in nature to include national office rent, phone, cable, etc. need not be approved by the National Senior Vice-Commander. The National Treasurer is authorized to pay such bills using Bank of America Bill Pay.

Likewise, salaries and tax payments need no approval as well. However, the National Senior-Vice Commander will be so notified that these payments were made.

Section 8. National Office Management of Incoming Revenues.

The National Office will continue to operate as usual except now he/she will receive all revenues, depositing them into the National Office Account.

Upon receipt of funds related to the American Submariner, the National Office Manager will notify the National Treasurer by email. The National Treasurer will then notify either the Boat Sponsorship Manager or the American Submariner Advertising Manager by e-mail. The notification will include Customer/Donor Name, Check No., Invoice No. (if known) and Check Amount.

Section 9. American Submariner Advertising Invoices and Payments.

The American Submarine Editor or the American Submariner Advertising Manager directs the National Treasurer to generate an accounting invoice using QuickBooks and sent to the advertising customer; and a copy to the person requesting.

All invoices will show:

United States Submarine Veterans Inc.
American Submariner
PO Box 3870
Silverdale, WA 98383-3870

Section 10. Boat Sponsorship Program Manager

The Boat Sponsorship Program Manager is an appointed position. Funds are solicited primarily by direct request at base meetings and within the American Submariner. All such request for funds must direct these funds to be sent directly to the address shown above; and made payable to USSVI-American Submariner.

Section 11. Credit and Debit Cards.

The National Office Manager is the only authorized user of the Bank of America Credit card. No other credit cards or debit cards allowed. The National Office Manager is authorized to expend up to \$3,000 per month in the use of this card without seeking National Senior-Vice Commander approval to support the National Office needs.

Section 12. American Submariner Advertisements Procedures.

1. Invoicing

The American Submariner Editor or Advertising Manager will request the National Treasurer invoice the Advertising Customer for advertisements placed in the American Submariner. The National Treasurer sends the customer the invoice and a copy to the requestor.

2. American Submarine Advertisement Approval.

- a. There are two types of Advertisements, either paid or free. Free advertisements are limited in nature and are associated with USSVI events and activities such as the National Convention or the National Storekeeper.
- b. All customers who wish to place a “Paid Advertisements” are given payment options. The options range from making one payment for four editions; or make four payments prior to publication of each edition.

The National Treasurer is notified by the National Office Manager when an American Submariner Advertising Customer pays the invoice. The National Treasurer will effectively be the gate keeper. Not later than the 5th day of the month in which the American Submariner goes to print, the National Treasurer will forward a copy of all “Paid” invoices to the American Submariner Editor. The editor will review all advertisements and will allow only the free and paid advertisements to go to print. All unpaid advertisements will be pulled and the customer so notified.

Section 13. National Treasurer Disbursements.

Upon receipt of an authorization to pay a bill, invoice or travel claim, the National Treasurer will issue payment by written check or for routine National Office Bills, payment by Bank of America Bill Pay. The check drafted on the National Treasurer account will be sent to the payee and all documentation will be affixed to the check stub.

The National Treasurer will retain all such documentation and present such documentation to the Audit Committee at the annual Mid-Term Board Meeting.

Section 14. National Treasurer End of Month Procedures.

Shortly after the close of the month, the National Treasurer will print out all bank account statements; and will receive the Charles Schwab Investment statement from the Investment Funds Manager. All accounts are to be reconciled to each bank statement. A reconciliation report is generated from QuickBooks. The reports and statements are retained and presented to the Audit Committee.

Section 15. National Treasurer Reports.

The National Treasurer shall provide monthly financials to the Board of Directors; and will make known any of his/her concerns that effect USSVI financials.

The following reports are required:

- a. Balance Sheet which shows month end account balance.
- b. Budget vs Actual which shows all receipts and expenditures for the prior month as compared to the budget.

These reports are sent to each member of the Board of Directors and posted with the National Affairs folder on the Bulletin Board System.

Section 16. National Treasurer End of Year Report

The National Treasurer will publish a blank form called the Base End of Year report. Each base is required to fill it out and return to the National Treasurer by the March 1st. The National Treasurer collects the form and records the reported financials in a master excel spreadsheet.

Section 17. Internal Revenue Service form 990.

The National Treasurer shall be responsible for filing the annual form 990. He/she does not do it physically; but rather engages the approved CPA firm and file the report with the Internal Revenue Service not later than May 15th of each tax year.

To enable the CPA to meet these obligations, a back-up copy of the QuickBooks USSVI Financials, the End of Year consolidated report and any other pertinent documents shall be forwarded to the CPA firm.

The CPA firm shall be approved by the Board of Directors and no change to another firm will be made without Board of Directors approval. Furthermore, the CPA should an independent entity with no ties or member relationship to anyone within USSVI.

Just prior to sending the Form 990 to the Internal Revenue Service, the CPA firm will forward to the National Treasurer a draft copy for review and approval. He/she signs the necessary documentation that authorizes the CPA firm to file the taxes with the Internal Revenue Service.

The completed tax form 990 is sent to the National Secretary to be posted on USSVI website. This form is therefore available for all members to review. In addition, a Point of Contact Notice is published advising all USSVI members of its posting and encourage each member to review.

Section 18. Employee Payroll

The National Office Manager is considered an employee of USSVI and the National Board of Directors establishes his/her salary. The National Treasurer issues the payroll check for the National Office Manager monthly to the Groton Base Payroll. Each monthly check includes 1/12 of the authorized annual salary, 1/12 of the employer's tax liabilities for Social Security & Medicare and a specified agreed upon amount to cover the Payroll Service Fee.

Groton Base Clubhouse employees and under the direct management of the Groton Base Executive Board of Directors.

The Payroll for salaried employees is managed by the Groton Base Treasurer who is considered the Payroll Manager. He She is authorized to outsource the payroll service to an outside payroll service provider.

The Payroll Manager funds the payroll and establishes the payroll cycle. The payroll service provider issues the salaried payments either by check or direct deposit. In addition, the Payroll Manager is responsible to USSVI that all required Federal and State of Connecticut Tax forms/reports are filed and paid within the allotted timeframe.

The payroll service provider files and issues the required payments for all Federal and State of Connecticut Tax forms/reports. These forms include but not limited to IRS form 940, 941, W2 and W3.

The National Treasurer is responsible for the filing and making the required payments for all State of Washington Tax forms/reports. This include the Annual Tax Corporate Tax filings, Quarterly unemployment and worker's comp reports.

Section 19. Audits and Financial Reviews.

1. Audits

A financial audit is conducted to provide an opinion whether “financial statements” as stated is verified; and meet normal and usual accounting standards. The audit opinion is intended to provide reasonable assurance, but not absolute assurance, that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework.

The purpose of an audit is to provide an objective independent examination of the financial statements, which increases the value and creditability of the financial statements by management.

Financial audits are typically performed by firms of practicing accountants who are experts in financial reporting. Many organizations separately employ or hire internal auditors, who do not attest to financial reports but focus mainly on the internal controls of the organization. Auditing promotes transparency and accuracy in the financial disclosures made by an organization, therefore would likely reduce such corporations' concealment of unscrupulous dealings.

The cost of such “Audits” by an outside firm can cost in excess of \$10,000.

Since an audit is not designed to provide absolute assurance, being based on sampling and not the testing of all transactions and balances; but rather it is designed to reduce the risk of a material financial statement misstatement whether caused by fraud or error. A misstatement is defined as an error, omitted disclosure, or inappropriate accounting policy. “Material” is an error or omission that would affect the users' decision.

2. Financial Review

The object of a financial review shares many of the goals a financial audit; but is not conducted with the same level of investigation or analysis as an independent audit. During a review, the auditor normally does not conduct an examination of the nonprofit's internal controls. Instead the review provides a limited level of assurance that the financial statements are free of misrepresentations. The report after a review is not considered to provide a professional opinion about the nonprofit's financial statements as a whole.

The key difference between an audit and a review is that conducting an audit requires the auditor to obtain independent confirmation or verification of the financial information examined. A review provides some assurance, but does not independently validate transactions.

3. National Treasurer's Financial Records.

The National Treasurer shall maintain a digital copy and of all financial transactions for all USSVI bank accounts including approved travel and other reimbursement claims, bank statements, Base End of Year reports, National Office receipt and disbursement reports, National Convention records and any other pertain financial records.

Digital files shall be archived as directed by the National Senior-Vice Commander.

Prior to the scheduled annual audit, the National Treasurer shall download the digital records to be audited to USB thumb drives. The National Treasurer will send a USB thumb drive by USPS Priority Mail to the designated members of the Audit Committee and National Senior Vice-Commander.

At minimum, digital financial records shall be maintained by the National Treasurer for a period of seven years.

4. Audit Committee.

The “Audit Committee” as specified with the C&B is charged with conducting a review of the financial records of the organization prior to the National Convention yearly. So, to meet these obligations, the Board of Directors has directed the audit or financial review be conducted by video conference prior to the Annual Business Meeting for records of the prior year.

The Audit Committee will normally consist of the four Regional Directors or three Regional Directors and the District Commander of the Year.

The National Senior Vice-Commander shall notify the Audit Committee of the date the Audit is to be conducted, which when possible will take place prior to the Mid-Term Meeting of the Board of Directors. The Audit Committee shall receive thirty (30) days’ notices of the date the Audit is to be conducted. The National Senior Vice-Commander will convene the meeting for the purpose of electing a Chairman to conduct the Audit, issue guidance as to how to conduct an audit and will receive the completed written audit from the elected Audit Committee Chairman.

The National Treasurer will address any audit member’s concerns and provide corrective actions within a timeframe prescribe by the National Senior Vice-Commander.

Some items that should be spot-checked in the Internal Audit include:

1. Are accounts reconciled monthly with the bank statements?
2. Using the Bank Statement, a copy of each check is printed showing the actual check. Compare with:
 - a. Check stubs
 - b. B. Bank statements
 - c. C. Vouchers and bills.
 - d. D. Has payment been authorized by NSVC
 - e. E. Confirm actual balance with the bank using online services
 - f. Review closely all payments made to the National Treasurer
 - g. Examine the missing check register for missing or voided checks

Attempt to locate the missing check stub in the National Treasurers record retention file.

Section 20. Audit Report.

The C&B delineates actions required regarding the audit report and any corrective actions.

Section 21. Regional Accounting Procedures

The regional Directors may appoint an individual within the Region to serve as Regional Treasurer specifically to manage Regional Conference Funds.

Regional Treasurers are authorized to open one checking account in the name of USSVI Region.

The accounting requirements specified within Section 16 shall apply except the signatory authority will be limited to the Regional Director and the Regional Treasurer.

An End of Year Report shall be submitted in the Name of the Region by the Regional Treasurer to the National Treasurer when such accounts ex

Section 22. Summary.

An Internal Audit which is essentially what USSVI does should be a random check of the accounting records. It's not necessary to examine every item, line for line.

1. Look for funds paid to the National Treasurer.
2. Look for suspicious transactions.
3. Look for authorization to disburse USSVI funds.
4. Look to see that each and every bank statement is present for the past 12 months; and that the accounts were reconciled.
5. Review missing check register. For checks that have not cleared by year end, examine them using online banking to ensure no maleficence; and everything is in order.

Basically, using the check register, select a random number of items, usually 10 to 15 percent. Then follow them through the process

1. Was the transaction authorized?
2. Was the transaction charged to the correct budget line item
3. Is the documentation and files maintained in an orderly manner?
4. Is there any handling or processes recommendation?
5. Examine online any un-cleared transactions, for those transactions will not be reviewed in the next audit.