

SECTION TREASURER ORIENTATION



Sandra Carlson, Controller

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Agenda

1. Treasurer's Responsibilities
2. Reporting
3. State Bar's Assistance to Sections
4. Budgets
5. Expenses
6. Revenues
7. Investments
8. Banking
9. Audit

Treasurer Responsibilities

Ensure sound financial controls are in place over Section finances

When applicable, oversee the bookkeeper including:

- Ensuring the payment of only approved bills
- Ensure the timely and complete collection of revenue
- Review the reconciliation of bank and investment accounts with the financial accounting system
- Ensure sales tax is collected and paid appropriately
- Ensure financial reports provided to SBOT in a timely manner

Treasurer Responsibilities

Action items:

- Submit the approved 2020-2021 budget by July 15th
- Review and pay all Section expenses or review and approve all payments made by bookkeeper on behalf of the Section
- Ensure compliance of investments with Public Funds Investment Act
- Manage access to bank accounts and update signors
- Review financial reports and monitor variances from budget
- Present financial reports and financial position to Section Council
- Other duties as described in individual Section by-laws

Monthly Reports & Records Due to State Bar

For Sections with an external bookkeeper:

- Check/deposit registers
- Bank statements
- images of checks should be included with submission or read-only access to bank account
- Sales revenue report & sales tax payment
- IRS Form W-9s

For Sections with State Bar as bookkeeper:

- Timely submission of invoices and revenues
- Timely expenditure review and approval

Monthly Financial Packet

The State Bar's Accounting Department will prepare monthly financial reports containing the following:

- Statement of Revenues & Expenditures
- Balance Sheet
- Bank Reconciliation(s)
- Detailed Trial Balance
- Detail of expenses paid by SBOT on behalf of the Section

State Bar Assistance to Sections

Accounting Management Services include:

- Bill and reimbursement processing
- Deposit processing (for PlainsCapital accounts)
- Assistance with budget preparation
- Financial records filing and retention
- Monthly bank and investment account reconciliation
- Monthly financial reporting
- Sales tax calculation and payment
- Annual report to IRS of form 1099 contract labor payments
- Strong internal control structure over financial transactions

No charge to Sections!

Budgets

Establish a plan on completing the budget

- Outgoing Treasurer should prepare the budget in coordination with incoming Treasurer

State Bar provides budget worksheets last quarter of fiscal year

- Prior year's budget is provided as a reference
- Use miscellaneous categories sparingly
- Large variances from the prior year should be addressed in the new budget

Budgets are due to the State Bar on or before July 15th of each year

Budgeting for Expenses

Expenses are recorded when the legal obligation to pay is incurred. That is when the contracted terms are met. Usually this is **when the goods are received or the service is rendered.** This is called “modified accrual” method of accounting.

Expenses are NOT recorded when:

- The check was cut
- The invoice was received
- The contract was signed
- The period the expense was budgeted
- The date the check cleared the bank

Revenue

Dues Revenue

- The majority of Section dues are collected by the State Bar and are transferred to Sections quarterly
- Dues payments collected by individual Sections are deposited directly to the Section's bank account

Other revenues include event registrations, sponsorships, contributions, royalties and investment income

Reimbursement Requests

- Section customized reimbursement forms are new this year
- Consider developing reimbursement guidelines
- Mileage reimbursement rate changes every January
- \$.580 per mile, effective 1/1/19
- Receipts should be submitted with reimbursement requests
- Please process in a timely manner
- **Business expenses are subject to Open Records Requests**

Investments

Section funds must be invested consistent with the investment policy as set forth in Section 3.05 of the State Bar Policy Manual. Investments should comply with the Public Funds Investment Act (Texas Govt. Code 2256)

Section-related excerpts from the State Bar Policy Manual are provided in the Treasurer's Guide.

Banking

Sections are entitled to select a financial institution of their choice.

Should a Section choose to bank with PlainsCapital Bank, services include:

- Banking fees paid by State Bar
- Collateralization fees paid by State Bar
- Bank liaison
- Interest bearing accounts

Section Treasurers should ensure the signors on Section accounts are current.

Audit

- Financial Statement and Internal Control Audits are performed annually at the State Bar.
- Sections are listed as an upcoming audit in the 3 year Internal Audit Plan.
 - The audit will focus on processes for Sections.
- We want to help you get ready by providing some examples and guidance.

Top 5 Internal Controls

No one person should be in charge of every step of a transaction.

Top 5 Internal Controls

Nobody should be writing checks to themselves without additional approval/oversight or a second signature.

Top 5 Internal Controls

Bank reconciliations, accounting ledgers, bank statements, and financial statements should be reviewed on a regular basis.

Top 5 Internal Controls

Retain all documentation, such as invoices, approvals, reviewed reports, etc.

Top 5 Internal Controls

Develop policies covering internal control as it relates to your section.

Accounting Department Contacts

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Questions?