

# Update: Financial Internal Controls Policies

**February 2020**

# Goals

- Discuss top items to include in financial policies
- Discuss what's coming up
  - Budgets
  - Policy submission and compliance



# Guidelines on Sections Financial Internal Controls Policy

**State Bar of Texas Guidelines on  
Sections Financial Internal Controls Policy**

*Issued October 25, 2019*

These guidelines provide fundamental principles of financial internal controls and include a sample policy to assist sections when drafting, adopting, or updating their own financial policies. The guidelines will help ensure compliance with the State Bar's Board Policy Manual and our audit requirements. Our goal is to provide a starting point for sections so you can implement your own financial policies that meet minimum security, confidentiality and audit criteria; define various roles; and define procedures for handling section finances. It is recommended that section policies include minimum (or better) standards for internal controls as defined in these guidelines. This document is intended to provide flexibility to accommodate various section structures. As always, the State Bar's finance division is available to help as you work through your finance policies.

**REFERENCE SECTION**

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# Key Policy- Budgets

- Adopt a budget by July 15th



# Key Policy– Defining Roles

- Define Treasurer and Bookkeeper duties
- Review and bookkeeping should be separated
- Documentation of review retained

# Key Policy– Timely and Quality Processing

- Require a bank reconciliation
- Require timely payment and deposits
- Require more controls on large disbursements



# Key Policy – Cash and Investments

- Bank signors should be current
- Two signors on the bank account at all times
- Access should remain secure – protect your passwords

# Key Policy – Reporting

Financial Information should be sent to the State Bar

- Bank and investment statements with check images
- Detailed General Ledgers
- Bank Reconciliations



# Key Policy – Reporting (cont.)

Financial Statements should consist of:

- Income Statement (revenues and expenses)
- Balance Sheet (assets, liabilities and fund balances)

# Key Policy - Review

Each Council Meeting should include a review of:

- Budget to actual variances
- Current year compared to prior year variances
- Minimum Fund Balance maintenance



# How Sections Can Help

- Develop Financial Control Policies and submit to the State Bar by May 1, 2020
- Follow the policies as written
- Retain documentation and plan for future generations
- Let us know if you run into any problems

# How The State Bar Can Help

- We can help you develop your policies
- We can provide sample documents, financial statements, reporting documents, etc
- We will answer any questions you have



# Budgets

- Budget season has started
- Use miscellaneous categories sparingly
- Budgeted items should be understood by Council
- Avoid large, unexplained year-to-year variances
- Revise the budget when needed
- The new budget should not be a duplicate of last year's budget

# Q&A





# Thank You!

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