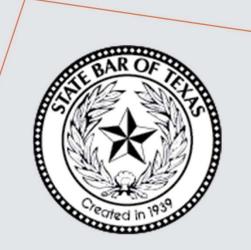
# SECTION TREASURER ORIENTATION



#### Sandra Carlson, Controller

# Agenda

#### Treasurer's Responsibilities

- 1. Reporting
- 2. State Bar's Assistance to Sections
- 3. Budgets
- 4. Expenses
- 5. Revenues

- 7. Investments
- 8. Banking
- 9. Uncleared Checks
- 10. Credit Card Security
- 11. Additional Guidance

### **Treasurer Responsibilities**

#### **Action Items**

- Ensure sound financial controls are in place over Section finances
- When applicable, oversee the bookkeeper including:
- Ensure payment of only approved bills
- Ensure timely and complete collection of revenue
- Review reconciliation of bank and investment accounts
- Ensure sales tax is collected and forwarded for payment
- Ensure financial reports provided to SBOT in a timely manner

#### **Treasurer Responsibilities**

- Submit the approved 2021-2022 budget by July 15<sup>th</sup>
- Review and pay all Section expenses in a timely manner
- 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
- Collect necessary documentation for outstanding checks to the Comptroller
- 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 reconciliations, including statements
- Images of checks should be included with bank statements
- 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
- Provide Section-created financial reports to SBOT (see section 5.01.05 (F) in the Board Policy Manual

### **Monthly Financial Packet**

The State Bar's Accounting Department will prepare monthly financial reports for all Sections 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
- For Sections who do not use SBOT serves, these reports will be provided by the following month-end. This is done to help us find variances and/or errors as soon as they occur.

### **State Bar Assistance to Sections Accounting Management Services include:**

Invoice and reimbursement processing

No charge to.

Sections!

- 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
- Assistance with unclaimed property



Establish a plan on completing the budget

 Outgoing officers 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

#### Revenues

#### Dues Revenue

- Most Section dues are collected by the State Bar and transferred to Sections quarterly
- Dues payments collected by individual Sections are deposited directly to the Section's bank account
- Dues payments collected between March 1 and May 31 are recorded as deferred revenue and applied to the next year's bar dues.

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

investment income

#### Reimbursement & Payment Requests

- · Section customized reimbursement forms are new this year
- Consider developing reimbursement guidelines
- Mileage reimbursement rate changes every January
- \$.56 per mile, effective 1/1/21
- 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 (including CDs), are

current.

#### **Unclaimed Property**

- Reporting uncleared checks requirements are detailed and tedious
- Strict guidelines regarding which checks can be forwarded to the Comptroller
- Strict deadlines around the annual reporting
- Auditors do not like to see old, uncleared checks on the books
- If your Section writes its own checks, please let SBOT know if you void and reissue a check
- Remember, checks cannot be simply voided

### Audit

- Financial Statement and Internal Control Audits are performed annually at the State Bar
- Sections are always included in financial and internal control audits
- Every 4-5 years, Sections will be a primary focus of the internal audit
- Copies of the financial policy and internal controls guidance are included in the Treasurer's Guide

#### **Credit Card Security**

- PCI stands for Payment Card Industry
- Card numbers should NEVER be emailed or faxed

Documents containing sensitive information (paper or electronic), must be redacted or destroyed

- Shredders should be the cross-cut variety
- Use strong, unique passwords and change them regularly
- Limit remote access to software systems
- Keep software up-to-date
- Adobe software offers a redaction option in their professional version

#### **Top Internal Controls**

- 1. No one person should be in charge of every step of a transaction
- 2. No one should be writing checks to themselves without additional approval/oversight or a second signature
- 3. Bank reconciliations, bank statements, accounting ledgers and financial statements should be reviewed on a regular basis
- 4. Retain all documentation, such as invoices, approvals, reviewed reports, etc.
- 5. Develop policies covering internal control as it relates to your section
- 6. Retain credit card information in a PCI approved manner

## Accounting Department Contacts

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